

Africa endorses measures to mitigate impact of financial crisis

TUNIS: African finance ministers and central bank governors rose from a day-long meeting on Wednesday, 12 November 2008 in Tunis after the adoption of a communiqué on what their countries would do individually and collectively and the type of support they expect from the international community to caution the likely impact of the global financial crisis on their economies.

“We note that this crisis could not have come at a worse time for the African continent; it constitutes a major setback at a time when African economies were turning the corner.

“It is undermining the significant progress made over the last ten years and, further exacerbates the impact of the recent sharp increase in food prices and volatility in the oil markets.

“We are gravely concerned that the prospects for attaining the Millennium Development Goals will be reduced,” the conference said in the 15-point statement.

The conference also called for the resumption of the Doha Round in light of the spillover of the financial crisis to trade, and to stimulate the world economy, enhance opportunities for the poor and to restrain protectionist tendencies.

“In light of the financial crisis, the Round should pay particular attention to sequencing of reforms in financial services. We will take steps to improve the supply capacity of African economies' through enhancing competitiveness, building infrastructure, and promoting greater economic integration within Africa .”

The ministers expressed their belief that the global slowdown will diminish trade opportunities, access to finance, migrant remittances and Foreign Direct Investment (FDI). They said in spite of the fact that African countries have remained relatively unaffected by the first round effects of the crisis, they were nonetheless deeply concerned at the adverse medium- to-long-term effects on their countries' economies.

The conference commended actions taken by the G7 Group of countries to restore confidence in the market to unfreeze credit and money markets, to ensure access to liquidity and to recapitalise and support important financial institutions and prevent their failure.

“We welcome steps taken by the International Monetary Fund to provide urgent support to the emerging market countries and call upon the International Financial Institutions (IFIs) to be ready to provide support, in an expeditious and flexible manner, to African countries which may suffer from contagion,” they emphasised, adding, however, it was clear that a global crisis demanded a global response.

They committed to deepening economic reforms in the full conviction that such reforms have served African countries well, yielded strong macroeconomic stability, fostered growth and resilience to external shocks. They also agreed to strengthen the regulation and oversight of financial systems and continued harmonisation of fiscal and monetary policies, in light of the continuing financial market volatility,

Noting that the unprecedented loss of consumer confidence had depressed commodity-led African export

the ministers reaffirmed the importance of economic diversification; said they would take necessary action for the judicious use of export and fiscal revenues, the recognition of the need for sound management of external debt as well as the promotion of regional integration.

They committed to more effective mobilisation of domestic revenues and deepening of African capital markets for a more robust mobilisation of local savings and financial integration and mandated the AfDB to intensify its capital markets programmes.

The global financial crisis will also feature in discussions at the 12-14 November third African Economic Forum which is running parallel to the Ministerial Conference organised by the AfDB, the African Union Commission and the UNECA to mobilise Africans with a view to seeking an answer to the global financial crisis.

For more, visit: <https://www.bizcommunity.com>