

Report of the 10th COMESA Business Dialogue



1. INTRODUCTION

The COMESA Business Council in partnership with the Ethiopian Chamber of Commerce and Sectoral Associations convened the 10th COMESA Business Dialogue, on the margins of the 18th COMESA Heads of State Summit from the 25th -26th March 2015, in Addis Ababa, Ethiopia. The Dialogue is held under the theme; *Taking Action on Illicit Trade- An industrial Competitiveness Agenda*.

The objective of the Dialogue was to adopt a Public Private approach to combating illicit trade in the COMESA region. Illicit trade remains a grave hindrance to industrial competitiveness in the COMESA region. Yet, there is no regional framework of initiative on addressing the Issue. It is within this background that the theme and focus of the Dialogue was tailored.

Furthermore, to consider the development of the “Made in COMESA label” that promotes consumer preference and cross border trade facilitation on locally manufactured products. Ultimately, the focus is to transform and contribute to sustainable and inclusive industrialization in the COMESA region.

The Dialogue attracted more than 150 delegates from the public and private sectors; from the manufacturing sector, construction industry, ICT industries, pharmaceuticals, tobacco industries, international investors and the Chambers of Commerce and Industries in the COMESA region. The List of participants is attached to this Report- **Annex 1– List of Participants.**

1.1 Mode of Presentation

The training took the format of an “inter-participatory or dialogue” approach, whereby each presenter was given time to present on the selected topic, and the audience in the Training workshop were also given time to discuss and openly comment on the speakers’ presentations or issues under discussion.

The discussions were structured within the following headline themes and sessions;

- **Session 1;** Business talk- Trading in Africa- opportunities, wins, gaps and challenges - recommendations on curbing the bottlenecks to business.
- **Session 2:** Industrialization and black market trade; Challenges faced by today’s enterprises and actions that should be taken.
- **Session 3:** Open Shop Today, Staying Open Tomorrow-Building Sustainable Business enterprises through standards and quality assurance.
- **Session 4:** Public Private Dialogue - Illicit trade vs. competition
- **Session 5:** Illicit Trade and the Tobacco Industry
- **Session 6;** Counterfeit drugs and public safety: taking action towards human and industrial welfare.
- **Session 7:** Why Invest in Africa? Expectations for business partnerships, quality management, and technology transfer.
- **Session 8:** Partnering with Africa to Boost the Local Industry development and growth of indigenous businesses
- **Session 9:** Illicit Financial Flows in Africa- implications on trade development in the region.
- **Session 10:** The interface between Innovation, intellectual property and illicit trade
- **Session 11;** Business Responsibility in promoting genuine trade for competitiveness
- **Session 12;** The CBC Regulatory Framework on combating Illicit Trade
- **Session 13:** MADE IN COMESA; Regional Branding for Industrial Competitiveness
- **Last Session;** Public Private Regulatory Framework to Combat Illicit trade - adoption

This report captures the discussions and key deliberations of the training workshop.

2. THE OPENING CEREMONY

a) **Statement: Dr. Amany Asfour- COMESA Business Council, Chairperson**

In her address, Dr. Amany Afsour welcomed the participants to 10th COMESA Business Dialogue and to Addis Ababa, on behalf of the (CBC) Board and the COMESA private sector.

She recalled the agenda for private sector development, competitiveness, region integration for the sustainable development had been hampered by illicit trade. Further describing the forms of illicit trade to include; counterfeits, substandard goods, piracy of products and smuggled goods and how this has impacted on government revenue loss and the viability of local manufacturing industries and public health.

On calling the participants to actively participate in the dialogue, Dr. Asfour ascertained that this Business Dialogue seeks to facilitate a Public- Private Framework engagement on addressing illicit trade agendas at the regional level and ensuring practical solutions towards addressing the issues.

She further recalled the theme of the summit and sustainable industrialization as fundamental to boosting intra-regional trade and development in COMESA, particularly through Public Private Solutions on addressing the constraints to business in the region.

Dr Asfour also highlighted key proposals on developing the COMESA Anti-illicit trade Protocol, strengthening of operational enforcement institutions and collaboration initiatives between the private sector and governments as some of the measures of curbing illicit trade.

In her closing, she appreciated the partnership and support of the Ethiopian National Chamber of Commerce and Sectoral Associations (ENCC), Government of Ethiopia and the COMESA Secretariat in the organization of the Business Dialogue and for private sector development in the region.

b) **Opening Statement; President of Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA) - Mr. Solomon Afework.**

In His address, Mr. Afework began by recognizing the collaborative efforts by the Ethiopian Chamber of Commerce and Sectoral Associations and the COMESA Business Council in organizing the 10th COMESA Business Dialogue, and welcomed all participants on behalf of the Ethiopian private sector to Ethiopia.

He went on to highlight the rampant effects and margin of illicit as distorting local economies, diminishing business revenues and dis-incentivizing investments in development - not to mention, jeopardizing public health, and above all, steamrolling and undercutting the interests and credibility of the legally functioning private sector.

Mr. Afework underscored the importance of the Dialogue for discussions on innovative approaches that can assist in the fight against illicit trade and foster regional economic integration and development. He stated effective public-private coordination as fundamental for the above and for facilitating the conditions for market access and investment in the COMESA region.

c) Opening Statement; COMESA Secretary General; Mr. Sindiso Ngwenya

In his address, Mr. Ngwenya recognized and extended his gratitude to the Federal Republic of Ethiopia and to the Guest of Honour, Honourable Shibe for co-hosting the 18th COMESA Summit and Policy organs meetings including the Business Dialogue in Ethiopia. He appreciated the COMESA Business Council for their effort and continued collaboration between the public and private sector as essential for regional integration.

Further to this he noted the significance of promoting industrialization is key to transformational change in Africa recalling that theme for the 18TH COMESA is “*Inclusive and sustainable industrialization*”, to ensure wide efforts to increase industrial competitiveness in the region.

Mr. Ngwenya recognized the immense opportunities for growth in regional integration; and the growth in intra-regional trade over the years. He however, noted that illicit trade in the region has had a diverse effect on the industries and economies in the region through Counterfeit trade; tax evasion, smuggling and other forms at the detriment of governments and enterprise development.

