

# **Council of Ministers 67<sup>th</sup> Ordinary Session of the Organization of African Unity**

**Statement by K.Y. Amoako**

**UN Under-Secretary Gender and Executive Secretary of the Economic Commission for Africa  
Addis Ababa, Ethiopia, 25 February 1998**

Mr. Chairman,  
Your Excellencies, the Council of Ministers of the Organization of African Unity,  
Your Excellencies, Members of the Diplomatic Corps,  
Colleagues and Chief Executives of the Subregional Groupings,  
Ladies and Gentlemen,

I would like to express my deep appreciation to my distinguished brother, Dr. Salim Ahmed Salim, for having again invited ECA to this 67<sup>th</sup> Ordinary Session of the Council of Ministers of the Organization of African Unity, and for once more asking me to address this uniquely important meeting. I would also like, on behalf of the UN community in Addis Ababa and on my own behalf, to extend a warm welcome to Secretary-General Boutros Boutros-Ghali, and to express our appreciation for his outstanding contribution to the cause of world peace and to the social and economic development of Africa.

The august members of the Council of Ministers will recall that when I had the pleasure of addressing them last year, I spoke of a number of specific synergies between the fields of diplomacy and economic policy which, if developed, would hold so much promise for our continent. In particular, I urged us to seek synergies between conflict prevention and conflict management on the one hand and economic reconstruction, recovery and development on the other. In the time since that address, the need for perfecting these synergies has become even more evident as the combination of good governance, peace and stability in many parts of the continent continue to reinforce good economic policies, resulting in solid economic growth.

Africa's economic performance since 1994 is a significant improvement over the situation of the 1980s and early 1990s when growth slowed down to a trickle, social indicators declined, capital flight rates were the highest for any region, trade was less open than any region and macro-economic policies were often distorted.

It is no mere coincidence that our recovery has come at a time when there has been an improvement in responsible governance¼ more citizen participation, more enlightened and pragmatic leadership, more open economies and much improved policy implementation. These factors provide yet another example of how closely political and economic factors work together.

Our progress in blending policies of diplomacy and development are only at an early stage. However, I am now even more strongly convinced that our respective fields and different areas of responsibility must reinforce each other more promptly and forcefully to address pressing problems, particularly in regions emerging from periods of severe strife and conflict, such as the vital Great Lakes region.

In this respect, I am delighted that the Secretary-General of the OAU has referred to the common position reached at the eighth consultative meeting in Abidjan (21 to 23 January) of we, the Chief Executives of the Organization of African Unity (OAU), the African Development Bank (ADB), and the Economic Commission for Africa (ECA). Dr. Salim A. Salim, Mr. Omar Kabbaj and myself were heartened by the efforts being made by the African leaders to find African solutions to the various conflicts in the region. We urge our countries to continue to promote good governance, uphold the rule of law, fight the scourge of corruption, deepen and sustain economic reforms, and pursue high growth, poverty-focused domestic

economic and social policies. We also urge our leaders to urgently take concrete steps to revolutionize transport and telecommunications infrastructures.

Mr. Chairman,

Honourable Ministers,

Regional economic and social integration, are a critical first step in the process of learning to operate globally. We have little control over the globalization of product and services markets, including financial markets. Bracing ourselves now for the inevitability of Africa's integration in global markets is timely in light of the Asian financial crisis, which you are all aware of. This is something that could happen to Africa if certain factors are overlooked by policymakers and regulators.

African countries have so far been spared contagion from the currency crisis in Asia for reasons we should not be too proud of. Africa's share of world trade is barely 1.0 percent and the level of foreign direct or portfolio investment flows to Africa is miniscule, compared to flows to Asia, although recent trends show important signs of change. Capital markets in Africa are quite undeveloped and Africa is not integrated in the world financial markets to feel the strength of the Asian financial storm.

Nevertheless, the lessons for Africa of the Asian financial crisis are clear. Policy leaders need to build strong internal economic ties and invest more heavily in macroeconomic stability. Strong macroeconomic policies must be pursued to prevent serious imbalances in the inter-linked Balance of Payments, Government Budget, Monetary System and the National Income. Better and transparent information is needed to assist economic managers in making rapid and accurate decisions regarding capital flows and imbalances. Closer coordination of economic policies is also necessary; another important reason why economic integration is Africa's future lifeline.

The Asian currency crisis has also shown the need to temper the pace of economic liberalization by the speed with which countries are able to develop the instruments needed for macroeconomic supervision and management, including the creation of strong and independent central banks. This is critical to the discharge of effective bank supervision and other macroeconomic policy management obligations, particularly to stem off imprudent borrowing by individuals, companies, institutions, and countries. These are factors at the root of speculative trade in currencies, which we must reckon with as our economies continue to grow and become more open than today.

I am comforted to know that the wellbeing of the financial sector is a major focus of the energies of Africa's Ministers of Finance. The Sixth Session of ECA's Conference of African Finance Ministers held here, in Addis Ababa, last year, from 31 March to 2<sup>nd</sup> April, focused on financial sector reforms and Africa's debt problem. The Ministers reaffirmed their commitment to economic and financial sector reforms, and in collaboration with our development partners, to finding a lasting solution to Africa's debt problem.

