

5th Meeting of the Committee on Trade, Regional Cooperation and Integration

Statement

by

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Mr. Chairman;
Your Excellency, Mr. Mekonnen Manyazewal, State Minister for Finance and Economic Development;
Honourable Ministers;
Your Excellency, Dr. Maxwell Mkwezalamba, AU Commissioner for Economic Affairs;
Distinguished Ladies and Gentlemen;

Let me begin by welcoming you all to Addis Ababa and the Economic Commission for Africa. I also wish, at the outset, to recognize and express our profound appreciation for the presence of the Ministers at this meeting and thank them for their participation. I also wish to thank my brother and friend, Dr. Maxwell Mkwezalamba, the AU Commissioner for Economic Affairs for joining us today. The participation of you and your team in the planning and preparation of this meeting amply signifies the seamless cooperation and collaboration between ECA and AU.

At this juncture, it is fitting for me to say how pleased we all were to be part of the landmark celebration of the new Ethiopian Millennium on September 12. In essence, it was a millennium for all of Africa, given the unique role of Ethiopia as host to two of Africa's major continental organizations, the African Union and ECA. As our host for nearly fifty years, the Government and the people of Ethiopia have done a great deal to make us feel at home. Allow me therefore to take this opportunity to once again congratulate Ethiopia on the occasion of the new Millennium and to extend best wishes for the prosperity of this great country.

Mr. Chairman;

We have gathered here today to reflect on the activities of ECA in the areas of trade, regional cooperation and integration so as to strengthen its contribution to the African Union's continental integration and development agenda. The Committee on Trade and Regional Cooperation and Integration is one of ECA's sectoral committees which meet on a biennial basis to review developments and issues pertaining to their respective development sectors, formulate policies and strategies to address Africa's development challenges, and advise on sectoral work priorities to be reflected in the work programme of the Commission. The outcome of the committee meetings will then feed into the deliberations of the annual meetings of Commission's principal legislative organ, the Conference of African Ministers of Finance, Planning and Economic Development.

Since its inception the Committee on Trade and Regional Cooperation and Integration has met four times, with today's meeting being the fifth one. At its last meeting in March 2005, the Committee recommended that ECA undertake activities whose outcome would promote, strengthen and support the African Union's development agenda in the areas of trade and integration. With the endorsement of the African Union Summit in Banjul, in July 2006, the Commission repositioned itself and has placed regional integration as one of its two pillars of work.

Mr. Chairman;

Since the last meeting of the Committee, the Commission has undertaken a number of activities aimed at contributing to the achievement of most of the recommendations made at the meeting. For instance, following the recommendation of the meeting that there is the need to rationalize the regional economic communities, we focussed the second report of our flagship publication, *Assessing Regional Integration in Africa*, on the rationalization of the RECs. The report, which was jointly published by the AU Commission and the ECA, was presented to the Assembly of African Union Heads of State in July 2006, in Banjul, the Gambia and helped to inform their resolution limiting the number of recognised regional economic communities to eight.

The African Trade Policy Centre (ATPC), housed here at the ECA, has channelled most of its research and advocacy work in assisting African countries to address the challenges to trading in the global market place. The ATPC together with ECA's

Geneva office are providing technical backstop for African trade negotiators in Geneva and Brussels. The Centre is also training African experts on new tools and methods for conducting international trade analysis. Through its advocacy work, the ECA, in collaboration with the AU Commission, brings together periodically senior officials from African countries to discuss major trade issues, with a view of forming a common African voice on major international trade negotiations.

Pursuant to the outcome of the last meeting the Commission has also upscaled its cooperation and collaboration with the African Union Commission and African Development Bank. The leadership of the Commission is in constant communications with its counterparts at the AU Commission and the ADB. ECA have also held a number of bilateral meetings with the Chief Executives and senior officials of the RECs and NEPAD Secretariat on pertinent issues related to economic and social development of our continent. The three institutions, AUC, the ADB and ECA, have also jointly organized a number of high level conferences in some of the areas addressed at the last Committee meeting including the conference of African Ministers responsible for integration in Kigali, Rwanda in July this year. I am pleased to inform you that a number of the key recommendations of these meetings have been adopted by the Summits of the African Union.

