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UNCTAD studies on a global system of trade preferences
among developing countries (GSTP), state trading organizations
and multinational marketing enterprises

A note by the OAU/ECA secretariats

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ANNEX

I. Introduction

1. One of the main reasons for the current efforts to strengthen economic ties among the developing countries is clear from the various conclusions and resolutions adopted in the many subregional, regional and interregional forums in which the developing countries have participated.^{1/} These efforts emanate from among other things, the dissatisfaction of these countries with the present framework of world trade, in which for instance, they continue to exist as economic appendages of the great industrial powers.^{2/}
2. Moreover, there is the failure of the traditional economic system to solve a myriad of economic problems that face the great majority of developing countries. The much talked about International Development Strategy for the second United Nations Development Decade has fallen far short of the expectations placed in it in the 1970s. The period has been marked by the strengthening of protectionist tendencies in the developed market economy countries and deterioration in the terms of trade of developing countries because of falling export prices and rising import prices. Such factors have helped to worsen the balance of payments situation and increase the indebtedness of the developing countries.
3. The deliberations and conclusions of the Conference of the Group of 77 on Economic Co-operation among Developing Countries held in Mexico City from 13 to 23 September 1976 and the follow-up action taken within UNCTAD and other United Nations bodies reinforce the old African belief, reflected in many resolutions adopted at both OAU and ECA, in the strength and wisdom of collective self-reliance as the most effective way of economic salvation for the developing countries.
4. At various times, ECA has undertaken and still continues to carry out studies on selected commodities as a basis for international commodity negotiations and consultations not only among African producing countries, but also between them and other producing countries. These studies represent an attempt at identifying products which either already hold a share of trade exchange between developing African countries or have a potentiality for entering this trade.^{3/}

1/ See for instance the decision taken by the Group of 77 at its fourth Ministerial Meeting in Arusha in February 1979, which was endorsed at the fifth session of the United Nations Conference on Trade and Development in Manila in 1979. (TD/236)

2/ Sidney Dell, Trade Blocks & Common Markets, Constable, London, 1963, Chapter VI, pp. 150-194.

3/ ECA Studies on Selected Commodities (a) Cotton; Banana; Seventh ECA/OAU Joint Meeting on Trade and Development, (E/CN.14/TP.1/55), 9 August 1972 and (b) Meat and Meat Products, (E/CN.14/TP.1/89), 12 July 1974.

5. The ideas behind the studies prepared under the aegis of UNCTAD in response to the Mexico City Conference on ECDC and pursuant to Resolution 1(I) of the Committee on ECDC on the General System of Trade Preferences among Developing Countries (GSTP); Co-operation among State Trading Organizations of Developing Countries (STOs) and juridical aspects of the establishment of Multinational Marketing Enterprises among Developing Countries (MMEs) are therefore basically in accord with stands taken both at OAU and ECA.

6. From the African point of view, it is also pertinent to emphasize the fact that such an evaluation is consonant with ECA resolutions 301 (XVIII) and 302 (XVIII) which in themselves aimed at reinforcing economic co-operation between Africa and Western Asia on the one hand, and between Africa and Latin America on the other, whereas ECA resolution 355 (XIV) calls for the reinforcement of Economic and Technical Co-operation among Developing Countries.

7. These preliminary studies and the respective notes by both the UNCTAD secretariat and the joint OAU/ECA secretariats are oriented towards an examination of the specific problems of each of the developing regions prior to the consolidation of the studies and the global consideration thereof.

8. The studies to be reviewed in the present paper are related to the specific situation of the African region. It is, therefore, necessary that they be examined primarily in terms of the needs of the African region while maintaining the overall objective of co-operation among the developing countries as a whole.

9. It must also be recalled that the present exercise is an essential step towards the achievement of this objective and, consequently, needs to throw light on the practical actions that are required to promote African development through co-operation within the region and between African and the rest of the developing world.

10. The studies carried out in respect of the African region are quite comprehensive and carry with them a number of recommendations which commend themselves for serious consideration by experts at various levels. This note is simply intended to review some of the main recommendations from an African point of view bearing in mind that it is the African experts who are to arrive at practical decisions over the issues involved in: (a) the establishment of a Global System of Trade Preferences among Developing Countries, (b) Co-operation among State Trading Organizations and (c) considering the juridical aspects of the establishment of Multinational Marketing Enterprises among developing countries. Before undertaking such a review, however, we shall attempt to shed some light on the intra-African economic co-operation perspective as a necessary background to economic co-operation between Africa and the other developing regions.

II. Intra-African Economic Co-operation Perspective

11. Intra-African Economic Co-operation represents a positive response to the major problems of African economic development, and is currently perceived as an important element of the new international economic order which could foster a quicker rate of economic co-operation between Africa and the other developing regions.

