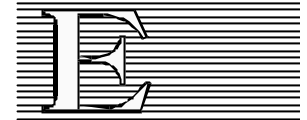




**UNITED NATIONS  
ECONOMIC AND SOCIAL COUNCIL**



Distr.: GENERAL

E/ECA/CM.37/10  
22 May 2004

Original: ENGLISH

---

**ECONOMIC COMMISSION FOR AFRICA**

Thirty-seventh session of the Commission/Conference  
of African Ministers of Finance, Planning and  
Economic Development

Kampala, Uganda  
21 – 22 May 2004

**MINISTERIAL STATEMENT**



## **THIRTY-SEVENTH SESSION OF THE COMMISSION/CONFERENCE OF AFRICAN MINISTERS OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**

1. We, the African Ministers of Finance, Planning and Economic Development, gathered in Kampala, on 21-22 May 2004, under the auspices of the United Nations Economic Commission for Africa (ECA), reaffirm our commitment to achieving sustained economic growth and eradicating poverty, and to promoting sustainable development, as we advance to an inclusive and equitable global economic system.

2. We recall that at our Conference in Addis Ababa, in June 2003, we reached consensus on several issues of importance to accelerating Africa's development. These included Africa's efforts to: operationalize mutual accountability; promote policy coherence; help to shape the International Monetary Fund's work for the betterment of Africa; and overcome the macroeconomic challenges of HIV/AIDS; and thereby contribute to meeting the Millennium Development Goals (MDGs).

### **Restarting the stalled Doha Development Round**

3. We acknowledge that trade is an important source of finance and raising prosperity, but are concerned that the continent has not reaped the gains of global integration to the extent of other developing regions. Africa's share in world merchandise exports fell from 6.3 per cent in 1980 to 2.5 per cent in 2000. Africa has hardly benefited from the boom in manufactured exports, with Africa's share in world manufactured exports remaining unchanged at 0.8 per cent in two decades.

4. We wish to underscore the importance of successfully concluding the Doha Development Round in order to better integrate Africa into the global trading system. In this context, we are disappointed by the failure of the Cancun World Trade Organization (WTO) Ministerial Meeting of September 14, 2003, to reach consensus on modalities for negotiations on rich countries' agricultural trade barriers and export subsidies that have effectively blocked Africa's successful integration into world markets.

5. However, we welcome the recent resumption of negotiations in Geneva, particularly the constructive and positive engagement amongst the membership. We encourage WTO members to work towards the objective of fully restoring the momentum to the negotiations by this July, through the adoption of meaningful frameworks in agriculture, non-agricultural market access and other relevant areas.

6. For Africa, the adoption of market-distorting subsidies by our OECD partners is a core issue in multilateral trade negotiations. Yet, with deep concern, we note that they have been increasing domestic support to their farmers in recent years. Market access remains constrained also by high tariffs and tariff peaks on strategic agricultural products. We believe that the willingness and readiness of the international community to address these issues are a litmus test of their commitment to Africa's development. We particularly welcome the positive contribution of the United States' African Growth and Opportunity Act (AGOA) for promoting African exports, and strongly urge its timely renewal beyond 2008, as well as the extension of those provisions scheduled to expire this September. In this respect, we mandate the Executive Secretary of ECA to facilitate our expression to the US Congress.

7. In particular, the resolution of issues relating to cotton in multilateral negotiations is critical. This sector is a key contributor to GDP and export earnings, and to employment, in many African countries. Policies in developed countries that have led to overproduction and glutting of world markets have driven down world prices, thus playing havoc with African economies. We urge our trading partners to reduce, with a view to eliminating, cotton subsidies within the framework of the agricultural negotiations, but with a sector-specific focus.

8. The world trading system has not been conducive to Africa's efforts at diversifying its economies towards manufacturing exports. Industrial countries maintain tariff escalation and tariff peaks on manufactured imports from developing countries, with some peaks as high as 900 per cent. We strongly recommend that our development partners should take action to correct this.

9. We are further concerned that despite this unbalanced state of affairs, industrial countries still insist that developing countries substantially reduce tariffs. If Africa obliges, it risks having its "infant industries" wiped out by low-cost producers. In many of our countries, political support to cutting tariffs can only come after significant improvements in access to OECD markets that may offset the potential economic dislocation, as workers are laid-off, factories closed down and government revenues diminished.

10. We believe more progress is needed on Special and Differential Treatment (SDT). African countries require more flexibility and discretion in the use of public policies to enhance their prospects for industrialization, diversification of production and exports, and overall development. Extension of SDT is essential if our countries are to participate in and accept the additional obligations resulting from multilateral trade negotiations.

11. Better outcomes from trade negotiations require strengthening trade capacity. In order to fully benefit from the WTO negotiation process, African countries have sought to be fully engaged in the WTO process. These efforts need to be strengthened by building the analytical skills and negotiation capacity of our negotiators and policy makers.

12. In this context, we would like to commend ECA for establishing an Office in Geneva and an African Trade Policy Center in Addis Ababa to better assist African Trade negotiators in preparing for the Doha Round.

### **Urgent action needed on the domestic front**

13. Actions at the multilateral level are crucial in order to enhance trade opportunities for Africa. However, African countries will also need to adopt dynamic trade policies and remove domestic bottlenecks in order to capitalize on such opportunities.

14. Lack of access to trade financing, information, and communication technology is a major constraint for African entrepreneurs, particularly the Small- and Medium-Scale Enterprises (SMEs), wishing to establish or expand export-oriented businesses. There is a great need by African countries, regional and international organizations and the private sector, to find ways of securing appropriate and predictable sources of trade financing.

