

US companies missing out on African investments – says ECA’s Lopes

Addis Ababa, 04 August 2014 (ECA) - On the eve of the Africa-US Summit to be held in Washington DC this week, Mr. Carlos Lopes, Executive Secretary of the Economic Commission for Africa (ECA) has underscored that with Africa attracting major investments from the BRICS (Brazil, Russia, India, China and South Africa) and other developing economies, it is time for American companies to wake up and participate in the already vibrant and promising African investment terrain.



The Summit is taking place against widespread agreement that Africa has evolved into a dynamic market with a growing middle class. In addition, there is a growing understanding among African leaders and people on economic transformation as an imperative for the continent to sustain growth and foster inclusive development.

Yet, according to Lopes, who will be in attendance, traditional donors, trade partners and investors of Africa such as USA, Japan and those in European economies are “taking a bit of a back seat.”

“In terms of capital stock on investment with Africa, the US has the prized spot,” he says, but cautions that the type of investment it is involved with and the trends moving forward are not very favorable.

He notes that the Summit in Washington should play a critical role in discussing what needs to be done in order for American companies to be convinced that “we are entering a very different stage in Africa's economic situation and that they should be part of it.”

As part of Africa’s engagement with the Summit, the ECA has prepared a poignant Briefing Note on the theme: “[Frontier Markets in Africa - Misperceptions in a Sea of Opportunities](#) [1]” in collaboration with the African Union Commission (AUC) and the African Development Bank (AfDB), which identifies the

opportunities for investment in Africa, corrects misperceptions about the business environment on the continent and suggests general areas of focus for future partnership between Africa and the United States of America.

“The positive recent characterization of Africa as a rising continent is derived in part from the rapid socioeconomic changes and improvements in governance that have transpired. However, more importantly, it reflects the fact that limited information and long-held misperceptions about Africa don't match reality,” states the Briefing Note. It outlines several key shifts, and deliberate policies and reforms, aimed at institutional strengthening and improvements in the business environment.

The Briefing note underscores an underlining message: that trade and investment in Africa will continue to grow and that the U.S. can seize the opportunity, and proposes that a mutually beneficial future is possible, “if Africa-US partnerships are focused on areas with high pay offs including: investments; education; and science and technology and innovation.”

And, there are benefits to the existing relationship. For instance, according to an additional White Paper, themed: [How AGOA 2:0 Could be Different: Outlining Africa's Position on the AGOA Review Process](#) [2] prepared by the ECA and the AUC for the Summit, more than 300,000 jobs have been created in the context of the Africa Growth and Opportunity Act (AGOA); this has increased women's access to the workforce.

Furthermore, transformation examples are not in short supply according to Lopes. Mauritius has the best financial market in terms of performance, Ethiopia has made massive strides in terms of industrialization, Nigeria has increased agricultural productivity and Morocco has mastered the value chain and is integrating its services and its industrial capability. “Countries have different appeals depending on which entry point we are talking about,” he says.

Note to Editors;

Attached are the two documents in reference:

[Briefing Note: “Frontier Markets in Africa - Misperceptions in a Sea of Opportunities”](#) [1] and the White Paper: [How AGOA 2:0 Could be Different: Outlining Africa's Position on the AGOA Review Process](#) [2]

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