

## **AFRICA AS A GLOBAL ECONOMIC PLAYER IN THE FIELD OF TENSION BETWEEN OLD AND NEW PARTNERS -**

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The colonialists in Africa structured the economies of African countries to be that of suppliers of raw materials to mother countries. Manufacturing was not encouraged. For instance Uganda exported all its coffee beans, cotton, tea and tobacco for manufacturing plants in Europe. Because of lack of value addition, we also exported jobs overseas. Our accrued benefits amounted only to about 1 %. In effect the African countries became donors. So we were the first to be donor countries, donating jobs. This situation has to change if Africa has to be an economic partner on the world economic scene. There are certain important things Africa must do to move forward.

First we must integrate our economies beginning with regional integration. Trade within regional block must be free, i.e. aim at common market, customs union, and monetary union. In East Africa, the five countries (Kenya, Tanzania, Burundi, Rwanda and Uganda) that form the East African Community have moved fast in this direction. There is customs union in place; protocol on common market is being implemented, and talks on monetary union are in advanced stage. Similar developments are underway in other regional blocks like ECOWAS and SADAC. According to economic road map set out by AU (African Union) these regional blocks will form the basis for continental union, that should also lead to Africa Free Trade regional.

Next we must address infrastructural deficiencies. A good road network and railway systems must be in place, as well as power and telecommunications network. A promising factor is that infrastructure projects are underway to address these problems. There is talk of a Trans-West African Coastal Highway that would stretch from Mauritania to Nigeria. Similarly, some are focused on the Northern Corridor, which would

give landlocked countries such as Burundi, Rwanda and Uganda access to the Kenyan port of Mombasa. Central corridor is underway as well as Southern Eastern corridor. Countries are also integrating their power systems where connectivity is being undertaken.

We should also address intra-Africa trade which at the moment stands at a miserable figure of 10 %. Intra-Africa trade can promote employment, poverty-reduction and create an enabling environment for direct foreign investment. Africa has set year 2017 as the goal for implementation of free trade within Africa. Obstacles to our meaningful participation in global economy should be addressed. For instance there should be a speedy commitment by all countries concerned to conclude the Doha trade negotiations. Equally Africa must be given a voice in the international financial and development institutions like World Bank, IMF etc.

Another challenge is human resource development. In order to industrialize we need skilled labour. We must therefore invest in education. We need also to improve on governance including fighting corruption. A sound legal regime must be in place to attract investments.

The old economic order was dominated by western countries. But now there are emerging markets. Emerging economies are ready to offer assistance without strings as has been the case with “old” economies. For instance BRIC (and South Africa) are planning to set up a fund to help emerging countries and developing countries similar to IMF. We must take advantage of this by increasing our economic co-operation with these economies. Yes, we like human rights and good governance but if it is a choice between these and a good road we would go to that country which will straight away give us resources to construct a road without asking questions. But the two concepts need not be diametrically opposed. All I am saying is that these old countries should re-examine their conditionalities.

Developed (industrialized) countries should strive for partnerships with African countries rather than merely exporting their products to Africa. We would welcome them locating some of their manufacturing operations to

Africa. This creates jobs and also transfers technology and skills necessary for economic development. It is a win-win situation. You make money. We also benefit.

Thank you.