Conference Summary Report

Potsdam Spring Dialogues 2010

From Reaction to Prevention

External Shocks and Africa's Regional Organisations

16-17 April 2010
Hotel Voltaire, Potsdam

In his opening speech, which focussed on the African regional organisations' opportunities for prevention and reaction, Djimadoum Mandekor from the Commission of the African Union emphasised the African countries' swift response to the global economic crisis. He pointed out that the national finance and economics ministers had held a meeting as early as November 2008 in Tunis in response to the initial signs of crisis and had adopted a communiqué on ways of cushioning its likely negative impact on their economies. It reaffirmed the need to deepen economic reforms and maintain the goal of strong macroeconomic stability. Mandekor emphasised that the current crisis was not caused by the African countries, but that the continent is severely impacted by its negative effects. However, Africa is not only affected by the global economic crisis, continued Mandekor; it also has other crises to overcome as a result of rising food prices and energy costs.

Due to the cancellation of all flights in Europe following a volcanic eruption in Iceland immediately prior to the Conference, the second opening speaker, Thomas Albert, Head of the BMZ's Africa Division, was unable to travel to Potsdam. Albert's speech was therefore read out in his absence. In his speech, he emphasised the swift and, above all, joint reaction by the African countries to the economic crisis and climate change. Albert identified the relatively low level of intraregional trade in Africa, the need to strengthen national governments' identification with regional policy measures, and the expansion of the African regional organisations' capacities as current challenges facing the African regional organisations.

In the ensuing discussion, the issue of the relatively weak trade activity among the African countries was taken up once again. It was concluded that this is a key problem, as it calls the relevance and benefits of economic integration into question. Furthermore, a deepening of economic integration is at present significantly impeded by countries' overlapping memberships of different regional organisations.

Adaptation to climate change: a matter of survival

The first panel focussed on the regional organisations' reactions to climate change. Dr Youba Sokona, Executive Secretary of the Sahara and Sahel Observatory (OSS) in Tunis, began by outlining the acute problems confronting African countries in relation to climate change. Strategies for adaptation to climate change, which should be driven by local, national and regional agendas, are a matter of survival in Africa. However, implementation of these strategies is impeded by the current lack of financial, human and technical resources in Africa. Furthermore, none of the African regional organisations currently has a coherent plan to mitigate the impacts of climate change. Dr Sokona had a clear message: there is no time to waste. Professor Richard Odingo, former Vice-Chair of the Intergovernmental Panel on Climate Change (IPCC) (whose speech was partly read out), presented the IGAD Climate Prediction and Applications Centre as an example of an African institution working in the field of early warning and active adaptation to the impacts of climate change. At the same time, he emphasised that Africa did not cause climate change and therefore it is not the African continent which bears primary responsibility for mitigating the climate shock. In the ensuing discussion, one question raised was to what extent Africa, in its reaction to the climate shock, can develop joint strategies and speak with one voice. The divergent interests of the African countries were identified as one of the key difficulties here. For example, the Republic of South Africa – a major economic power which produces the highest CO2 emissions on the continent – has different interests and strategies in relation to climate change compared with Africa's oil-producing nations or least developed countries.

The multifaceted nature of the crisis

The specific reactions of African regional organisations to the global economic and financial crisis were the focus of attention for the second panel. The speakers included representatives of two major African regional organisations: Professor N'galadjo L. Bamba, Commissioner for Macroeconomic Policy at the Economic Community Of West African States (ECOWAS), and Sadwick L. Mtonakutha, Senior Economist at the Southern African Development Community (SADC). Professor Bamba explained that the West African countries are impacted not only by the global economic crisis but above all by the energy and food crisis which preceded it. In West Africa, the effects of this complex crisis situation are mainly manifested in the current drop in oil prices and the fall in demand for agricultural export products – two of the main sources of revenue for the ECOWAS states. The global economic crisis is also manifesting in a decrease in foreign direct investment in the region, a drop in remittances from West African emigrants to their home countries, and a reduction in the amount of funding available for international development cooperation. Sadwick L. Mtonakutha, representing SADC, also made it clear that Africa is currently affected not by one but by several overlapping crises. One of the lessons that SADC has learned from this multifaceted crisis situation, said Mtonakutha, is that states that had accumulated financial reserves are in the best position to implement swift and effective countermeasures. Mtonakutha also emphasised that macroeconomic reforms and prudent macroeconomic management at national level have helped economies of the region to withstand the impact of the crisis. At the same time, the current global economic crisis further emphasises the urgent need for the SADC economies to be diversified, including export markets, in order to build resilience and reduce exposure to price fluctuations on the world markets. He concluded by underlining that what is important now is for the African countries to move from being reactive to being proactive.

Commenting on the two previous inputs, Dr Detlev Pütz from the African Development Bank (AfDB) emphasised that the various crises in Africa are producing winners and losers. For example, oil-exporting countries such as Angola had benefited from rising oil prices until the onset of the financial crisis, whereas countries which are reliant on energy imports had suffered massively as a result of these increases. For that reason too, Africa has no alternative but to further deepen its regional integration. However, what is needed is a stronger regional consciousness on the part of politicians, who continue to be oriented primarily towards the national level.

Only a united Africa is a strong Africa

So how can African countries assert their interests more effectively in international forums? This issue was the main topic of discussion on the second day of the conference. It was introduced by the former Prime Minister of Canada, Paul Martin, who is actively engaged in African issues in various initiatives and bodies. His input focussed on the reasons why African interests are not being asserted effectively enough at international level. Africa's greatest weakness, according to Martin in his opening remarks, is the lack of a middle class which could force governing elites to pursue good governance. At the same time, he emphasised the need for Africa to develop common positions and "speak with one voice" in international negotiations and forums. This is the only way for Africa to assert itself vis-à-vis emerging economies such as China and secure the respect that is its due. Moreover, these shared African interests must be represented by a highly respected international figure who would negotiate on Africa's behalf. Paul Martin's demands were taken up by Abdul-Kadir Bin Rimdap, Nigeria's Ambassador to Germany, who outlined the massive problems associated with the formulation of common African positions. With the words "Africa is not one state", he underscored the African countries' great diversity and variety which, in his view, raises the question whether Africa can speak with one voice at all. Furthermore, Rimdap underlined the responsibility of the European countries which, as former colonial powers, have a particular obligation to assist Africa. Professor Bamba, in his comments, also called on the Europeans to provide financial support for the compensation funds that are needed to promote successful regional integration processes in Africa. With these funds, compensation would be provided for any losses which might arise for the economically weaker countries during the integration process.

The final topic addressed in the exchange of views with the experts during the plenary session was the European integration process's potential role as a model for Africa. The European experience of the integration process, which began with a small number of countries and was expanded in line with "variable geometry", could, it was argued, be utilised to good effect in Africa too. At the same time, however, Europe highlights the difficulties associated with regional integration processes: even now, the adoption of unified positions – despite many years of experience – often has to give way to national interests. The Conference concluded that against this background, Africa's progress towards regional integration in recent years is all the more remarkable.