

4th INTERMODAL AFRICA 2006 CONFERENCE

Session Theme:

2006 AND THE G8 SPOTLIGHT ON AFRICA
TRADE, NOT AID

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Swakopmund, Namibia
February 02-03 2006



PRESENTATION THEMES

- *The G8 Summit and its Outcomes*
- *The Summit and its Shortcomings*
- *Trade, Not Aid: Evidence*
- *Africa: The Additional Agenda Item*



G8 SUMMIT – AFRICA AGENDA & ISSUES

- *Africa's Summit Theme: Africa & Development*
- *Key issue: Accelerating Progress towards the Millennium Goals – Africa the furthest to achieve goals by 2015. The only continent not on track to meet MDG.*
- *Subtexts to the main focus area:*
 - *Poverty reduction/eradication*
 - *Debt cancellation*
 - *Trade growth prospects*



G8 SUMMIT- KEY OBSERVATIONS BY LEADERS

- *That Africa made “substantial” progress in regard to:*
 - *Democratising the continent;*
 - *Accelerating economic growth – 5% in 2004; and*
 - *Conflicts being brought to an end.*
- *That the African leaders present personally committed to:*
 - *Poverty reduction & promotion of economic growth;*
 - *Promote transparency & good governance;*
 - *Zero tolerance to corruption;*
 - *Bring about lasting peace; and*
 - *Remove **all** obstacles to intra-Africa Trade.*