12. The expansion of trade among the African countries as an initial stage in the promotion of trade among all the developing countries within the broad context of the GSP seems all the more important in the face of a declining trend in trade among certain groups of African countries.

13. The average annual growth rate of intra-African trade between 1970 and 1975, in value terms, was nearly 75 per cent compared to a 4 per cent growth rate between 1965 and 1970. On the basis of data given in the Annex, it will be noted that intra-African trade in 1977 was more than three times its 1965 size i.e. from \$US3600 million (1965) to \$US12,190 million (1977). In spite of this apparent upswing in intra-African trade, the sector still remained relatively small by value and by ratio to total African world trade. If exports of petroleum are excluded, intra-African trade in 1977 as a ratio of the region's total world trade was about 5.6 per cent. However, this figure fails to reflect a true picture because of the absence of unrecorded trade, particularly in the West African region. Furthermore, no account is taken of the contribution of such services as air travel involving African national airlines, postal and telecommunications, etc..

14. Total exports of developing Africa rose from \$US12,591 million in 1970 to \$US45,811 million in 1977. However, this considerable rise was accounted for by a disproportionate increase in the export of petroleum. This particular export commodity item accounted for 31.2 per cent and 59.5 per cent in 1970 and 1977 respectively. The inclusion of this item has tended to distort the size of intra-African trade since its discovery and commercial exploitation in Africa from the early 1960s. Intra-African petroleum exports on their own accounted for 12.6 per cent in 1970 and about 26.1 per cent in 1976 of intra-African trade.

15. The next most important exchange commodities in this same period consisted of food, beverages and tobacco and those classified as other manufactures. Together they accounted for 52.6 per cent in 1970 and 53.6 per cent in 1976 of total intra-African trade. The increase of trade among African countries is further evidenced by a greater spread of commodities exchanged and the directional flows themselves.

16. There are many reasons for this, some of which have to do with such more or less recent developments as the creation of UDEAC (Union Douaniere and Economique d'Afrique Centrale), the setting up of the Economic Community of West African States (ECOWAS); the establishment of the various Multinational Programming and Operational Centres (MULPOCs) which in case of the Lusaka based MULPOC has led to the establishment of the intergovernmental negotiating team (INT) among the countries of eastern and southern Africa (which includes, inter alia, the former members of the East African Community) for the establishment of the Preferential Trade Area (PTA). All these developments point to a growing realization of the crucial need for economic co-operation based on the concept of self-reliance.

III. Studies on the establishment of a Global System of Trade Preferences (GSTP) among developing countries: Documents TD/B/C.7/20, 21, 27, 32, 33 parts I and II

(a) Comments and observations

17. A general overview of the economic importance of trade in the economies of developing countries in terms of its relative size, growth and commodity structure at subregional, regional and interregional level can be partly obtained by examining closely the statistical note of the UNCTAD secretariat.^{4/} The table annex shows a permanent decrease in the share of trade among developing countries in world trade between 1955 to 1970. It fell from 5.2 to 3.5 per cent. On the other hand, intra-trade of developing countries increased at an annual rate of 1 per cent from 1955 to 1960, at about 5 per cent from 1960 to 1965 and at about 3.3 per cent from 1965 to 1970. There was, however, quite a noticeable rapid growth between 1970 and 1976 recorded at an annual average of about 36 per cent. This development was reflected in an increase from 3.7 to 5.9 per cent between 1972 and 1976 in the share of developing countries' intra-trade in world trade.

18. The relative importance of developing countries' exports by regions to the total world trade shows considerable disparities between them even in the period 1965 to 1976. Developing Africa's trade with the other developing regions is the subject of the statistical table given as Annex to this paper. It will be observed that in the period 1965 to 1975 developing Africa carried a permanent and ever-increasing total trade deficit with the other developing regions. This deficit went up from minus \$US254 million in 1965 to minus \$US1,990 million in 1977 despite the rather seeming positive trade balances of \$US330 million and \$US940 million in both 1975 and 1977 with developing Latin America.

19. This is not at all surprising in view of the fact that developing Africa's principal world exports have been almost exclusively primary commodities of agriculture and minerals whose markets are to be found in the developed countries. These very exports have remained Africa's major source of foreign exchange earnings which the countries of the region badly need for purchasing capital goods and other essential commodities to sustain their respective economies. Developing Africa's ties with the developed countries are strengthened further more by the offer of preferential terms by the latter in the form of generous facilities with respect to suppliers' credits, concessional loans for goods which may be competitive with those from other developing countries. Additional factors for this strong affinity to the developed countries is the employment by the latter of tied-aid schemes, efficiency of source of supply, easier transport, banking and insurance services to name but a few of the various inducements provided. These are but some of the obstacles which must be surmounted in order to make the GSTP workable.

