

## **!! The speech was read out !!**

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**External Shocks and  
Africa's Regional Organisations:  
Reaction and Preventive Potentials**

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Dear Minister Markov,  
dear Professor Schmidt,  
dear Dr. Kouassi,  
Excellencies,  
Ladies and Gentlemen

- Thank you very much for the invitation to this important event, thanks to the organisers and most important: thanks to all my African colleagues who travelled a long way to be here with us today to discuss the roles and potentials of the various institutions they represent. Thank you also to Dr. Kouassi for a very inspiring and rich introduction.

*Part 1: African countries coped impressively well with the crisis*

- In a typical African shyness Dr. Kouassi shared with us what African countries and institutions did to react to two actual shocks, the financial crisis and the climate shock. But as an outsider and friend of the continent I dare to be more direct: In my view it is absolutely admiring and impressive how African countries coped with the crisis. Let me give you three examples.

*First Example on how African countries coped with the crisis*

- First: Yes, the financial crisis hit the continent hardly. The growth rates went down to a mere 1,6% in 2009 but for 2010, the recent IMF data estimate an increase to 4,3% in 2010 and a growth rate of 5,3% for 2011 – and the estimations increased every time they were adjusted.
- For me, this shows three things: First, we always tend to underestimate the potential of the continent. Second, African countries went through a tough and not always easy period of macroeconomic consolidation in the last decade. But it paid off now. Third, Africa has, maybe more than any other continent in the world, an admiring resilience and dynamism and ability not to give up.
- Let me turn to the second example.

*Second Example on how African countries coped with the crisis*

- Dr. Kouassi made reference to the meeting of Ministers of Finance in Tunis in November 2008 which was jointly organised by the AUC, AfDB and UNECA. He also mentioned the creation of the Committee of 10. With these steps Africans reacted remarkably quickly to a new phenomenon which came as a shock to us all. And you proved that African countries can find solutions themselves without support from any donor organisation. In addition, you showed that the vision of the African Union and the Regional Organisations, namely that a united Africa is stronger than individual countries, is shared throughout the continent.
- I was also impressed by the fact, that there was a unison position at this conference that you promised not to fall back to protectionist and nationalistic behaviours but that you would foster regional integration as a valid strategy to counterbalance the effects of the crisis.
- Let me turn to the last example on Climate Change

*Third Example on how African countries coped with the crisis*

- Africa contributes least to climate change but is hit hardest by its effects. There has long been the fear that only the major emitters would settle a deal in the climate negotiations amongst themselves. But African Heads of State and Government prepared a strong common platform last year in the run-up to Copenhagen. In my view this was vital to reach consensus on the target to limit global warming to below 2° C.
- As we all know, Copenhagen did not yet achieve the agreement on all necessary steps to keep the 2 degrees limit. But this should not prevent concrete measures for mitigation and adaptation. One example is the Climate for Development in Africa Programme (ClimDev) initiated by UNECA, AUC und AfDB. In a first step, it will improve climate data in Africa and strengthen resilience in agriculture, health and disaster prevention.
- Very promising is also the development of renewable energies in Africa. This has the potential to attract not only public but also large private investments.

*Part 2: The challenges ahead*

- After these positive examples: Is there still a job for me? Or is everything already done?
- One thing is clear: My work is getting less and less important and your job - Dr. Kouassi's and those of every African in this room - is getting more and more important. What we have today is really a new quality of partnership based on mutual respect and shared interests and values.
- And it is in this sense of partnership that I would like to enter in a Partner's Dialogue with you on the things which we are currently discussing in the Ministry. I consider this conference as an important learning opportunity for me and I am looking forward to listen to Dr. Kouassi's and the participant's view points.

*Challenge No.1: Intra-African Trade is still too low*

- The numbers on Intra-regional trade are discouraging. The share of intra-bloc trade (measured as percentage of total exports) is mainly at a disappointingly low level of below 10% - compared to 60% in the EU. Even in regions where it is higher than 10% the numbers are decreasing over the last years.
- This is partly a statistical problem, because intra-bloc trade is not always well measured. But it is also a huge problem of substance. What are the reasons? Is it because African

markets are still too small even if united? Is it because production structures are similar in the regions so that there is no way to concentrate on comparative advantages? I would like to listen to your assessment.

- But there is another big problem: We have AU recognised RECs but we still have problems with overlapping memberships. I heard RECs saying that this problem is solved but if you are fair: The spaghetti bowl is much less complicated than it was before but the problem still exists. And it is real, e.g. if you want to harmonise tariffs within a region. E.g. which tariff for Tanzania – the SADC one or the EAC one? Please help me find a convincing solution.

*Challenge No.2: The links between national policies, regional policies and pan-African policies are not always clear. There is often a lack of national interest in regional solutions.*

- This is a real problem. I remember an African politician who frankly said at a conference on regional integration: Let us not forget that elections are won locally and not regionally. And this is not unique to Africa. We as EU member state know this problem very well and the reluctance of sovereign states to give part of the decision making to regional bodies. It partly follows a very rational thinking. But still, there are areas where regional solutions are clearly better than national ones.
- But maybe we need a fresh look on which problem we want to solve at which level. We need to have a better understanding of subsidiarity.
- And regional integration needs to better show its benefits and have to provide a clear value added. As long as RECs fail to prove to their national members the benefits of participation in regional solutions there will be no improvement.
- Lastly: Maybe we need to discuss on a REC level if there should be compensation mechanisms within one REC e.g. if one country clearly benefits and another country has no benefits.

*Challenge No.3: Capacities to react proactively or preventively to external shocks are low*

- The organisers have chosen a very interesting topic: How can we strengthen a REC's ability to react proactively or preventively to external shocks. I have more questions.
- What possible shocks do you see for the future? And at which level should countries react? What comparative advantage do you see for a REC and/ or for the AU? What should be done at national level, and what needs to be done at regional level and pan-African level? And where can donors help?

*Conclusion*

- I don't want to end my little introduction with questions. I owe you some answers.
- And I have at least one: A united Africa is a stronger Africa. And a stronger Africa is more resilient to external shocks and its voice is louder in global fora. So there is no alternative to a better regional integration.
- What we need is a strong AU, strong RECs, clear and non-overlapping memberships and national ownership for regional strategies.
- And what we want is achieving the Vision of the African Union: [The Vision of the African Union is] that of an Africa Integrated, Prosperous and Peaceful; an Africa Driven by its Own Citizens, a Dynamic Force in the Global Arena.
- Let us work towards the realisation of this vision. Thank you.