The Secretary General, Mr. Ngwenya proposed various solutions to tackling illicit trade; including the Public Private Partnerships and collaborative efforts in addressing the issue. He called for effective border management systems; inter agency cooperation and information sharing that will address cross border illicit trade. Furthermore, he cited the COMESA Virtual Trade Facilitation System, a software application that ensures, reduction of time loss across borders, efficiency in auto-tracking of cargo, revenue collection, and reduced opportunities for corruption along the corridors as one of such efforts.

In his closing, he asserted the importance of Public Private Dialogue and implored the Forum to deliberate and provide effective solutions tackle the issues of illicit trade in a collaborative and dynamic manner and inform key strategies for the development of the COMESA Industrial Policy. He also appreciated the partners for their support in ensuring the success of the event.

d) Opening Statement; State Minister of the Ministry of Finance and Economic Development of the Federal Democratic Republic of Ethiopia; H.E. Ahmed Shide

In his address, Honourable Shide welcomed the delegates' to the Federal Republic of Ethiopia and appreciated the focus on the industrialization agenda as fundamental in Africa's economic transformation. He further expressed appreciation to the COMESA Business Council for partnering with the Ethiopian Chamber of Commerce and Sectoral Associations on the Regional Dialogue to engage on issues that address industrial competitiveness.

Honourable Shide noted the various initiatives in Ethiopia to upscale industrial competitiveness particularly; the Growth and Transformation Plan (GTP), which is premised on a number of principles, including sustaining faster and equitable economic growth, maintaining agriculture as a major source of economic growth, and creating favorable conditions for industry to play a key role in the economy. Recognizing how the Growth Transformational Plan supports key sectors and SMEs development.

Honourable Shide appreciated the importance of regional integration to citing that Ethiopia contributes a total of 4% intra COMESA Trade, with our largest Export markets in Sudan, Djibouti, Egypt, Kenya, Libya and our large import markets being from Egypt, Sudan, Kenya, Swaziland and Djibouti. He further expressed concern on the impact of illicit trade and the significant revenue loss for government as a result.

He therefore recommended the need for formalizing strong collaboration frameworks between public and private sector as key to curtailing illicit trade, promoting cross border trade , carrying out public education campaigns, and enacting policies that make illicit trade punishable by law and implored the Dialogue to engage on the above recommendations.

In his closing, Honourable Shide further invited the delegates to enjoy the culture and tourism attractions in Ethiopia and declared the Dialogue open.

3. SESSION : BUSINESS TALK

Trading in Africa- opportunities, wins, gaps and challenges - recommendations on curbing the bottlenecks to business. Roofings Group, Uganda – Executive Director, Mr. Oliver Lalani.

Mr. Oliver Lalani presented on the magnitude and impact of Illicit Trade and the growth of Roofings Uganda as one of the leading companies in the COMESA region. In his presentation he stated the following key issues:

- Developing countries (where most countries in Africa fall) lost US\$6.6 trillion in illicit financial flows from 2003-2012; this represents almost 6% of our GDP.
- The impact of illicit trade is wide and varied affecting with costs to government revenue to due mis-invoicing, smuggling and other forms of illicit trade.
- The costs of illicit trade to businesses include Increased Tax Burden, unfair competition leading to business loses, limited investment which affects business growth. Other costs include consumer health and safety issues and increase in corruption, other forms of crime and terrorism.
- Drivers of Illicit trade include; Misuse and criminal exploitation of Free Trade Zones (FTZs) and Economic Integrations, Inadequate Customs and Standards Controls, Inadequate Training and Capacity in Customs and Standards Enforcement Bodies, Low Remuneration to Enforcers –

Corruption Attraction, Lack of strong penalties and enforcement and Legislative gaps.

- The following recommendations to tackling Illicit trade:
 - Strong Legislation and Dedicated Trade Tribunals for Unfair Trade
 - Increased Cooperation between Customs and Standards Bodies
 - Stronger Authority to Customs Officials to detain goods that are mis-invoiced and substandard
 - Increased Cooperation between National Customs Authorities and the special authorities of FTZs
 - Simplified process for destruction of Illicit Trade Goods
 - Stronger International Co-operation between Manufacturers Associations, Regional Integration Business Councils
 - Regional Banning of Illicit Trade Organizations
 - Regional Sensitization and Education of the Public

Mr. Lalani also gave an overview of the impact of illicit trade in Uganda and also in the construction industry- his company's sector. He highlighted the following key issues;

- The key forms of illicit trade in Uganda are Mis-invoicing, Wrong Classification of goods and Substandard Goods.
- Roofings Group is the largest producer of steel and allied building/construction products in East and Central Africa whose products are certified nationally and internationally to ensure quality and standards adherence.

In conclusion, he suggested a way forward to tackle illicit trade. This includes; Strong legislation, strong authority, increased cooperation between customs and standard body, increased cooperation between national customs and special authorities, simplified process, strong international cooperation, regional banning of illicit trade, educating the public, and a trend that has worked in Uganda “naming and shaming” of violators.

Key Recommendations

- The need to understand the size and magnitude of illicit trade as central in the development of strategies to tackle illicit trade.
- Increased interagency cooperation, particular between Customs authorities and Standards Bodies to facilitate enforcement of legislation and standards.
- Increasing the enforcement powers of customs authorities and adoption of effective enforcement policies such as with regard to destruction of counterfeits or illicit goods.
- Innovative strategies to counter illicit trade such as through name and shame initiatives and increasing awareness on the issue.

4. SESSION INDUSTRIES AND BLACK MARKET TRADE; CHALLENGES FACED BY TODAY'S ENTERPRISES AND ACTIONS THAT SHOULD BE TAKEN

Buy Original- Genuine = quality + price. Promoting legitimate enterprises and products; Philips-East Africa-General Manager-Lighting, Ms. Mary Kuria.

