

## **Africa's economies grew 5.8 per cent in 2007: U.N.**

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ADDIS ABABA — Africa's economies grew an average 5.8 per cent in 2007 from 5.7 per cent a year ago partly due to increased commodity prices but the growth failed to trickle down to the poor, the United Nations said on Tuesday.

The annual report by the Economic Commission for Africa (ECA) released on Tuesday also said that inflationary pressure from rising fuel prices would be a problem for both oil producers and importers on the continent.

“Despite high growth rates in recent years, this strong performance has not translated into meaningful gains in terms of social development,” the report which also projected growth in 2008 at 6.2 per cent said.

Africa recorded an average budget surplus of 2.4 per cent of gross domestic product in 2007. But 13 oil-exporting nations accounted for most of that with an average surplus of 5.3 per cent, down from 6.1 per cent in 2006.

That of non oil-producing countries however grew by 1.2 per cent of GDP in 2007 from 1.1 per cent before, highlighting the fact that most of the growth on the continent was underpinned by oil exports.

The ECA cautioned oil producers against spending all their earnings on consumption, and urged them to invest some of it in production that would diversify their economies.

“Rising oil revenues fuel rapid increases in domestic demand that cause prices to rise in oil-exporting countries,” said the report, released at a meeting of African finance and economy ministers.

“Oil-exporting countries must direct a sizable proportion of oil revenues to finance domestic investment. This will help to build productive capacity instead of fuelling government and private consumption,” the study said.

The ECA said about 60 per cent of African countries had inflation of higher than 5 per cent in 2007 compared with 52 per cent in the previous period.

It said economic growth in 2008 would not be affected by a slowdown in the U.S. economy but a global downturn in the medium term could cause a drop in demand for African exports.

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