All these efforts have been carried out in the context of our determination to work closely together in order to strengthen synergies among our institutions and our activities, and thereby help to foster coordinated support and actions towards Africa's development and integration. In the same vein, we continue to marshal our collective efforts to help African countries define and articulate Africa's common positions and interests on relevant development issues in international fora.

Mr. Chairman;

This fifth session of this Committee will be examining, among other things, progress towards promoting Africa's regional integration in the context of the objectives and programs of the African Union and the Regional Economic Communities. There is no doubt that Africa has made some progress in its efforts to integrate its economies, and you will have the opportunity to be apprised about in the presentation on the progress report on this item.

Nonetheless, it is fair to say that Africa still faces tremendous challenges in advancing its integration agenda at all levels: national, subregional and continental. Allow me therefore, to highlight a few of these challenges.

In the macro-economic environment, I wish to highlight one key on-going challenge manifested in the persistent upward trends in oil prices. As majority of our countries are non-oil producing, escalating oil prices translate into high import bills for oil. They also have serious repercussions on countries' ability to balance the budget and maintain fiscal discipline in the face of heightened demands to accelerate the achievement of the MDGs, with poverty reduction at the centre of these demands. How to reduce vulnerabilities to the oil increase continues to remain a huge challenge for these countries. Addressing this challenge will require concerted trans-boundary solutions in the search for and development of alternative sources of energy. Furthermore research at the ECA shows that shocks to the macroeconomic environment are better handled if member States embark on convergent macroeconomic frameworks as prescribed by their respective regional economic communities.

In the area of trade, it is worth recognizing the efforts of many of our RECs to liberalize trade within their respective subregional spaces and create free trade areas and customs union. However, the fact still remains that despite these laudable efforts by the regional economic communities, trade within Africa is still very low, consistently hovering between 10-12 per cent over the last decade. Africans trade less with themselves than with the rest of the world. The issue of intra-African trade is therefore an important item on the agenda of this meeting and I urge the Committee to address some of the key and immediate to such trade. You will agree with me that infrastructure is one of the core challenges to overcome, and this meeting will therefore be deliberating on developments in this area including transport.

Africa is engaged in two key international trade negotiations at the World Trade Organization and also the Economic Partnership Agreements with the European Union. As you all know, the Doha Round of trade negotiations is moving at a very slow pace. It is our desire that the talks conclude, whenever it does, with a strong development dimension that will be of beneficial to Africa. A closely related issue is that of Aid for Trade and the African Regional Review meeting on this matter recently took place in Dar es Salaam. At that meeting, African Ministers reiterated their call for the upscaling of the financial support for the development of infrastructure on the continent so that African countries can become competitive in the global trade and also trade more amongst themselves. It is therefore important that African countries remain vigilant and participate actively in the Global forum, scheduled in November, in Geneva, on how to make the Aid for Trade initiative operational.

Given the potential challenges likely to be faced by African countries as a result of bilateral and multilateral trade reforms, ECA will continue to put the strong capacities it has built on trade to the service of African countries in order to achieve the desired outcomes in the international trade negotiations. We will also continue to provide technical support to our member States in the EPA negotiations.

Your deliberations during this 5th Session on the agenda before you are important for advancing the trade and integration agenda of our continent, and will also help sharpen ECA's work in these areas to accelerate the overall development of the African continent. It is our hope that this meeting will:

- Give clear guidance on our work programme in the areas of trade, regional integration and infrastructure;
- Identify trans-boundary solutions to address the energy challenges facing many African countries in the search for and development of alternative sources of energy;

- Address how to strengthen the capacity of the regional economic communities to implement their integration programmes at the national level; and
- Advise on how the programmes of the RECs are aligned and converge to African Union continental integration agenda

Let me end by reiterating ECA's commitment to advancing the trade and regional integration agenda of the African Union. We therefore look forward to the outcome of your deliberations at this meeting so that we can chart the way forward on this important subject matter.

I wish you fruitful deliberations. Thank you.
