

## **STATEMENT AT THE AFRICA-EU SUMMIT**

Cairo 4 April 2000

### **Integrating Africa Into The World Economy**

This historic Summit Meeting has convened because Africa and the European Union need to establish a strategic partnership.

Accordingly, one of its most important outcomes must surely be that we declare this in one voice - that Africa and the European Union have decided to work together for the actualisation of this strategic partnership.

In recent years, pragmatism has come to occupy pride of place in the practice of politics. A corollary eclectic approach to ideas and to theory has served to give added substance to the pragmatic assertion that 'if it works don't fix it.'

For all their merits, these theoretical and practical approaches to the conduct of public affairs serve to communicate the notion that all value systems have little worth except as a device to be used at election time.

We raise these questions because the strategic partnership we seek to establish cannot be realised unless it is informed by such a value system.

At the centre of that system must surely be the voluntary agreement among us that all of us have a common obligation to end poverty and underdevelopment on this Continent.

As Africans, we watch from the periphery as Europe evolves the extraordinary experiment represented by the European Union.

It is natural that our European partners who sit with us here today should focus their attention on the construction of their Union, on the situation in the rest of Europe that immediately impinges on the Union and its purposes, and on the relations the Union has to construct with the rest of the world, in its own interest.

In the light of all this and perhaps wrongly, we watch, troubled by the possible danger of the development of the concept and practice of a 'fortress Europe'.

In this context that the question must surely arise, that since we speak of a strategic partnership focused on Africa's development imperatives - why should the EU be interested in Africa's sustained development and modernisation!

I can think of a few reasons.

One of these is that it is morally and politically right that the EU should be interested to assist in ending poverty and underdevelopment wherever they occur.

If we are wrong, we are ready to be educated out of our misconceptions.

Another of these reasons is that the fight against poverty in Africa is also a fight against such epidemics as AIDS, malaria, tuberculosis and sexually transmitted diseases.

The struggle against poverty is also a fight against genocide, war and instability.

We believe that Europe cannot be indifferent to the death of millions, whether through hunger, disease or war, simply because those who are dying are doing so outside the European continent.

The third reason is that any serious reflection on the future of the world economy and therefore the living standards of the billions who inhabit our world, will show that a strategic shift towards a significantly larger world economy can only be achieved as a result of raising living standards in the countries of the South, and therefore the radical expansion of the world markets for capital, goods and services.

We do not believe that Europe is not excited by such an historic process and that she would be indifferent to its realisation. The expansion of the frontiers of peace, democracy and development on our Continent would enrich not only ourselves but would also bring benefits to Europe which war, tyranny and poverty deny.

It is because of this that our new partnership also speaks directly to Europe's own interests.

Our two continents have been in constant interaction even earlier than the age of the Roman Caesars. Very often that interaction brought for us bitter fruit.

This historic coming together of Africa and Europe on the banks of the eternal Nile has the possibility to take decisions that might mark the beginning of a new process of interaction among ourselves and a new epoch in the evolution of human society.

But it also has the possibility to be remembered as a moment when a critically important opportunity was missed and human hopes were betrayed.

Surely, none of us could have travelled to Cairo to achieve such a result.

I come back, therefore to some of the issues that must inform the strategic partnership we seek to establish. I do so in the hope that we are of one mind that we will not allow that pragmatics and eclectics should be our gods.

Discussing what he describes as "the nature of development as discourse" from the 1940's onwards, the Colombian anthropologist, Arturo Escobar, writes:

"The organising premise was the belief in the role of modernisation... This view determined the belief that capital investment was the most important ingredient in economic growth and development. The advance of poor countries was thus seen from the outset as depending on ample supplies of capital to provide for infrastructure, industrialisation, and the overall modernisation of society. Where was this capital to come from? One possible answer was domestic savings. But these countries were seen as trapped in a 'vicious cycle' of poverty and lack of capital, so that a good part of the 'badly needed' capital would have to come from abroad... Moreover, it was absolutely necessary that governments and international organisations take an active role in promoting and orchestrating the necessary efforts to overcome general backwardness and economic underdevelopment". (Arturo Escobar in "The Post-Development Reader": compiled by Majid Rahnema with Victoria Bawtree. David Philip 1997.p 86)

Some of the central points we would like to make are contained in this passage.

First, as has been the case throughout human history, capital investment is central to Africa's economic growth and development.

Secondly, Africa requires ample supplies of capital to provide for infrastructure, industrialisation, and the overall modernisation of society.

Thirdly, one source of this capital is domestic savings.

Fourth, most of our countries are trapped in a vicious cycle of poverty and lack of capital.

Fifth, a good part of the required capital must therefore come from abroad.

Sixth, governments and international organisations, such as the European Union, have to play an active role in Africa's necessary efforts to overcome general backwardness and economic underdevelopment.

As Africans, we seek agreement with our valued European interlocutors that all these propositions are obviously correct.

Such an agreement would be a necessary first step in a long and difficult journey that we cannot but travel together.

According to the World Bank, whereas in 1980 the total debt stock of the Highly Indebted Poor Countries, the overwhelming majority of whom are African, stood at about \$59 billion, by 1997 it had increased to \$201 billion.

In the same period, the debt service paid had similarly increased from about \$5.9 billion to about \$8.7 billion.

(World Bank, Global Development Finance 1999).

