

Louis Kasekende: The benefits of regionalism

Opening remarks by Mr Louis Kasekende, Deputy Governor of the Bank of Uganda, at the meeting of the Technical officials of the Association of African Central Banks (AACB) – Eastern Africa Region, Kampala, 2 February 2011.

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I am here to represent the Governor of the Bank of Uganda, Prof. Emmanuel Tumusiime-Mutebile who would have wished to be here at this opening. However due to a conflict in his schedule, he is unable to make it and please accept his apologies.

The Bank of Uganda is very privileged to be the current chair of the AACB Eastern Africa sub region and indeed to be your host for this meeting of technical officials.

As you are aware, Africa has embraced regionalism with various regional groupings like COMESA, EAC, SADC, and ECOWAS. We believe that as a region, we should leverage regionalism as a means to generating efficiencies in our economies and to support development of the continent.

We should also take note of the shift of power in the global economy to countries like China that has a population of about one billion people and may soon have an average per capita income of over US\$ 30,000. Africa on the other hand, has a population of about One billion people, but with 54 countries, some of which have a population of less than one million people. Average income of Africa is about US\$ 400. In order for Africa to contribute effectively to the global agenda, there is need to derive a strong single voice at international level using regionalism instead of 54 varying voices. These instead generate a lot of “noise” but not necessarily “voice”. Further more, for Africa to compete effectively in the global trading environment, there is need to adapt technology and gain economies of scale. This also requires exploiting opportunities generated by regionalism.

The recent global financial crisis provides more lessons for Africa on the need to strengthen continental cooperation. As the global crisis unfolded, the developed countries saw a need to coordinate their policies with strong emerging economies under the aegis of the G20. Through the cooperation and policy coordination, the G20 was able to avert a global financial meltdown and to avoid a long drawn-out global recession. It is for these reasons, that Africa should also strengthen regional and continental level organisations to lead policy coordination and strengthen the voice of Africa in global meetings. It will not be possible to invite all 54 countries or all the regional groupings to the G20 but there is a strong possibility of a representative of the continent presenting our views and interests in the G20.

The AU and indeed the AACB fully recognise the benefits of regionalism and have promoted continental programs geared towards strengthening Africa’s voice in the global arena. The meeting today should be seen in light of the need to contribute to a continental position in areas of interest to central banks. However the recent crisis has clearly shown that central banks should not limit their interest to only price stability. As the crisis unfolded, central banks across the world were called upon to play a role in stimulating aggregate demand. This was a new role for many of the central banks. Therefore in meetings like this, we should discuss the extent to which central banks should directly use instruments to stimulate growth. However, the added responsibility should not come at the expense of price stability. It is thus our responsibility to share experiences in this area and also propose ways of balancing the inflation and the growth objectives. Let us use this opportunity to learn from each other.

I am confident that this meeting will ably attend to the full agenda before us and provide insight into many of the intricate policy issues that central banks are currently facing. This two-day meeting is intended to deliberate on various aspects of monetary and financial integration on the African continent, with specific focus on the Eastern Africa Region. In

particular, it is intended to draw consensus on the region's position on decisions and issues as drawn from the 34th ordinary meeting of the AACB Assembly of Governors. This meeting is also scheduled to appraise the upcoming 2011 AACB Bureau meeting of the macroeconomic performance of our region in 2010 and offer guidance on the scheduled symposium and continental seminar for 2011.

To our visiting delegates, please send my Governor's compliments to his contemporaries. I wish you fruitful deliberations and enjoy the warm hospitality of the Bank of Uganda Staff and indeed, the diverse riches of the "*Pearl of Africa*".

I now have the pleasure to declare this meeting of the technical officials of the AACB Eastern Africa Region Open.