Ms. Mary Kuria gave an insight on Philips; as a strong diversified multinational company leading in health and well-being, lighting and consumer affairs with sales up to €23.5 Billion in 2012 and a brand value of US\$10 billion dollars. She highlighted that their industry and company due to its reputation is highly affected by counterfeiting as perpetrators would like to benefit from its brand. She highlighted that illicit trade impacted the market in various ways including;

- Distorting market dynamics since counterfeits are usually sold at cheaper price
- Affects pricing and distribution models.
- Affects business investment and growth of new products
- Affects consumer health and safety due to lack of adherence to standards and quality.

With regard to the proposed recommendation to curb illicit trade, Mary stated the following:

- Illicit trade thrives in places where there are gaps; hence the need to address legislative and policy gaps. There is need for reviewing the policy and regulations and deal with

loopholes that facilitate illicit trade for instance; increase standards compliance and mechanism.

- From a private sector level to increase the distribution networks and to carry out awareness campaigns of what is genuine and what is fake. Philips has a variety of initiatives where they sensitize their customers on the genuine Philips brands. The 'Buy Original' campaign is an example of a holistic Roadmap by Philips which includes educating consumers and also training of enforcement agencies as uninformed enforcers can actually confiscate the wrong products.
- Coordination; Inter- Agency coordination in terms of enforcement amongst customs, police and other key agencies is central to ensure effective solutions.

The Manufacturers' position on illicit trade- the rising costs of doing business at a firm and industry level; Kenya Association of Manufacturers-Membership Development Manager, Mr. Tobias Alando.

Mr. Tobias Alando provided an insight on the impact of illicit trade on Kenyan, industry and shared experiences on the Public Private collaborative efforts and initiatives in Kenya on curbing illicit trade.

In highlighting the key forms of illicit trade in Kenya, Mr. Alando highlighted counterfeiting as the leading form; particularly with respect to fast moving

consumer goods, pharmaceutical and the chemical industry.

Mr. Alando further spoke on the interventions that had been adopted in Kenya from the development of the Anti-Counterfeit Agency and legislation in 2010. However, there was still limited inter agency coordination and weak enforcement. As a result in March 2015, the Kenya Association of Manufacturers in partnership with the Judiciary launched the Illicit Trade Manual. The purpose, of which is to ensure and strengthen coordination and enforcement. In light of the above, Mr. Alando recommended the need for government agencies and private sector to collaborate, based on a realistic, practical and steadfast approach in order to curbing illicit trade, including counterfeiting in the region. He further reiterated the need to strengthen the investigators, enforcers, the prosecutors and the judges /magistrates as essential in strengthening the enforcement mechanism. Also to develop regional policy and strategy with proper regional systems and integration in a way that combats illicit trade for instance moving towards a single customs territory.

Key Recommendations

- From a private sector level to increase the distribution networks and to develop brand awareness
- Policy and legislative framework, enforcement mechanism coupled with a strong judiciary and sanctions that can effectively deter illicit trade.
- Develop regional policy and strategy- proper regional systems on tackling Illicit trade
- Review import restrictions amongst member states and move towards single customs territory as an effective measure

**5. OPEN SHOP TODAY,
STAYING OPEN
TOMORROW-Building**

**Sustainable Business enterprises
through standards and quality
assurance.**

**The importance of protecting your
Intellectual Property. Sharing
experiences on company integrity,
brand recognition and corporate
sustainability. *Nestle East Africa,
Business Development Manager-
Horn of Africa; Mr. Wossenyeleh
Shiferaw.***

Mr. Wossenyeleh introduced Nestle as a recognized leader in nutrition, health and wellness and the industry reference for financial performance, trusted by all stakeholders. In his presentation he spoke about the importance of brand; highlighting that Nestlé is a brand and innovation driven company where its brand integrity is vital and an assurance of quality, nutritionally improved and safe products as consumer safety is non-negotiable.

With respect to illicit trade he stated that started that the most alarming threat for brands are counterfeits which destroy the brand owner's reputation, disturb the distribution networks, undermine consumer trust and put public health at risk.

Form a Nestlé perspective various initiatives have been adopted to combat counterfeiting;

- Through market monitoring, investigations and hidden devices to detect fakes.
- Cooperation and partnership with some key agencies including: And also is

determined to work closely with stakeholders; other IPR owners as member of the International chamber of commerce and the Business Action to Stop Counterfeiting and Piracy (BASCAP), law enforcement agencies in various countries, regional and international bodies like the World Customs Organization and Interpol and also participate in the capacity building of national enforcement agencies.

Mr. Wossenyeleh in his recommendations urged national and regional authorities to implement and enforce fair legislation that enables intellectual property rights (IPR) owners to be protected against misuse. He reiterated the need for public private cooperation; between IP owners, agencies on effective's measures to protect IP, to work hand in hand with governments and authorities to ensure the protection of consumers' health and safety against hazardous counterfeit food and beverage products.

**The importance of standards and
quality management; the detriments
of sub-standard products on public
health, safety and enterprise growth.
*Guanomad –Madagascar- Mr. Eric
Rajaonary.***

In his presentation Mr. Rajaonary provided an overview of Guanomad; an organic fertilizer company in Madagascar; the importance of standards and the importance of corporate social responsibility for business sustainability.

Mr. Erick shared the objectives of the company which include satisfying all stakeholders; customers, partners, structuring the organization and improves the way they work by defining missions, responsibilities, improve communication and exchange. Mr. Rajaonary showed how they embrace the employees and community they operate in through motivating and enhancing the level of professionalism of the employees, sharing the vision and common goals, optimal use of available resources; financial, human and materials.

In terms of quality and standards compliance he explained about the company's product; fertilizer with a quality control of microbiological and physic-chemical analysis of raw materials & finished goods and respect of the production process. Further highlighting, that GUANOMAD fertilizer has certification in organic farming in accordance with EC Regulations No. 834/2007 & 889/2008, with production process starting from collection in caves and treatment in the factory; drying, blending, grinding, setting pellet, weighing, packaging, thermic treatment of 70° Celsius for 30 minutes that adheres to standards management systems.