20. The studies underline the fact that trade among the developing countries has been rising consistently but that it still forms a small proportion of world trade. The bulk of developing countries' trade continues to be oriented towards the developed countries, reflecting a persistence in the north-south relationship, as well as the existence of obstacles and barriers to trade among the developing countries in the form of tariff and non-tariff measures, lack of transport and communication facilities and inadequate trade information.

4/ UNCTAD, Trade among Developing Countries by main SITC Groups and by Regions: Statistical Note by the UNCTAD Secretariat, TD/B/C.7/21.

21. The mutual trade in manufactures among developing countries has increased rapidly since the early 1970s. This among other things, implies an increasing productive capacity in the developing countries and also points to the existence of possibilities for establishing a preferential trading scheme among developing countries in further enhancing this capacity.
22. The studies have laid stress on the importance of the expansion of markets for the exports of the developing countries with the attendant advantages which can be derived through economies of scale, better specialization opportunities and improved efficiency through increased competition.
23. The developing countries are expected to become important markets for goods produced by the developing countries themselves as shown by the increased level of trade in manufactured products which face serious access problems in the markets of the developed countries. The more advanced of the developing countries which have experienced rapid growth of industrial capacities including the production of intermediate and capital goods are already experiencing the need to widen their export markets in addition to seeking reliable sources of raw materials for their expanding industries.
24. It is, therefore, evident that a strong case exists for establishing a global system of trade preferences among the developing countries. The experiences of trade preference schemes within integration groupings either at regional or subregional levels in the developing regions have clearly demonstrated the advantages to be derived in spite of the disparities in the levels of economic development of participating countries. The preference schemes adopted by the different economic groupings necessarily comprise a number of features dealing with such problems as the least developed partners, rules of origin, monetary and financial arrangements in addition to the essential question of tariff and non-tariff barriers.
25. The proposed Global System of Trade Preferences among Developing Countries is envisaged as an important aspect of the concept of ECDC. Thus, the proposals for establishing a GSTP must take account of the major issues involved in dealing with the needs of individual partners. However, its success would depend to a large extent on supportive measures which require to be evolved in a realistic manner. These could include inter-alia the establishment of payments arrangements, trade credit and trade information systems, balance of payments support schemes and measures to reinforce the production capacity of developing countries. It should also be fully recognized that such a system would need to evolve gradually and allow the participating countries to undertake commitments in stages while the system itself leaves room for adjustments and corrections to satisfy the needs and requirements of the individual members.
26. Another point of departure for the African region in considering participation in a global system of trade preferences among developing countries should be the fact that it is the least developed of all the developing regions. Twenty of the thirty least developed countries in the developing world of which many are landlocked are to be found in Africa. The fragmentation of the continent into small nation states with narrow national markets constitutes yet another drawback. A combination of these factors are likely to contribute to the region's difficulties in trade expansion with other developing regions which is the seedbed of the GSTP.

27. Admittedly, some of the very factors which appear to constitute serious obstacles to Africa joining a global system of trade preference could be considered from a different standpoint. The smallness of African countries in terms of population does not allow the cost reducing advantages of large scale production owing to the exiguity of the market. The existence of this factor furthermore makes it difficult for individual countries to enter into new lines of production thus impeding the industrialization process. Similarly, the lack of opportunity to diversify production will tend to leave a country dependent on traditional markets in the developed world and reinforce the economic and political ties which have existed since colonial times.

28. The establishment of a preferential trading arrangement among developing countries could assist to divert some of their traditional imports to sources within the developing world. However, a serious difficulty in this respect is due perhaps less to the fact that developing countries have similar patterns of production than to their relatively underdeveloped production structures. An additional difficulty is the non-availability of some of the advantages offered by the developed countries apart from such other difficulties as high transport costs which inhibit the flow of trade among developing countries.

29. The relatively disadvantaged position of the African countries vis a vis the other developing regional in terms of the level of economic development is evidenced in paragraphs 19 and 20 above. This makes it imperative that special consideration should be given to the problems that may face African countries in case they should decide to participate in a global system of preferences with the other developing regions. Various allowances would need to be made for the less developed partners in order to ensure significant net gains to them in terms of growth, diversification and employment. For the African region, such provisions could seem to be essential if she is not to trail behind the other regions. It would, in fact, seem necessary to adopt a lenient approach for African countries' participation in a global scheme of trade preferences.

30. In view of the incipient nature of their industrial activities, the following measures may be considered appropriate:

- (a) a slower pace of elimination of trade barriers;
- (b) the right to consider the introduction of new barriers temporarily by the least developed members to attract new investments;
- (c) the granting of preferences for their exports by the more advanced of the developing countries;
- (d) to establish a system of fiscal transfers from the more relatively advanced countries to compensate for loss of revenue from taxation and for the higher costs that may be involved in heavily protected products from advanced partners;
- (e) exemption from certain harmonization commitments, such as permission to grant fiscal incentives for longer periods and the dispensation from applying common tariff against third countries for certain products;
- (f) encouragement to finance investments in the poorest African countries; and
- (g) a scheme to assist in meeting periodic balance of payments difficulties which could include, inter alia, credit facilities within a payments arrangements system to finance transitional imbalances.