15. Aware of the importance of new information and communication technologies (ICTs) in the development of Africa and the integration of the continent in world trade, we commend that African countries should adopt the necessary programmes for the development of this sector and organize themselves to avail of the opportunities offered by future international ICT activities.

16. We also recognize the importance of better trade facilitation processes. Delays at customs points are a major obstacle to trade in Africa. We recommend that efforts should be made to ensure that customs bodies make greater use of technology, place greater reliance on post-release audits, build up closer working relationships with Ministries of Finance, and work towards high levels of professionalism and integrity. Such reforms would require appropriate technical assistance for capacity-building.

17. Our experience as Ministers of Finance, Planning and Economic Development is that trade liberalization can be a potential source of fiscal instability, as most of our countries depend heavily on trade taxes for public revenue. The challenge is how to maintain fiscal stability when liberalizing trade. In this context, we recommend that trade liberalization should be coordinated with measures on the revenue and spending side of the budget, including strengthening tax administration and collection, and improving the effectiveness of public spending.

### **Speeding up regional integration is a priority**

18. We believe that an integrated continental market offers the best hope for Africa to build its manufacturing sector and diversify its economy away from primary products. It is disappointing to note, however, that intra-African trade remains a small part of Africa's total trade, accounting for only 10.5 per cent of total exports and 10.1 per cent of imports. We also believe that we need to further encourage South-South trade.

19. Successful regional integration is central to fostering intra-African trade and unifying regional markets by removing trade barriers within the continent. By creating free trade areas and customs unions, large internal continental markets can be created that can be used to achieve economies of scale and help build competitive industries meant for world markets. We believe that economic infrastructure, especially for communication and transport, is necessary to promote intra-regional trade.

20. While there have been commendable efforts towards setting up free trade areas and customs unions, progress has been slow. We are committed to removing non-tariff barriers, defining clearer rules of origin, and establishing common external tariffs. In this context, we implore ECA and AU to continue to work towards rationalizing the regional economic communities.

### **Mainstreaming trade policies in national development strategies**

Recognizing the importance of trade as an engine of growth, and the complex links between trade, economic growth and poverty reduction, we reach a consensus that trade issues need to be mainstreamed into broader national development strategies, in order to achieve pro-poor growth..

22. We believe that action to mainstream trade is best handled at the inter-ministerial level to ensure systematic promotion of mutually reinforcing policies. This requires cross-ministry policy coherence, including the areas of trade, employment, education, agriculture, transport, and industry.

23. We believe that Ministries of Finance, Planning and Economic Development have a central part to play in mainstreaming trade policies because our Ministries play a key role in coordinating national development strategies through the budget process, medium-term expenditure frameworks, and poverty reduction strategies; as well as, dealing with multilateral development agencies and other development partners.

### **Improved development effectiveness is vital for achieving the MDGs**

24. We are concerned at the continued insufficiency of financing for development in Africa, despite the fact that with the current trends the MDGs will not be met by most countries in Sub-Saharan Africa. In this regard, we welcome the opportunity to further discuss, at our next Conference of Ministers, the challenges of attaining the MDGs.

25. Although ODA pledges to Africa have increased since Monterrey, aid to Africa remains low and volatile. Furthermore, donor aid policies and practices continue to impose high transaction costs on Africa, and our efforts to meet our development financing needs remain constrained by external-debt-servicing requirements. More attention must be paid to Africa's calls for substantial debt relief, but not at the expense of additional resources for development. Furthermore, debt relief should not be limited to HIPC-countries, and consideration should be given to special circumstances, such as countries newly emerging from conflict. In the case of extenuating circumstances, such as the prevalence of the HIV/AIDS pandemic, middle-income countries should also be eligible for concessional financing.

26. We are pleased to note that the World Bank and IMF are working on a new forward-looking debt sustainability framework. We also welcome the move by the two institutions to examine innovative financing mechanisms such as the International Finance Facility (IFF), global taxation and other proposals to help address the financing of the MDGs.

27. We are pleased to note that mutual accountability, harmonization of aid modalities and policy coherence are now widely acknowledged as being central to the implementation of the global development agenda. However, we urge our development partners to move faster to ensure that all their policies - on ODA, market access, and debt - are consistent with meeting the MDGs. In this context, we look forward to the first ECA/OECD Joint Review of Development Effectiveness next year, which will update us on progress in this regard.

28. We take good note of the recent establishment of the Commission for Africa by Prime Minister Blair. We believe the Commission has an important role to play in supporting the implementation of NEPAD and pushing the African agenda in international fora.

## **Enabling ECA to serve Africa better**

29. We recognize that ECA is playing a key role in promoting the economic and social development of the continent, but is constrained by resources. We therefore urge member states to support ECA's efforts by generously contributing to the United Nations Trust Fund for Africa.

30. With appreciation we note the report on ECA's work presented to us. We are impressed with progress achieved over the last eight years of reform by ECA; the organization is now a leading voice on Africa's development. We believe that the proposed way forward will enable ECA to further deepen the relevance of its contribution to the development agenda in Africa.

31. In conclusion, we thank ECA for successfully convening the 37<sup>th</sup> Conference of African Ministers of Finance, Planning and Economic Development. We wish to thank the Minister of Finance of the Republic of Uganda Hon. Gerald Ssendaula, for his excellent leadership during our deliberations. We also wish to thank His Excellency, President Yoweri Kaguta Museveni and the Ugandan people for the warm hospitality accorded us during our stay in Kampala.