In his recommendations he urged other businesses to adopt international standards; by complying with environmental standards not only ensures the sustainability of the environment but of the business enterprise as well as this enhances product hegemony and reinforce the strength of products.

Inter-agency Border management on illicit trade: Learning from best practices. What works, what doesn't- and what should be done. *World Customs Organization (WCO) East and Southern Africa Regional officer – Mrs. Christine Msemburi.*

Mrs. Msemburi outlined the key operations of the World Customs Organization and the various instruments and approaches for dealing with Illicit trade. She highlighted that the key areas of focus of WCO is to ensure collaborative efforts with a measures for health, safety and Intellectual Property Rights; drugs enforcement, environment, revenue, and security are among the key areas in anti-illicit trade.

Furthermore she stated the common challenges, which are illicit border and cross border smuggling, evasion of taxes and duties, trade mispricing, illicit financial flows, money laundering and informal trade. She cited some of the industries affected by illicit trade as IPR infringements; counterfeit affecting all regions, illicit trade in tobacco in Southern Africa and Illicit trade in Wildlife rampant in East Africa. For this the WCO has varies activities to foster customs collaboration and build the enforcement and integrity capacity of some customs administrations in curbing these forms of illicit trade.

In addition to the above, there are various WCO tools available; customs-customs cooperation, customs to business cooperation and inter agency cooperation such as Coordinated Border Management framework, Customs Enforcement Networks, SAFE Framework of Standards and the concept of Accredited Economic

Operators complement by various international conventions and legislations.

Her recommendation on way forward at her conclusion was having a common goal of securing government revenues and combating illicit activities and facilitating compliant business.

She underscored the importance information sharing and creating awareness on the rights and existing legislative frameworks for the private sector so that they can have recourse in cases of violations. She further stressed the need to share information and coordinated responses and resources amongst agencies and countries to ensure effective usage of resources and enforcement.

one key was of how businesses can give back into the communities they operate in.

- Information. Sharing information and coordinating responses and efforts at national and regional level to ensure effective utilization of resources and strengthen enforcement.

Key Recommendations

- Intellectual property rights are critical, communicate with the public, consumers, enablers to build reputation and consumer trusts- to differentiate products; in terms of quality and standards. Illicit trade undermines the above, and hence the need for strong cooperation mechanisms between IP owners, public agencies and government on effective measures to protect Intellectual property rights.
- Standards and Quality insurance, Social and Environment management systems enhance product hegemony and reinforce the strength of a product.
- Corporate Social Responsibility or Corporate Social Investment is

6. REGIONAL DEBATE SESSION: PUBLIC PRIVATE DIALOGUE - ILLICIT TRADE VS. COMPETITION.

How to break the counterfeit ladder? Strategies to maintain supply Chain integrity in business.

The regional debate took the approach of an inter-participatory dialogue; where the delegates were given an opportunity to ask questions from the panelists from all the sessions. Mr. Thierry Mutombo, the moderator also asked the Panelists some key questions and recommendations emanating from the discussions. The following are some of the summary questions tabled to the Panelists:

- Understanding the role of private standards certification institutions, like SGS, and whether they should be supported?
- The extent to which companies are able to actually share information with the public and with government on their brands?
- Integrated Border management systems, Asycuda systems and the extent of how this is operational in most of our member states?
- The issue of whether there are means of producing less costly products- so that they can easily be affordable products?
- The key recommendations for addressing Illicit Trade?

Some of the Key responses and Recommendations from the Regional Debate are as follows;

- Improving Customs management systems;
 - Revenue authority to set minimum values for duty purposes to avoid undervaluation and tax evasion instances.
 - Development of a single customs territory; easy to check for imports at the port of entry thereby doing away with transit fraud.
 - Harmonized tax platforms of software- e.g. Assycuda world to synchronize the imports and exports entering into each country.
- Increasing Supply chain integrity and traceability systems at firm level.
- In terms of customs modernization different customs have picked different systems. WCO Data model allows you to use different systems but information captured is similar. At regional level it is important to ensure systems are able to harmonize such systems by moving towards regional customs management systems.
- Regional Cooperation on tackling Illicit Trade. When there is free trade area- it implies a reduction in illicit trade, and allows regional policing systems or at the port of entry. Member states can pool resources to pool resources together.

- Dealing with Corruption, Importance of not paying bribes. From multi nationals- all private sector.. Let's not offer incentive. Businesses should declare that they will not facilitate corruption.
- Information and Increasing Awareness. Importance of knowing and understanding legislation- so that private sector can utilize .Model legislation to simplify legislative frameworks and tools that are available.
- Strengthening enforcement systems. The need for police and customs to work together – for greater enforcement. Key 4 agencies- enforcers, investigator, prosecutors and judges- /magistrates. It is critical that these four organs are strengthened. Furthermore proper legislative framework to complement the above.
- Standards Infrastructure. The importance of compliance with international standards certification systems, traceability systems – etc. to ensure a strong product.
- For example SGS, Interco – major companies used for pre-shipment inspect verification of conformity. Companies sign contracts with the countries on the products they should inspect. – depends on cost-market e.g. . The reason is because we don t have capacity of standards testing.
- The need to consider all forms of illicit trade beyond counterfeits; in other forms such as tax evasion, smuggling such as through mis -invoicing and undervaluation.
- The private sector as enablers of corruption with respect to trade; and the need for businesses to adopt a no corruption stance.
- Need for holistic frameworks; in terms of legislation, enforcement, and public private partnerships in dealing with illicit trade.

7. SESSION: ILLICIT TRADE AND TOBACCO

Tobacco Institute of Southern Africa- Chairman and CEO: Mr. Francois van der Merwe

Mr. Van der Merwe commenced his presentation with a brief overview on who TISA is and TISA's views on working in partnership with governments in the region. Stated how the Institute works with the entire tobacco value chain industry, from farmers, leaf processors, leaf merchants, manufacturers, importers and exporters of tobacco products in the Southern African region. Mr. Francois underscored the importance of public - private partnerships between governments and tobacco sector in the region and globally as the sustainable solution to address all matters related to the tobacco sector, including the combat of illicit trade in tobacco products.

