KEY ADDRESS

BY

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EXECUTIVE SECRETARY OF THE SOUTHERN AFRICAN
DEVELOPMENT COMMUNITY (SADC)

ON THE OCCASION OF THE
SADC - RUSSIA INVESTMENT FORUM
FOUR SEASONS HOTEL

MOSCOW, RUSSIA

23 OCTOBER, 2018
H.E. Mikhail Leonidovich Bogdanov, Deputy Minister for Foreign Affairs of the Russian Federation;

H.E. Ndali-ché Kamati, Ambassador of the Republic of Namibia, and Chairperson of the SADC Ambassadors in the Russian Federation;

Honourable Ministers from SADC Member States;

Your Excellencies SADC Ambassadors in the Russian Federation;

Senior Officials from the Russian Federation;

Business Partners and Representatives from the Chambers of Commerce; and Captains of the Industry;

All dignitaries from SADC Member States;

Distinguished participants;

Members of the Press;

Distinguished Ladies and Gentlemen.

I am pleased and honoured to stand before you at this landmark event, the SADC - RUSSIA INVESTMENT FORUM, that brings together the Southern African Development Community, and the Business Community of the Russian Federation here in Moscow.
Allow me, first and foremost to thank the Government and the People of the Russian Federation for the hospitality and warm welcome. May I thank H.E. Mr. Maxim Stanislavovich Oreshkin, Minister of Economic Development of the Russian Federation and H.E. Mr. Mikhail Leonidovich Bogdanov, Deputy Minister for Foreign Affairs of the Russian Federation, and all other dignitaries in our midst for gracing this important Forum. In the same vein, may I express my gratitude to the SADC Ambassadors in the Russian Federation, led by H.E Ndali-ché Kamati, Ambassador of the Republic of Namibia, and Chairperson of the SADC Ambassadors for organising this landmark event with their Russian counterparts.

The Forum comes at an opportune time when SADC recently concluded its 38th Ordinary Summit of the Heads of State and Government held in Windhoek, Namibia, in August 2018, that reiterated Industrialisation as the overarching priority for the Region. This follows the adoption of the the SADC Industrialization Strategy and Roadmap (2015 – 2063) in August 2016, as an inclusive long-term modernization and economic transformation initiative, aimed at raising the living standards, intensifying structural change, and engendering a rapid catch-up of the SADC countries with industrialized and developed countries.

**Distinguished Guests.**

The SADC region is endowed with abundant resources including minerals, oil, and raw materials for manufacturing and value addition that offer a range of investment opportunities, not only for multi-national companies, but also investment and partnership with companies within the region. The adoption of the SADC Industrialisation Strategy and its
roadmap in April, 2015 opened up numerous opportunities through the development of regional value chains and their integration into global value chains. The Strategy has identified six priority value chain clusters namely: Agro-processing, Mineral Beneficiation, Pharmaceuticals, Capital goods, Consumer goods and Services.

In this regard detailed feasibility studies were conducted on each of the identified potential value chain projects to assess their viability for investment projects for the private sector. So far, the profiling of the minerals and pharmaceutical sectors has been completed and the agro-processing profiling is to be completed in December 2018. The potential value chain projects that have been identified in the pharmaceutical and minerals sector include Artemisinin drugs, Bed Nets and rapid diagnostic tests for Malaria; Condoms; Antiretroviral (ARVs); Copper Energy storage/battery and Mining inputs. These will need to be supported in the development and promotion of Special Economic and Development Zones and Industrial Clusters.

It is also important to share with you distinguished business partners that SADC recently adopted the Pooled Procurement of Pharmaceutical Services (SPPS). The scheme aims to facilitate the bulk purchase of pharmaceuticals by the Department of Medical Stores of the Republic of Tanzania on behalf of all the 16 SADC Member States, with the objective to ease the cost of purchase of pharmaceuticals. The bulk purchase scheme offers business opportunities to pharmaceutical manufacturers. May I therefore encourage potential manufacturers to explore and take up this business opportunity.
Distinguished Guests.

In the area of infrastructure, the region has adopted the Regional Infrastructure Development Master Plan (RIDMP) 2012-2027, that was adopted by SADC Heads of State and Government in August 2012. The Masterplan comprise programmes and projects in areas of regional renewable energy and energy efficiency programmes; transboundary Water Supply and Sanitation Programs, and Groundwater Management; transport infrastructure projects along the SADC Development Corridors and ICT interconnectivity networks and services. This blueprint, is envisaged to promote regional connectivity through transcontinental highway links, power interconnectors, and intra-regional fibre optic backbone. The magnitude of the SADC Infrastructure programme is significant, as it constitutes over 100 mega programmes across the region and across sectors, with an estimated investment gap of US$500 billion that is open for investment. The SADC Region is endowed with immense hydro and thermal energy resources. However, the Region has only developed a small fraction of its power-generation potential. With this endowment, there are opportunities for investment in both the hydro and other renewable energy sectors that remain untapped.