To emphasise this point, we must note that a good number of our countries are net exporters of capital. For example, in 1997 countries such as Tunisia, Nigeria and Zimbabwe were such net exporters of capital, if we compare 'resource flows' with 'trade flows'.

(UNDP Human Development Report 1999). It is clearly absurd that poor countries should have the obligation to export huge volumes of capital to countries which have the capital that would help to end the poverty and the debt which cause many of our countries to be defined as Highly Indebted Poor Countries.

This is another conclusion on which we seek agreement with our valued EU interlocutors, namely, that this situation is absurd and untenable.

The 1999 UNDP Human Development Report says that official development assistance has declined by almost a fifth in real terms since 1992. (UNDP op cit. p11.)

The World Bank reports that in the period between 1992 and 1997, this assistance specifically to the Highly Indebted Poor Countries declined from about \$13 billion annually to \$11 billion.

Once again, we seek the agreement of our EU partners that this trend is unquestionably wrong and morally unsustainable and must be reversed in the opposite direction.

According to a 1997 UNCTAD survey, among other things, 26 of the 32 least developed countries in Africa had liberal or relatively liberal regimes governing the repatriation of dividends and capital.

(UNCTAD, Foreign Direct Investment in Africa: Performance and Potential, 1999)

In addition, since 1990, profit levels of foreign companies in Africa has averaged 29 per cent. Since 1991 these levels have exceeded all other regions of the world.

In 1998 the World Economic Forum also reported that in much of Africa progress had been made in other areas that are important for the creation of a climate conducive to foreign direct investment.

These include trade liberalisation, the strengthening of the rule of law, improvements in legal and other instruments as well as the telecommunications and transport infrastructures.

But despite all this, and with the highest number of least developed countries, Africa's share of foreign direct investment flowing to developing countries, declined from more than 11 per cent in the period 1976 - 1980 to 4 per cent in 1996 - 1997.

Once again, we seek the agreement of our European friends that extraordinary measures will have to be taken to encourage larger FDI inflows into Africa.

As a Continent, once more we commit ourselves to take additional steps further to enhance the investor-friendly climate, including the critically important issues of peace, stability, democracy and an end to corruption, matters that will be addressed later during our meeting.

A South African textbook on International Relations says:

"At the end of World War II... (through the Marshall Plan for Western Europe), the United States channelled \$12 billion into Europe... The US also accepted protectionist measures introduced in Western Europe, such as the Schuman Plan of 1950..."

The same approach of financial aid and concessions on protectionist policies was utilised to enable Japan quickly to reconstruct its economy.

(Power, Wealth and Global Order, eds Philip Nel and Patrick J. McGowan: UCT Press, 1999 p 40.)

More recently, the Federal Republic of Germany poured considerable resources into the former German Democratic Republic to speed up the process according to which East Germany would catch up with West Germany in terms of economic development.

We cite these examples not to assert that what happened in Western Europe after the Second World War or the collapse of the Berlin Wall can be repeated as precise examples that should be followed to address the equally urgent issue of ensuring Africa's development.

Rather, we refer to these instances to seek the agreement of the distinguished European leaders with whom we sit in this hall, that with regard to the challenge of African development and the urgent need for resource transfers, there exist some precedents which indicate that where there is political will, there is a way.

Of course, practice itself will prove whether such will exists.

It would clearly be a matter of common cause among us that relative to the European Union, Africa remains an exporter of primary products and a continuously diminishing player as a trading partner.

Among the issues that are central to addressing this situation, are the inflows of capital of which we have spoken, especially into the area of manufactured goods and modern economic sectors.

The UNDP reports that within the OECD, excluding the United States, the percentage of Internet users is 6.9. In Sub-Saharan Africa, this figure stands at 0.1 per cent, far below the world average of 2.4 per cent.

(UNDP op cit p 63)

This illustrates graphically the need consciously and in an organised manner, to address the issue of the transfer of technology as an essential part of achieving Africa's development.

The consequence of such development must necessarily be easier access of our products into the EU markets, covering both agricultural and industrial products.

We are certain that our European interlocutors who have gathered with us here in this ancient African city will agree with us that all these propositions are not only correct, but must also constitute an important part of the common effort to achieve Africa's development.

Accordingly, unless we are told we are wrong, we have every reason to believe that we share a common resolve to ensure Africa's integration in the world economy in the ways we have indicated.

We speak specifically 'of the ways we have indicated' because the reality is that Africa is and has been integrated in the world economy.

The fact, however, is that this integration has condemned our Continent to poverty and underdevelopment.

We have put forward a few propositions about which agreement should be easy to reach because they are neither original nor contentious.

Were we to endorse these simple propositions, we would necessarily have to take the next step of agreeing that we should then jointly determine the ways and means by which we would translate these propositions into reality.

If we did these two things, we would kindle the flame of hope for millions whose present life conditions offer nothing but despair.

The question we will all have to answer, through our practical actions, is whether we have the courage to disprove the assertion of an Irish poet that 'the best lack all conviction, while the worst are full of passionate intensity.'

Cairo will have meaning only to the extent that all of us, without exception, wage the struggle to end human suffering in Africa with the passionate intensity of the humanists who have given dignity to despised human beings, when others were happy to enclose themselves within their little worlds of selective and false fulfilment.

What will become of the gift of hope we hold in our hands is for all us to determine - will the infant partnership be stillborn or will it live!

Thank you.