Mr. Van der Merwe went on to speak on the impact and magnitude of illicit trade in cigarettes is as well as the negative impacts it holds for governments and the legal tobacco sector. He suggested that the ills encouraged by the illicit cigarette trade including organized crime, corruption, money laundering and fraud. The cost to governments and its citizens in the region are extensive – the loss in revenue from illicit trade, (around USD 500 million losses to the Southern African region in 2013) is money that could have been well-spent on improving citizens' lives; governments' health objectives are undermined and investor confidence

declines. The legal tobacco sector and the investments they make in countries are also negatively impacted.

Mr. Van der Merwe underscored the importance of public private collaboration ; including what the capabilities of the legal tobacco sector are in gathering information and sharing it with governments; how the sector collaborates and engages with authorities; assistance provided in the form of empowering officials with knowledge on identifying illicit cigarettes and the destruction of illicit cigarettes; the raising of awareness through the media and campaigns and the sector's support to governments in enhancing administrative controls in the combat of the illicit tobacco trade.

In his recommendations; he proposed ensuring good corporate governance and compliance within the legal tobacco sector, as well as improving administrative controls such as import and export controls; increasing enforcement efforts and building on engagement within countries, but also across borders and amongst trade blocs. He further proposed the development of an Anti- Illicit Trade COMESA Sub-Committee integrated across countries and in cooperation with the legal tobacco sector and to upscale collaborative efforts for fighting illicit trade.

British American Tobacco-East Africa- Regulatory Affairs Manager, East African Markets; Mr. Clifford Machoka

Mr. Machoka joined as a discussant in this session. His recommendations are captured in the overall recommendations below. They include the need for a balanced regulatory system in terms of an excise and tax regime.

Key Recommendations

- The importance of a balanced regulatory systems and harmonization of regional excise systems in the fight against illicit trade in tobacco products.
- Importance of developing an industry approach to tackle illicit trade- and bring together various private sector stakeholders in the fight against illicit trade.
- Proactive engagement between public and private sector including the private sector supporting agencies through training and even in enforcement actions against perpetrators.
- Importance of administrative controls as simple but effective steps in tackling illicit trade such as sharing information and harmonizing import and export data systems.

8. SESSION: COUNTERFEIT DRUGS AND PUBLIC SAFETY: TAKING ACTION TOWARDS HUMAN AND INDUSTRIAL WELFARE.

La Grande Pharmacie Corne D'Afrique- Djibouti, CEO & Owner

Mr. Moussa gave a brief profile of his company; Som Holdings and Grand Pharmaceutical company as one of the leading pharmaceutical enterprise in Djibouti and Somalia. He presented on the costs and impact of illicit trade on competitiveness and innovation and proposed solutions for combating illicit trade. He stated the following issues:

- Illicit trade undermines business growth and innovation and reduces the economic incentives to develop new products and decrease brand value, brand reputation and competition advantage.
- From a public health perspective, malaria is estimated to cost African nations at least \$12 billion annually in lost economic output, compounded by counterfeit pharmaceuticals.
- Recommendations for combating illicit trade includes; need for a comprehensive system of laws, regulations and enforcement by state authorities and regional collaborative efforts to tackle it.
- Whilst local manufacture of pharmaceuticals is an untapped opportunity for inclusive and sustainable industrial development in Africa leading to high quality pharmaceutical industry will bring important

health and economic development benefits; there is limited investment in pharmaceutical manufacturing in Africa. Key to this is the requirements for large capital investment. Develop a business case to convince African banks to invest the pharmaceutical industry, human skills capacity and the inhibitive regulatory frameworks. In light of the above he further recommended on the need for increased public and private investment and promotion of investor friendly policies to encourage investment in the local manufacturing of pharmaceuticals.

UNAIDS, Senior Advisor to the African Union, UNAIDS AU Liaison Office, Mr. Pride Chigwedere

Mr. Chigwedere spoke on the opportunities for pharmaceutical manufacturing in Africa particularly in areas of strategic interest like for ARV, malaria and other drugs. He underscored the magnitude of illicit pharmaceutical manufacturing in light of public health and safety suggesting that the World Health Organization estimates 100 000 deaths causes annually due to Illicit drugs.

On the enabler of illicit trade he suggested that Counterfeiting as crime racks in at least 1 billion USD in the African continent and is therefore a profitable venture. This therefore calls for stringer sanction mechanism to deter illicit trade.

He stated that lack of regulatory harmonization remains a key obstacle though from a regional perspective there are various efforts in dealing with illicit trade including Africans Medicines harmonization through NEPAD. He underscored the need for regional and international regulatory frameworks for example adopted along the lines of the US Food and Drugs Association - which ensure registration of clinical trials with competent people and resources to facilitate the above.

Key Recommendations

- Appropriate regulatory oversight & enforcement mechanisms to counter illicit trade.
- Imposition of stricter sanctions to discourage the business of illicit trade.
- The need for investment and promoting local pharmaceutical manufacturing; particular in drugs where Africa has a strategic advantage such as for AIDS and malaria drugs.
- The need to link Africa's research capacity and utilize it to become a commercial venture and to encourage increased government budget allocation to technology and scientific research as this is essential for promoting manufacturing competitiveness.

9. SESSION: WHY INVEST IN AFRICA? EXPECTATIONS FOR BUSINESS PARTNERSHIPS, QUALITY MANAGEMENT, AND TECHNOLOGY TRANSFER. Confederation of Industrialists and Businessmen of Turkey (TUSKON)

Dr. Mustafa Günay introduced TUSKON, the Confederation of Turkish Industries as the most widespread, most effective nongovernmental organization in Turkey representing the business community. He suggested it unites and brings together various Turkish business federations; representing 55,000 Turkish business people and 140,000 companies and powered by 7 federations and 211 business associations. Thanks to TUSKON branches in 5 different part of the world and partners in more than 140 countries. He further expressed that TUSKON's main objective is helping Turkish companies penetrate into new market to bring together Turkish and international companies for trade and investment.