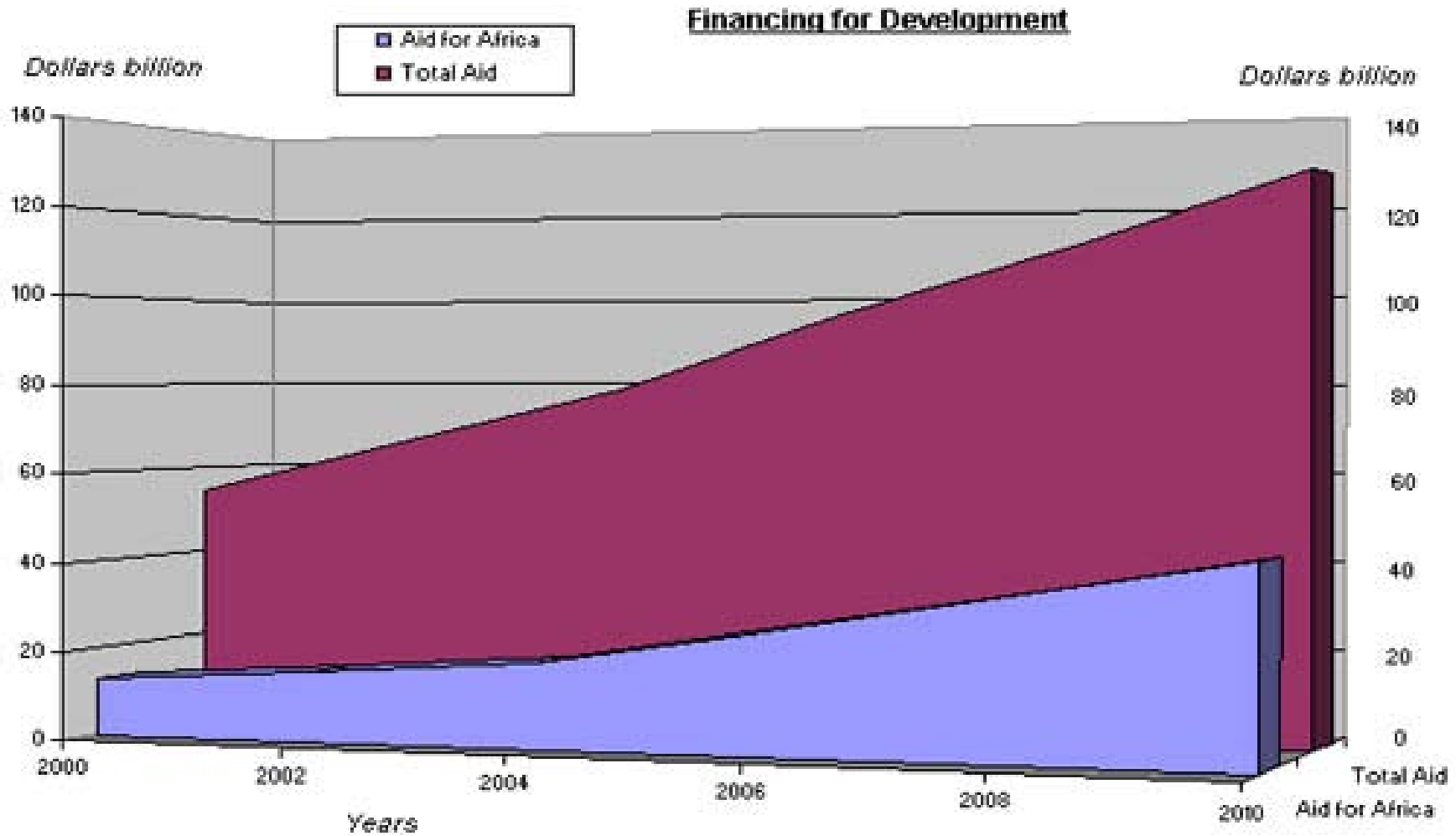
G8 SUMMIT: THE OUTCOMES ON AFRICA

- *Doubling of aid for Africa by 2010 to \$50bn per year*
- *Debt cancellation of all HIPC debt owed to IDA, IMF & ADF and Paris Club Nigerian debt write off- \$17bn*
- *To make trade work for Africa.*
 - *The above have been worked out in a plan that talk to*
 - *Improvements in health matters*
 - *Fighting corruption*
 - *Boosting investments*
 - *Stimulating economic growth.*
 - *Ending wars*
- *Implementing all these would double the size of the African economy and trade by 2015. Or will it?*



GLOBAL AID

4TH INTERMODAL AFRICA 2006: NAMIBIA



Celebrating our Partnerships



G8 SUMMIT : WAS IT ENOUGH TO RID AFRICA OF POVERTY ?

THE HISTORICAL FACTS

- *The July G8 Gleneagles summit did more than any previous summits in its support for developing countries- especially Africa.*
- *While aid & debt cancellations are noble- insufficient for the stated objectives;*
- *Efforts announced at the summit are not new- unlikely to achieve different results;*
- *Africa has received \$500bn from 1960-1997 (**equivalent to 4 Marshall Plans**)- yet GDP had declined;*
- *Created dependence by most countries- Uganda, Ghana etc are more than 50% aid dependent; and*
- *The more aid, the less GDP-evidence shows: annual per capita decline of 0.59% between 1975- 2000- sub sahara*



TRADE NOT AID: THE AFRICAN GROWTH MANTRA

- *Previous failures of aid to develop Africa leads to mantra of “Trade, not Aid” by African leaders & commentators;*
- *Aid has never been a development model for any economy globally- therefore Trade; and*
- *By trade not Aid, Africans & other commentators mean prising open markets of advanced countries (duty & quota free market access)- especially in agriculture: elimination of the CAP.*

- *Will trade cure Africa?*



TRADE NOT AID: THE EVIDENCE

- ~~“Trade not Aid” presupposes that trade per se is the panacea for economic growth in Africa – or is it?~~

The Facts

- *The Lome Conventions offer of non-reciprocal free access to EU by ACP countries failed to stimulate growth- not even diversification of products;*
- *The Cotonou Convention- shows same results;*
- *The AGOA (US-Sub Saharan trade arrangement) shows similar trends- very few countries take advantage of it;*
- *The GSP offer to developing countries- not helping either;*
- *The GSTP is not effective either ; and*
- *Even intra- Africa trade is not growing as expected.*
- *World Bank modelling reveals that Sub Saharan Africa worse off under a credible Doha Development Round! Where to then Africans!!*

What is missing in the Trade not Aid slogan?