The concept of a Regional Trunk Road Network (RTRN) and Trans Africa Highways (TAHs) has existed for a long time requiring a connectivity of between 60,000 to 100,000 kilometres of regional and continental roads that will require development and effective maintenance. This point to the vast opportunities for investment in the transport, rail, ICT and energy sectors in the region. I wish therefore to
invite our Partners from the Russian Business Community to partner with the Region to develop these regional infrastructure projects, which will also address the supply side constraints and maximise the Region’s productive competitiveness, which is essential for investment and business success.

**Distinguished Guests,**

The Southern African Development Community also offers an environment that is conducive for business and offers a number of success factors for investment. SADC adopted a SADC Free Trade Area that aims to liberalize intra-regional trade in goods and services; ensure efficient production; contribute towards the improvement of the climate for domestic, cross-border and foreign investment; enhance economic development, diversification and industrialisation of the region. Freeing the trade configuration has created a larger market allowing investors to enjoy tariff free trade, in an integrated market of 16 SADC Member States, with a combined GDP of USD $683 billion, a combined population of 342 million (excluding Comoros) and investment opportunities across sectors, releasing trade opportunities, and economic growth. With the Free Trade Area, SADC as a Region remains a solid destination for investment. The SADC Free Trade Area is complimented by the COMESA-EAC-SADC Free Trade Area (TFTA) with an integrated marked to 26 countries of the three regional economic blocs COMESA, EAC and SADC. With a combined population of 700 million people, and an estimated Gross Domestic product of over USD$1.4 trillion, the Tripartite Free Trade Area offers an enormous opportunity to enhance and boost trade and investment.
To facilitate movement of goods and business people, One Stop Border Posts are being developed. This will improve the efficiency of land frontier crossings through the creation of One-Stop Border Posts, and other measures to improve the linkages between ports and upstream road and rail corridors, as well as the administrative efficiency of ports. This is key to the development of cross border trade, as it seeks to solve border post bottlenecks.

**Distinguished Participants,**

To support the finance and investment agenda, the Region adopted the Protocol on Finance and Investment that guides the implementation of strategies geared towards attracting investment and promoting entrepreneurship in the SADC Region. The Protocol has been instrumental in reshaping and enhancing the favourable investment climate in the Region. In this regard, to remove barriers to investment the SADC developed the SADC Regional Action Programme on Investment, which aims to promote private investment both foreign and domestic.

To ease challenges to cross-border payment and promote intra-and inter-regional trade, SADC adopted the SADC Integrated Regional Electronic Settlement System (SIRESS), a cross-border payment, that has moved from a single currency settlement system (Rand settlement) into a multi-currency settlement system. The whole multi-currency platform is expected to be fully operational by December 2019. The SADC cross-border transactions is expected to facilitate greater cross-border trade and investment in the region, in particular the SADC Free Trade Area, and therefore open up investment opportunities to the regional market.
It is also important to underscore that the prevailing atmosphere of peace, makes the region one of the most favourable destinations for investment.

**Distinguished Guests.**

Labour is critical for the success of any business. The SADC Region just like the rest of Africa, has the youngest population in the world, and it is growing fast. According to the 2017 UN report, the continent’s youth population (aged 15-24), is expected to be more than double the 2015 total of 226 million by 2055. This young population provides a demographic dividend that will ensure the sustained supply of labour to support growth and development, and thus enable the prosperity of investments in the region. The region has also made significant strides towards education and skills development, intended to foster SADC sustainable development through the provision of adequate and relevant skills.

**Distinguished Guests.**

As I conclude, allow me to applaud the cordial relations that exist between SADC and the Russia Federation. To this end I am glad to inform the forum that SADC has signed cooperation frameworks (MoUs) with the Russian Federation on Basic Principles of Relations and Cooperation, covering fields such as politics, industrial development, trade, scientific, technical, social, and culture in the area of Military-Technical Cooperation, just to mention a few.

The signature of these instruments marks yet another giant step in strengthening cooperation between SADC and the Russian Federation. As a Secretariat, we remain committed to support SADC Member States
to develop and implement strategic programmes and projects between SADC Member States and Partners from the Russian Federation, anchored on these Frameworks, with the ultimate goal of eradicating poverty, and enhancing the standard and quality of life of our people, through regional integration, built on equitable and sustainable growth and development.

May I once again thank the SADC Ambassadors in the Russian Federation for your hard work and initiative to organize this event that will put SADC investment opportunities and the investment climate in the SADC Region on the spotlight of the Russia business community. I am confident that the initiative will strengthen trade, investment and economic and political relations between the two Parties to the mutual benefit of both SADC countries and the Russian Federation. Indeed this demonstrates the collective efforts by the Southern African Diplomatic Missions in the Russian Federation at consolidating and raising to new heights the existing relationship between the Russian Federation and the southern African countries.

Let me also thank the Ministry of Economic Development of the Russian Federation, the Russian Chamber of Commerce and Industry, the Coordinating Committee on Economic Cooperation with Sub-Saharan Africa and the Africa Export – Import Bank for your support and cooperation that has made this forum a reality.

Let me also express out gratitude to all dignitaries and business partners who made time, and some of whom have travelled from outside the Russian Federation for making time to attend this landmark event. Your participation demonstrates the importance that you attach to this event.
and the anticipated benefits. Let us strive to realize the intended objectives of the event. With determination and working together, it can be done.

With these remarks, I thank you for your attention and wish you a very successful forum.