Dr . Gunay expressed Turkish interest in investing in Africa, citing that Africa is projected for growth with its population expected to increase to 9.6 billion by 2050. This therefore provides opportunities for growth and unparalleled development as compared with other regions. He highlighted that to encourage such partnerships or investments TUSKON works with its partners to organized events like Trade and Investment delegation and Trade and Investment forums and Trade breach programs for Africa, Eurasia,

Asia- pacific, Middle East, Latin America, North America and Europe.

On experiences with illicit trade, Dr. Gunay stated that TUSKON has a good experience on measures on anti- illicit trade and is willing to share that experience and stand together with African businesses in the fight against illicit trade. He also underscored the need for government agencies and private sector has to collaborate, based on a realistic, practical approach in order to tackle illicit trade and counterfeiting in the region.

10. SESSION: PARTNERING WITH AFRICA TO BOOST THE LOCAL INDUSTRY DEVELOPMENT AND GROWTH OF INDIGENOUS BUSINESSES

Dr. Mwinyikione introduced LLPI as one of COMESA's specialized institutions, established in 1993 in Addis Ababa, Ethiopia; as a coordinating Institute for the regional development of the leather industry.

In his presentation he provided an insight into the leather value chain in the Global Economy, stating that leather and Leather products are among the most widely traded agro-based commodities in the world with the global estimated trade value of the sector at over US\$ 100 billion a year. He indicated that whilst Africa's represents 26.32% of World livestock Population it accounts for less than 14% of world production of leather and mainly exports raw leather with limited value addition.

In citing examples; he stated that India has managed to develop its leather industries but developing regulatory policies and support mechanism to support its leather industry. Whilst the average production of shoes in Africa is between 4-7 pairs per person per day in China the rate is as high as 18 pair for SMEs producers and 40 pairs for automated shoe manufacturing industries. This highlights the gaps in Africa's manufacturing and also the potential for growth.

Dr. Mwinyikione further illustrated the opportunities for growth through

regional markets by citing an example of an Ethiopian company ELICO; whom through working with LLPI was able to break into regional markets and develop its market share and profits in millions of US dollars. He asserted the need for the development of regional strategies and national plans in key commodity products such as leather and others as key to manufacturing competitiveness. Furthermore, that by enhancing skills for SMEs, and adopting ICT, SME businesses including in the leather sector are able to compete effectively, access market information and boost their business growth.

Lumuno Organics – ZAMBIA, Mr. Khama Mbewe

Mr. Khama gave an overview of the growth of Lumuno organics Farms and its experience with compliance with standards as a way of ensuring market access and boosting its competitiveness. He indicated that entrepreneurs or manufactures need certification by national bodies that are accredited to other international bodies to create confidence to end users; outlining the role of standards and food management systems.

Mr. Mbewe highlighted how Lumuno is HACCP Compliant, and have undergone KAIZEN (change for better) training and undertakes ECO CERT participatory Guarantee certification for its farmers to ensure compliance with standards. As a result, Lumuno has gained confidence to enter new markets and grow the business.

On the issues of illicit trade he stated that illicit trade is a danger to the economy, asserting that the limited standards infrastructure in the developing countries result in introduction of non-conformity or dangerous products which can harm public health and the economy as well. He further asserted the need to address the issues of facilities at the international borders to check and detect counterfeit products.

including some participatory or self-certification schemes that can be adopted by such businesses since they are cost effective.

Key Recommendations

- The need to put in place national strategies and business plans with clear policy and institutional support frameworks in key strategic sectors such as leather, agro processing and others to support industrialization.
- Furthermore, the need for policies that support value addition and deter importation of raw materials.
- Strong standards institutions are important for boosting the quality and competitiveness of locally produced products. There are also essential in the regional harmonization initiatives and are essential in the identification of illicitly traded substandard goods. Member states are requested to set up or strengthen Quality Management and Standards institutions at national and regional level.
- SMEs businesses to invest into standardization and certification to boost their competitiveness and access markets. There are various form of certifications;

11. SESSION : THE INTERFACE BETWEEN INNOVATION AND ENTERPRISE COMPETITIVENESS;

Doing Business in Africa- Developing robust Public Private Partnership(PPP) to “Utilize White Spaces” to provide affordable broad band to catalyze Small and Medium Enterprise Innovation and rural community development.

Mr.Otieno gave an overview of Microsoft initiatives to utilise started by indicating a new utilize White Spaces’ to provide affordable broad band and improve access to technology for Small and Medium Enterprise Innovation and rural communities. In his presentation he highlighted the opportunities from TV white spaces in underserved communities which can easily be used to advance technology.

On obstacles to advancing technology and such use of white spaces he highlighted the lack of an enabling regulatory framework and the need to standardise the use of infrastructure. Further he mentioned the ITU World Radio communication Conference of 2012 which concluded that the current international regulatory framework can accommodate software defined radio and cognitive radio systems, hence dynamic spectrum access, without being changed. The development of systems implementing this concept, such as TV white spaces, is therefore essentially in the hands of national regulators in each country and that policy makers should embrace access to technology through white spaces.

Mr. Otieno asserted that TV white spaces would enable new business models, making ICT access more affordable and Governments can improve education, healthcare, e-government, small business empowerment and social inclusion using technology. In light of the above, he concluded by recommending that policymakers should think differently about spectrum allocation and regulation with regard to the above.

Africa Regional Intellectual Property Organisation- Mr. John Kabare, Senior Patent Examiner,

Mr. Kabare’s presentation focussed on an insight of ARIPO and the existing intellectual property mechanism available to support SMEs. He stated that African Regional Intellectual Property Organization was established in December 9, 1976 19 member states – English speaking countries in Africa. Its mandate is to make better use of intellectual property; (Patents and Utility Models, Industrial Designs, Marks, TK and Expressions Folklore, Copyright, access and benefit sharing, Geographical Indications, and Plant Variety Protection) for the development of Africa.