QUO VADIS AFRICA!/: TRADE NOT AID WHAT SHOULD BE DONE TO STIMULATE GROWTH

FOR THE G8 & OTHER ADVANCED NATIONS

- *Aid for Trade is welcome- G8 should continue to support & partner Africa in its development efforts;*
- *Aid should be targeted to building **trade capacity**;*
- *Debt cancellations should continue- biased towards trade development;*
- *Unilateral domestic reforms designed to stimulate trade of development interest to Africa, eg. Agoa, GSPs be encouraged;*
- *Aid for total elimination of civil conflicts is welcome; and*
- *Aid **MUST** continue or we defer all hope for Africa.*



FROM POTHOLES TO PROSPERITY AFRICA'S OWN EFFORTS TO STIMULATE GROWTH

- *Stabilisation of macro-economic conditions;*
- *Building of necessary institutions for trade & related governance processes;*
- *Genuine regulatory reforms that spur growth;*
- *Coherent policy reforms;*
- *Strengthening of private sector;*
- *Genuine micro-economic reforms; and*
- *Deepening of intra-Africa trade & economic co-operation.*



FROM POTHOLES TO PROSPERITY INTERMODALISM & LOGISTICS INFRASTRUCTURE

- *For Africa to make gains & integrate its economy with rest of world- focus should not only be on trade & industrial policies but include supporting micro-economic reforms;*
- *Appropriate logistics infrastructure & services in networked global economy is key source of competitive advantage;*
- *Trade tariffs are no longer the key impediments to trade growth;*
- *Transport costs are in many cases higher than that provided by tariffs on goods- 10% T&L costs increase=20% less trade- (World Bank)*
- *In Sub Saharan African, transport costs incidence for exports is five times higher than tariff costs incidences- (2005 WTO report);*



AFRICA'S ECONOMIC UPLIFTMENT THE MISSING AGENDA

- *Failure of Africa to exploit generous trade openings like AGOA, Lome, GSPs, Cotonou and many others – due to poor infrastructure & lack of trade supporting policies;*
- *Successful participation & exploitation of global opportunities require more than just trade;*
- *Central to this participation in global economy is infrastructural & technological link between countries and economies;*
- *Africa's agenda for growth **must** necessarily include transport & logistics infrastructure , inter-modal integration and technological upgrade.*
- *The missing agenda item: this conference issues of logistics (transport, inter-modalism).*



TRADE, NOT AID

REGIONAL GROUPINGS- THEIR ECONOMIC ROLE

- *Even though Africa has the largest and most overlapping regional groupings- which is not helpful- they are useful;*
- *Given the market sizes of many African countries, regional associations help broaden markets prospects;*
- *Regional development programmes are not only economical but also promote regional integration;*
- *On the trade front, collective regional agendas make trade negotiations more solid; and*
- *Therefore, regional associations have a crucial role in furthering growth and policy convergence.*
- *NEPAD should be bolstered- perhaps given teeth.*



TRADE, NOT AID CONCLUSIONS

- *Aid to Africa remains important- however it requires strong, non corrupt governments and should be targeted;*
- *The call for Trade not Aid is not without merit given the atrophic history of aid to Africa- but its **TRADE & AID**;*
- *Growth prospects for Africa lie with trade- **only** if underpinned by a stable macro picture and a solid microeconomic reform programme mostly around skills, logistics/ transport infrastructure and technology;*
- *Intemodal integration is a key plank of the logistics infrastructure required to boost trade and thus economic prospects for Africa; and*
- *Trade and trade supporting institutions must take the lead in positioning Africa differently.*



THANK YOU

- In South Africa & SADC the *National Ports Authority Of South Africa* is taking the LEAD:

