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**STATEMENT BY H.E MRS. ELISABETH TANKEU,**

**AU COMMISSIONER FOR TRADE AND INDUSTRY**

**AT**

**THE 2ND TICAD IV MINISTERIAL FOLLOW-UP MEETING PLENNARY SESSION ON AFRICA’S EFFORTS TO RECOVER FROM IMPACT OF GLOBAL FINANCIAL AND ECONOMIC CRISIS**

Co-Chair,

Distinguished Ladies and Gentlemen.

It is a great pleasure for me to say a few words on the efforts of Africa to recover from the current global financial and economic crisis. As it is well known, the crisis, which was not of the making of African countries, has had an adverse impact on the continent’s economy through the reduction export earnings and government revenue, and the curtailment of trade finance, investment, remittance and tourism-related inflows. The crisis reduced the continent’s impressive economic growth rate from an average of about 6 per cent in the period 2002-2008 to 2 per cent in 2009.and resulted in the worsening of unemployment and aggravation of poverty.

Africa’s impressive economic growth performance of the pre-crisis period was due largely to the adoption by most of the countries of prudent macroeconomic policies and reforms and increasing commitment to good governance. This has enabled many countries, in this period of crisis, to implement fiscal stimulus packages, albeit on a lower scale than the developed countries. In addition to the fiscal stimulus packages, where feasible, some countries have also implemented expansionary monetary policies, targeted sectoral assistance and new regulations in the banking sector. All these measures have enabled the countries to cope better than in previous recessions. For fragile and post conflict countries, new financial resources provided by development partners and international community through the Breton Woods financial institutions have helped to mitigate the impact of the crisis. A major element in the efforts of Africa to recover from the crisis is to keep the reform momentum going, to intensify the process of political and economic reforms, including fiscal prudence and better management of resources, accumulation of adequate reserves during the booms to create buffers during downturns, and improvement of environment for investment.

The high vulnerability of Africa to external economic shocks can be ascribed, to a large extent, to the lack of diversification and heavy dependence of the economy on the production and export of commodities, the high orientation of trade to the developed countries, and the slow progress towards regional integration, which is reflected in the low level of intra-African trade and underdevelopment of regional markets. Hence the current efforts of Africa to recover from the impact of the current crisis and return to the path of rapid and sustainable economic growth and development include speedy and effective implementation of initiatives, programmes , action plans recently adopted by the Summit of the African Union that are aimed at diversifying and strengthening the base of Africa’s economy. Among these are the Action Plans for accelerated industrial development of Africa, Development of Science and Technology, Infrastructure Development Africa Mining Vision, and the recently adopted African Agribusiness and Agro-Industries Development Initiative (3ADI).

As the world economy recovers, Africa’s economic growth is expected to benefit from the trickle down effects. For sustainable economic growth Africa must be able to harness other sources of economic growth, especially those relating to the integration of regional and continental markets. Efforts geared towards this objective include programmes for the facilitation of trade and the removal tariff and non-tariff barriers to intra-African trade, free movement of labour and capital, minimum integration programme of the RECs, rationalization of RECs (proposed merger of EAC, COMESA and SADC), harmonization of policies and standards among RECs, and speedy establishment of the AU financial institutions, etc.

The adverse impact of the global financial and economic crisis on Africa would have been much greater but for the continent’s expanding trade and economic relations with the emerging powers of the South, especially China and India. In this crisis, the economies of these countries which are still growing at very high rates have provided Africa with some safety net against the adverse effects of external shocks emanating from the traditional partners. The deepening of trade and investment linkages with Asian and South American economies constitutes a key element of the package of Africa’s efforts to recover from the global crisis.

As indicated earlier, the global financial and economic crisis is not of making of Africa and yet the crisis has had a significant adverse impact on the continent’s economy. The international community and development partners of Africa need therefore to support and complement its efforts to recover from the crisis and return quickly to the path of high and sustainable economic growth and development. These should include implementation of various commitments to increase development assistance to Africa, removal of imbalances in the global trading system (through speedy and successful conclusion of the WTO DDA and EPA negotiations) which limit Africa’s capacity to trade out of poverty, a fundamental restructuring of the global financial and economic architecture to give greater voice to Africa and more attention to its development interests and concerns.