Mr Kabare described the economy as now knowledge based- greatly focussing on reliance on know-how, knowledge, human creativity and innovation. To be competitive he stated, SMEs need to constantly improve their efficiency, reduce production costs and enhance the reputation of their products and services by investing in research and development, acquiring new technology, improving management practices,

developing creative and appealing products and designs, and effectively marketing their products and services. By using intellectual property rights (IPRs System) SMEs attain exclusivity over the exploitation of their innovative products and services, creative designs and brands thus creating an appropriate incentive for investing in improving their competitiveness.

Furthermore, he stated the challenges SMEs faces with respect to using IPRs. He said, enterprises worldwide and particularly in Africa largely under-utilize the intellectual property system due to, perceived lack of relevance of the IP system, perceived high costs and complexity of IP system, limited awareness of the IP system and its usefulness, and lack of qualified human resources to use the IP system. In conclusion Mr. Kabare pointed out measures taken by ARIPO of overcome these challenges. These includes; putting up a simplified IPRs filing and protection system, upgraded ICT infrastructure for ARIPO and member states to enable on-line filing, processing and management of IPRs and awareness-raising through seminars and workshops targeting SMEs.

Key Recommendations

- Policymakers should think differently about spectrum allocation and regulation of white spaces and promote access to technology for rural communities and SME businesses.
- There is need to understand importance of intellectual property rights as enablers of competitiveness, essential for the development of African brands and protection of locally produced products from both a policy and business perspective.
- Policymakers should accelerate regional intellectual property initiatives including regional enforcement, and, to promote the participation of local industries in intellectual property protection initiatives. This includes, partnering with the private sector in increasing awareness and facilitating access to finance for the registration and maintenance of intellectual property rights.

12. SESSION; BUSINESS RESPONSIBILITY IN PROMOTING GENUINE TRADE FOR COMPETITIVENESS- International Trade Centre. (ITC)

ITC Executive Director- Dr. Gonzalez

Dr. Gonzalez gave an introduction of the ITC stating that it is a hybrid organization of World Trade Organization (WTO) and United Nations (UN), established with the focus of supporting private sector development.

She went on to assert the importance of integrating the private sector in regional integration processing citing the experiences of WTO and European Commission highlighting that regional integration doesn't work in the absence of a clear link support/organic relation with the business sector. She therefore, reiterated ITC commitment to work with the COMESA Business Council and the private sector to ensure the above cause.

On Illicit trade, Dr. Gonzalez further stated that an illicit trade usually occurs when economic operators lose confidence in formal trading system or when they see opportunities in by-passing the laws and formal structures. She therefore highlighted the need for strengthening regulatory systems, standards frameworks and ensuring trade facilitation. This includes development of risk assessment systems, improving ICT and ease of doing business in general.

Dr Gonzales also highlighted some key platforms of the ITC Standards MAP and Trademap. Standards MAP for instance provide a database of all standards to increase awareness on the

available standards and certification with the objective of moving towards harmonization. She also spoke on Illegal wildlife trade and the need to stop this and ensure fair trade policies that provide for local community development and biodiversity protection.

In conclusion, Dr. Gonzales reiterated that fighting illicit trade has a lot to do with institutions: customs, quality control institutions, laboratories, technical training organizations and the need to ensure that these institutions are well equipped, with well trained and well paid personnel.

2. SESSION; PRESENTATION OF THE CBC REGULATORY FRAMEWORK ON COMBATING ILLICIT TRADE, MADE IN COMESA LABEL.

Consultant; Mrs Linda Kalimba

The Consultant gave a brief introduction on the study commissioned by the COMESA Business Council on the development of a regulatory framework to combat Illicit Trade and the guidelines to develop of a "Made in COMESA" Label. This included a desk study and interviews with key stakeholders from various participating institutions and organizations from Kenya, Zambia and Rwanda.

By providing a key summary of her findings she highlighted the following key issues;

- The key forms of illicit trade as; Smuggling, Counterfeiting/Piracy, Transit fraud, Trade in prohibited or restricted goods or products and Illegal

transaction and Undeclared Local Production. Amongst these counterfeits and smuggled goods being the most prevalent forms.

□ On the effects and impact of illicit trade she stated; Harmful to consumers (health and safety), unfair competition, Decreased revenue and public spending and discourages investment and market development.

□ On the contributors of illicit trade she highlighted; legislative gaps, high tax regime, corruption, weak enforcement, porous borders and weak border control and others.

□ She asserted that while regional and international legislations exist; it is fragmented and does not explicitly and holistically cover all forms of illicit trade. Therefore the most apparent gaps include; lack of specific anti-illicit trade national legislations, weak institutional capacity for legal enforcement, consumer ignorance on risks and limited cooperation between public and private sector.

□ On the best practices she provided the following as key to tackling illicit trade; Supply chain controls, Utilization of appropriate technology and coding, effective legislation, regional and international cooperation.

□ As a way forward, she recommended the development of Regulatory Framework- COMESA Anti-Illicit Trade Protocol, supported by institutional arrangements at regional and national level. These include; at regional level the establishment of the COMESA anti-illicit trade unit. At national level; strengthening existing institutions and also a Public Private collaborative platform for addressing illicit trade.

□ On recommending the development and implementation of the Made in COMESA label; the Consultant recognized and appreciated the need for the label as a way of ensuring and promoting preference of locally produced goods. She proposed some guidelines on the development of the label to include; the COMESA symbols and logos, and the need for some security features; and ease of use of the label.

African Organisation for Standardisation (ARSO)- Secretary General- Dr, Hermogene Nsengimana

Dr. Nsengimana presented an insight on the African Regional Organisation for Standardisation established by the African Union; in light of the Abuja Treaty as a platform to promote harmonisation of standards and quality. Further ascertaining how such goals are premised similar to the COMESA Treaty for the establishment of standards and harmonisation initiatives in the region. He highlighted, in light of the above that the development of the Made in COMESA label was well within the regulatory powers of COMESA.

He further asserted the need for the development of harmonisation of standards and the need to brand unique and strategic products for Africa as essential in promoting competitiveness of locally produced goods.

He implored the private sector to actively participate in standard settings as the current trend for Africa is that about 85% of standard setting is driven by the public sector. He also noted the need to consider the shift in regional

integration towards continental and Tripartite Free Trade Area in the harmonisation of standards.

