

# HAILEMARIAM DESALEGN

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Mr Prime Minister, allow me to end with you. As Prime Minister you have been one of the strongest believers and defenders of this agreement. Youth, and providing sound prospects for the young people of Africa, has also always been your main focus and your key concern. Once again, 60% of the population on the continent are under 25. This new generation is generally more educated but less employed than the generation of their parents, mostly devoid of economic prospects and feeling robbed of political ownership, of the ability to feel any ownership in the political commitments currently being made.

How can Africa's youth be convinced of its interest in this agreement? How can they take part in it? How can they feel part of it? This is probably a challenge.

### Hailemariam DESALEGN

Let me thank you for giving me this opportunity, and I will begin with a positive note. Africa has taken responsibility and ownership in establishing a continental free trade area, and that is one thing which was missing for a long period of time to integrate the continent. Now Africa is on course, and this is a positive note that we have to harness and build on the positive developments.

The second issue I wanted to mention is that in our Agenda 2063, we stated that we have to integrate Africa, and an integrated, prosperous Africa that is at peace with itself and its neighbours is continuing to be our vision. CFTA is one of the ways that we can integrate our continent; it is very important milestone.

We cannot trade what we do not produce. The whole issue boils down to productive capacity, strong and productive human capability and there comes the issue of our youth. We are in trouble if we do not have that productive capacity. If we can't produce then we cannot trade with each other. More than half of the exports from Africa are extractive, and that is not sustainable – we cannot do that and create jobs for our young people. Therefore, we need to have a productive capacity in different forms. Usually, growth and development, as economists say, are path-dependent. We have to focus on our comparative advantage, which is agriculture, that employs more than 60% of the population in Africa. If not, we will have problems in addressing the real challenge the continent faces currently.

The reason why Nigeria is so much worried about CFTA is that Nigeria had abundant agriculture produce until it discovered oil. That neglecting of focus in agriculture and its backward and forward linkages and near complete dependency on oil has instigated citizens to ask the question to where Nigeria has to proceed. This is a good opportunity for Nigerians, as far as I am concerned, because Nigerians have started thinking that they are not capable of competing in productive sectors compared to its peers. Their productive capacity has to be enhanced as fast as possible if they are not capable of competing at its current capabilities. Therefore, for Nigeria and similar African countries clear policy choices comes in to play to diversify their economies into productive sectors. Where is the policy issue in Nigeria to bring about productive capacity to be in a situation where Nigeria can produce and trade with their African peers?

It is a big country with a huge population, 70% of which is below the age of 30. It is a very young country, and if you do not do something about this, whether via CFTA or not, you will be engulfed in to crises. Nigeria will soon be threatened by its own youth, so we need the CFTA in order to bring about this connection to our young people, now that they are digital-friendly. Professor Uri said that we have an infrastructural deficit, but there is a means of using digital technology and the digital economy to bridge the gap of our infrastructure deficit to some extent if not fully. Therefore, trading with e-commerce will help us further boost integration by supporting micro, small and medium enterprises.

Some African diaspora community members have designed a programme and a project for creating jobs through e-commerce, 3.5 million to begin with, and in 15 years' time, more than 20 million young people will have decent jobs simply by engaging them in trading. Small, medium and micro-enterprises will trade with each other in this way, and therefore we can bring these jobs to our young people.

CFTA has the connotation that if we produce and trade with each other, then we can create jobs for our young people in larger numbers. Small and medium enterprises create 60% to 70% of the jobs in Africa, and that is also true in the US. It is also true in Japan, where small and medium enterprises create more than 60% of the jobs. Therefore, CFTA cannot be seen just in a trading window but also in the development of productive capacity in Africa. That is the main stake, and Africans have understood this. We have put in place, in Agenda 2063, a focus on productive capacity, especially agriculture, light manufacturing and labour-intensive production, where we can have the advantage of replacing Asian countries in which labour costs are becoming very expensive and we can fill the coming gap in the global ladder of economic interactions. China, with its huge excess capacity, is now moving into Africa, and we can fill that gap very quickly.

These dichotomies, Europe-Africa or China-Africa, even France-Africa or UK-Africa, has not been so helpful for it is weakening the capacity of Africa to deal with few consolidated partners and should be addressed. Africa has become an ingredient that is spiced by all and everywhere; this should stop, and stop quickly if Africa is to benefit from global integration. We want Europe, China and Africa to work together. There is nothing which contradicts our vision of growing and developing together. There will be no migration if there are opportunities for young people in Africa to get jobs, so Europe should work out how to bring about opportunities for the African youth at this time. Otherwise, this youth will leave the continent, whether we like it or not. Maybe some of them will be drown in the Mediterranean, but some of them will escape the disaster and end up in Europe.

Therefore, we need to cooperate now. I am very glad that Europe has understood properly that they need to cooperate with Africa in areas where we can create jobs at home. Professor Uri said once again that the infrastructure deficit is one of the critical issues if CFTA has to succeed. Yes, it is, and if that is the case, then there are huge amounts of money flowing around the world which is not being utilised and which seeks for investment. How can we invest that money in Africa? That needs guarantee mechanisms to de risk perceived and actual risks in Africa. EU and its member states should think about creating a guarantee scheme where investment can flow to Africa and African infrastructure gap is addressed, where European investors can also participate in a competitive manner. Currently It seems that European companies have abducted from participation in African investment and continue blaming others who has come forth to support to address the deficits.

However, We Africans should also own that we have very visible short comings as well. We should create a conducive business climate and environment for investors coming into Africa. Therefore, we have critical governance issue, corruption and illicit practices and multitudes of red tapes that should be eliminated. These burning issues have to be well understood and properly handled at policy level in Africa. Then there will be a huge flow of investment into Africa.

We have to look into the above concerns and challenges comprehensively, and our youth should be at the centre of it while analysing them. I do not think that many African leaders should sleep at night without addressing the youth unemployment and participation challenges we are facing these days. Tomorrow the youth will flock to the palaces and take over, whether we like it or not. We all saw the Arab Spring in the middle east, and now the African Spring will come definitely if business as usual. We will have to be very careful in handling our youth issue, which also has a spill-over effect for the Europeans and elsewhere. I believe, therefore, that our youth should take its proper place, not in the future but now, and lead the process.

We have to be inclusive and make them part of the process, and those old leaders in Africa should be replaced by young leaders very quickly, or otherwise the youth will take over by force and through street action. We should not go for constitutional change or for changing our ages, or whatever to cling on power. This is an important period for us in Africa to understand the dynamics which are taking place in our continent, but CFTA is one portion of the whole comprehensive issue in Africa. The youth issue is essential for both Africans and Europeans at this moment.