Honourable Ministers,

Ladies and Gentlemen,

For the last few years I have emphasized the significance of the economic and social recovery, but I have also warned that our growth needs to be stronger. That requires the kind of growth, not where one-third of our countries grow at 6 percent, but most of them growing at 6-8 percent or better. And we will need supporting sectoral programmes, where basic education becomes a reality for all our children in the next decade and where health reforms make available basic health services for our people.

A level of awareness must also be reached where the nexus of food security, environmental sustainability and population planning are strong and central in national development; and where half our population, the Africa's women, can progress without gender hindrances. It is this economically and socially progressing Africa which will really cement advancement into our lives.

It is against a background of firm economic progress, but rather incommensurate social progress, that I want to talk about Africa's international economic ties. That Africa's continued economic progress requires integration into the world economy is not questionable. We stand to benefit from increased flows of investment and increased benefits from trade, and integration. The lesson of Asia is not to be unengaged, it is to be engaged, to be diversified in our markets and products, and to make sure that domestic policies are truly productive and constructive.

We in Africa are clearly moving in those directions, but the world is not waiting for us. Our share of global exports is now about one third of what it was in 1980. Our share of exports of non-oil primary commodities to the OECD countries has fallen by over half during the last generation. When it comes to trade in the global economy, it is not that Africa is not running, but it is that others are running much faster. Exports of most of our major commodity groups, including all non-fuel commodities, have for a long time grown at rates that are less than half global export growth rates for comparable commodities.

Honourable Ministers,

Ladies and Gentlemen,

I share the conviction of all the governments on this continent that regional integration is critical to further progress. The promise of larger markets, larger production, harmonized fiscal and monetary policies and coordination of a range of other policies has brought us together in the African Economic Community (AEC) whose inauguration took place last June. As we all know the 40-year AEC evolution plan is built upon the sub-regional integration efforts now going on. It is therefore an opportune moment for your meeting to take place this year with the participation of the Chief Executives of the sub-regional economic groupings, who will be signing relevant AEC accession protocols. No doubt you will, together, be taking stock of accomplishments and the tasks ahead.

For better performance of the regional groupings, there must be clarity of objectives and clear sequencing of the steps to attain them, implying that the membership of countries in multiple groupings may sometimes be counter-productive. Strong supra-national institutions, with sanctioning authority need to be put in place as an indication of political commitment to the regional integration arrangement by national governments. This could address the chronic problem of non-implementation of harmonization provisions in the accords.

Forging stronger intra-regional economic ties has turned out to be a far more difficult challenge than many had thought. It involves doing many of the things we need to do even if we do not intend to integrate our economies; but we must excel in doing them: more reliable economic institutions, superior infrastructure, more effective banking. We also face integrating tasks such as harmonized standards and regulations, more efficient border controls, better information systems on trading opportunities and reliable convertibility. These are the challenges the leaders and chief executives of national, regional and sub-regional organizations continue to grapple with.

The benefits I see from these kinds of reforms will first and foremost accrue to Africa. It will be our businesses that gain trade experience, and it will be our workers and farmers who benefit first. More than that, however, and here I return to the theme of my remarks to you last year, I firmly believe that economic integration is a direction which will increase the stakes for peace within Africa and the credibility of Africa on the world scene. How rapidly we gain the benefits of peace and progress through intra-African economic cooperation depends upon how much political energy we invest in the necessary steps. No group has more of a stake in seeing these benefits accrue than you, our senior-most diplomats. And

as I said, OAU, ADB and ECA Joint Secretariat has resolved to work with you and all concerned to invigorate the process.

Honourable Ministers,

Ladies and Gentlemen,

As these and related tasks are added to Africa's agenda, you will find ECA now in a stronger position than ever to play its role in assisting the member States and the Regional Economic communities. In this respect, following the recent reforms at ECA, one of the five core programs of the Commission focuses on facilitating and enhancing the process of regional integration, emphasizing the need to coordinate infrastructural investment and to foster policy convergence, as critical steps for moving forward with integration.

Mr. Chairman,

Honourable Ministers,

In conclusion, allow me to summarize my remarks today:

- The synergies between diplomacy and development are a potential resource for Africa's progress yet to be developed;
- Africa's fundamental economic situation continues to strengthen, but our social progress needs to gain momentum;
- We need a considerably enhanced growth course to assure a real lift-off of our peoples' well-being;
- Asia's financial problems are not affecting us now, partly because our ties with global markets are weak, yet,
- Whether or not to integrate with the world economy is a false choice¼ we must integrate, but
- We will reap far greater rewards from integration in the world economy if our own house is integrated first;
- Therefore, we should choose actions that accelerate African integration, with the political will and selectivity of actions required.

Mr. Chairman,

Honourable Ministers,

It is a particular honour to address you. In wishing you every success in this important meeting, I also hope for the pleasure of again being with you when you next meet.

Thank you.