Dr. Nsengimana also outlined the African Trade Helpdesk which is an ARSO initiative; a platform for sharing information on standards in Africa, initially focussed on maize; citing this as an initial stage for the regional harmonisation of standards and access to information on the same. In conclusion, he reinforced the need to strengthen standards and quality infrastructure in Africa and the need for increased private sector participation on standards issues in the region.

On Consumer Awareness he stated that Information is key, and we need to promote own models and strategic goods and to motivate consumers to show the quality of local products so that they can gain confidence in the local products.

On the Operationalization of the Made in COMESA and quality marks, Dr. Nsengimana highlighted that the label can be a quality mark in which case this can be piloted as dual mark with other Country standards certifications. He also cited the example of the CE mark- a self-declaration which says I have followed European standards as another form of a label that can also be developed.

NEEX Industries-General manager- Mr. Getu Kebede

Mr. Kebede explained the importance of standardisation and building standards and quality institutions in the region as essential to support SME enterprise development. He further highlighted that it is key to focus on SME' s for the

development of the Made In COMESA label since most of them to not have the capacity to build or strengthen their brands.

Mr. Kebede proposed the need to consider best practices such as the Made in EU- label which proffers multiple of advantages in tracking the goods, identifying the source of the goods. In light of the above, he also underscored the need to develop guidelines for the label; and streamlining whether it will be a standard or just a label identifying its source of origin.

Mr. Kebede, also spoke on the need for a staggered approach in the development and the Implementation of the Made in COMESA Label. He highlighted the need to ensure regional harmonisation of standards as an initial step especially if the label is to have some resemblance of quality and standards criterion.

Key Recommendations

- The “Made in COMESA” label is essential tool for promoting the local manufacturing industries and increasing awareness and preference for locally produced goods.
- The private sector should be participants in standards development processes and should drive the agenda for standardisation in the region.
- There is need for a holistic framework to curb illicit trade in the

region, this includes a regulatory framework supported by institutional frameworks at national and regional level.

□ Public private collaboration and participation is essential in the enforcement and development of measures to curb illicit trade.

□ There is need for consumers to access information on the impact of illicit trade. Accelerating Consumer action is therefore an essential element in the development of measures to fight illicit trade. There is need to establish a Public Private platform for reporting and giving out information pertaining to illicit trade.

3. SESSION; WAY FORWARD

The COMESA Business Council Coordinator presented the key recommendations from the Study as followed; requesting the Forum to adopt and endorse the recommendations.

□ Adopting the COMESA regulatory framework on anti-illicit trade.

□ The need for the Establishing a regional COMESA anti-illicit trade unit.

□ The need for Establishing / strengthening national anti-illicit trade unit.

□ The need for Strengthen cooperation and collaboration with legitimate industry and at a national, regional and international level.

□ Development and implementation of the Made in COMESA label.

The Business Dialogue endorsed the above recommendations. However on the development and implementation of the Made in COMESA Label, member

accepted the idea as noble but indicated the need for an in-depth assessment with a proposed Instrument and Guidelines for implementation and proposed 6 months be given to the COMESA Business Council to provide the above.

Other Recommendations;

□ The Forum also recommended that on Industrialization and promoting SME development the member states be called upon to provide at least 30% of public procurement to government in favor of SMEs including women and youth.

□ The private sector from Sudan and Zimbabwe also made a special request for the removal of sanctions upon their countries as this was detrimental to private sector development and regional integration efforts. The request was accepted and endorsed by the Forum.

4. CLOSING STATEMENTS

Dr. Amany Asfour- COMESA Business Council Chairperson

In her Closing remarks Dr. Amany Asfour appreciated and thanked the private sector for their participation at the 10th COMESA Business Dialogue. He further implored them to continue lobbying for the private sector, for SMEs development and for the inclusion of women and youth in the regional agenda. She highlighted that the recommendations of the Business Dialogue will form part of the regional

Declaration to be presented to the Heads of States Summit for adoption.

Mr. Jamal SAGHIR- AU Commission
Head of Private Sector

Mr. Jamal welcomed the participants to the AU Commission on behalf of Dr. Herbert Ademola. He further commended the delegates for their active participation on the matters of illicit trade and industrialization that are key for improving the competitiveness of African countries.

Mr. Jamal underscored the need for proper legislation and policies that take cognition of regional and continental realities as essential to encourage investment and promote economic development. This includes; business friendly environment that characterized by predictable and stable macroeconomic condition, strong legal system, low levels of corruption, and protective corporate governance.

On industrialization, he recognized the need to discourage the export of raw materials and promote the development of regional value chains as important for industrial competitiveness and trade. In conclusion he called for concerted efforts by all stakeholders and for public private collaboration in efforts for private sector and economic development.

12. SESSION; BUSINESS RESPONSIBILITY IN PROMOTING GENUINE TRADE FOR COMPETITIVENESS-

International Trade Centre. (ITC)

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Dr. Gonzalez gave an introduction of the ITC stating that it is a hybrid organization of World Trade Organization (WTO) and United Nations (UN), established with the focus of supporting private sector development.

She went on to assert the importance of integrating the private sector in regional integration processing citing the experiences of WTO and European Commission highlighting that regional integration doesn't work in the absence of a clear link support/organic relation with the business sector. She therefore, reiterated ITC commitment to work with the COMESA Business Council and the private sector to ensure the above cause.

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 - On the best practices she provided the following as key to tackling illicit trade; Supply chain controls, Utilization of appropriate technology and coding, effective legislation, regional and international cooperation.
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14. SESSION; WAY FORWARD

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Other Recommendations;

- The Forum also recommended that on Industrialization and promoting SME development the member states be called upon to provide at least 30% of public procurement to government in favour of SMEs including women and youth.
- The private sector from Sudan and Zimbabwe also made a special request for the removal of sanctions upon their countries as this was detrimental to private sector development and regional integration efforts. The request was accepted and endorsed by the Forum.

15. CLOSING STATEMENTS

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Mr. Jamal SAGHIR- AU Commission Head of Private Sector

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