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Letters to the Editor

## Africa and the Financial Crisis

The African Development Bank and the Organization for Economic Cooperation and Development have just published their latest report on African economies.

Africa could weather the current crisis surprisingly well. Reforms have reduced public debt, lowered inflation and improved the business environment. Governments can now avoid drastic and unpopular spending cuts and even allow themselves to run small budget deficits — unthinkable just a few years ago.

The continent is enjoying the seemingly insatiable demand for its resources from China, India, Brazil and other emerging economies. Trade between African countries and China alone is now well over \$100 billion, 10 times what it was a decade ago. Middle Eastern investors are attracted to Africa by the opportunities to develop infrastructures.

Africa has become an innovative continent where new technologies help to generate business and overcome market obstacles. The region is the world leader in telebanking and telebusiness. Today, millions of Africans send money and do banking transactions through their mobile phones, or get better sales prices for their crops through basic mobile phone text technology.

Recent instability, a sign of frustration with cost of living hikes and job loss, has been handled without violence for a change. This, in itself, is a sign of political maturity and the result of important advances in political stability, the rule of law and better governance.

Africa will not emerge from the crisis undamaged. We have already seen the continent's growth prospects for 2009 halved and they are expected to worsen. But for the first time in memory, Africa wasn't hit lying down. If governments push ahead with reforms, strengthen links with emerging economies and if rich countries avoid protectionism, Africa will not only continue to grow during the crisis, it will come out primed for stronger, faster growth than we've seen over the past five years.

Jose Gijon Spalla, Paris