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**EXECUTIVE COUNCIL
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Khartoum, SUDAN**

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**“ESTABLISHMENT OF A FUND WITHIN THE AFRICAN UNION
TO MITIGATE THE EFFECTS OF THE INCREASE IN OIL
PRICES ON THE POOR AFRICAN COUNTRIES”**

(Item Proposed by the Great Socialist People’s Libyan Arab Jamahiriya)

“Establishment of a Fund within the African Union to Mitigate the effects of the increase in oil prices on the poor African Countries”

**(Item Proposed by the Great Socialist People’s
Libyan Arab Jamahiriya)**

I. Item Proposed for inclusion in the Agenda

In line with sub-paragraph 2(d) of Article 8 of the Rules of Procedure of the Assembly of the African Union, the Great Jamahiriya requests the inclusion of an item titled “Establishment of a Fund within the African Union to mitigate the effects of the increase in oil prices on the poor African countries” in the Agenda of the 6th Ordinary Session of the Assembly of the African Union to be held in Khartoum in January 2006.

II. Explanatory Note

Oil prices have witnessed a considerable increase in recent years for a number of reasons among which is the shortage in the supply of light raw materials, the explosive political situation in Iraq and Palestine, fear of a spill over of this situation to the Gulf area and speculations in oil and money markets. All these developments are a proof that the oil prices that prevailed were much lower than their actual value and what could be accepted from the consumer in the Western countries.

Despite the fact that the huge increase in oil prices has not discernibly affected the world economy, it has impacted negatively on poor countries, particularly the African countries and should therefore not be taken lightly. This increase will no doubt drain their hard currency earnings, thereby exposing them to economic difficulties that would hinder their developmental plans. It will also hold back the implementation of plans aimed at improving their socio-economic conditions. The oil producing countries have achieved a huge increase in their income during the period, which calls for the need to examine the situation of the African countries with a view to alleviating their plight.

There is no doubt that what should be done for the affected African countries cannot not be done by one single country or even a specific group of countries. Therefore, the matter calls for an international effort to be deployed by all oil producing and rich countries to facilitate the financing of the oil import of African countries. This action first requires that the African oil producing countries and members of OPEC as well as oil producing countries outside OPEC and the rich countries, including those in Africa, establish a fund within the African Union for mobilizing assistance from these countries in order to facilitate the financing of the oil import of the poor countries. A natural beginning would be to mandate the Chairperson of the African Union to liaise with governments of the oil producing African countries (Libya, Egypt, Algeria, Gabon, Nigeria, Angola, Sudan and Chad) as well as rich countries such as South Africa for them to contribute to the establishment of the fund that will finance the oil import of these countries. African countries should also draw on the experience of the OPEC Fund established in the wake of the 1973 oil price hike to mitigate its negative effects on the developing countries. Thereafter, the African Union should define the mechanism

that will ensure that poor African countries benefit from this fund and to solicit OPEC's contribution to the fund and call upon the rich and oil producing countries outside Africa to also contribute to it.

2006

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