31. While a system of mutual relaxation on an item-by-item basis may be cumbersome to implement, it would seem that African countries may find this approach more readily acceptable than one based on a linear reduction of tariff as a percentage of the MFN tariffs. For certain products, they could be permitted to increase the level of protection permitted against imports from other partners to protect their own industries. Within the framework of such a gradual approach as is being proposed here it should be possible for African countries to embark on bilateral long-term purchase agreements such as those which already exist for certain food commodities, in particular, rice.

32. The low level of development of the majority of African countries seems to suggest an intermediate approach to ensure that trade liberalization does not disrupt existing activities which, in the African region, are largely based on agriculture. Commitments should be of a limited scope. For example, in the case of agricultural goods, imports should be linked with a corresponding deficit in domestic requirements. However, for new industries, the immediate abolition of trade barriers may be practicable. On the other hand, for existing industries, care should be taken to ensure that trade liberalization does not lead to reduction of existing employment or to excess capacity.

33. All in all, there is no doubt that a great body of opinion among the developing countries recognizes the fact that a GCTP would constitute a major instrument for the promotion of trade, production and increasing employment among developing countries.^{5/} However, the peculiar African circumstances would seem to require that, while the global approach implied in the GCTP is not rejected, due emphasis should be placed on strengthening and linking up the existing and other on-going regional and subregional preferential arrangements. Such an approach would indeed accord with the region's own accepted aim of establishing an African economic community which ought to be considered as a necessary condition for successfully launching the region into a full-scale interregional scheme.

34. One of the main underlying rationale for the establishment of a GCTP is no doubt the fact it will hopefully result more in overall trade expansion than in a total diversion of trade from the developed to the developing countries. Hence, the question of expansion of production is of over-riding importance. In this respect, the African region needs to be assisted in all its efforts of promoting trade at intra-African level, enabling its constituent members to expand their industrial base in order to participate more effectively in an interregional trade liberalization scheme. This calls for the taking of special measures of assistance aimed at accelerating the diversification of their production through the exploitation of African markets and the potential complementarities in terms of raw materials, skills and technology available within the region.

^{5/} See for instance President Julius K. Nyerere "Unity for a New Order", address to the Ministerial Conference of the Group of 77, Arusha, 12 February 1979; President Ferdinand E. Marcos, "Manila and the Global New Society", opening address before the Group of 77 Ministerial Meeting, Manila, 2 February 1976.

(b) Suggestions for consideration

35. The main remarks and suggestions that can be drawn from the above are as follows:

- (i) A GSTP could constitute a major instrument for accelerating growth and thereby overall demand and trade among developing countries if it is conceived in such a way as to ensure real trade expansion rather than trade diversion;
- (ii) Priority should be given to the reinforcement of existing subregional preferential arrangements and to the setting up of new ones within the African region where a need exists therefor;
- (iii) Assistance to African countries in setting up clearing systems and subregional payments to reinforce their trade co-operation;
- (iv) Assistance to the least developed African countries in processing their raw materials and generally, in diversifying their production through long-term purchase agreements for their production through long-term purchase agreements for their exports;
- (v) While the measures intended to be taken under a GSTP should be applied on a multilateral basis, it must be recognized that the majority of African countries will only be able to participate gradually and accept those commitments which are commensurate with their level of development;
- (vi) Proposals within a GSTP should make provision for the African countries to continue benefitting from the preferences which they enjoy in the markets of developed countries to avoid disrupting their flow of foreign exchange earnings;
- (vii) Trade among developing countries suffers seriously from a lack of trade information and communication system. The problem is particularly acute in the African region where efforts need to be made to improve contacts among African countries for expansion of their trade;

- IV. 1. Co-operation among State Trading Organizations (STOs)
2. The Establishment of Multinational Marketing Enterprises (MTEs)
- (i) Documents TD/B/C.7/13/Add.1 and Add.2, TD/B/C.7/19
- (ii) Document TD/B/C.7/34

35. State Trading Organizations (STOs) are by definition government commercial institutions and are capable of embracing a great part of the functions of the Multinational Marketing Enterprises (MTEs). Their problems are in many ways similar though their functions differ only in degree. But they share the same existing or potential weaknesses vis a vis the Transnational Corporations (TNCs).

37. The above studies make it abundantly clear that the STOs and MTEs are designed as instruments for promoting the economic policies of the developing countries concerned in a variety of fields. These include the control of their imports and exports, their foreign exchange resources, supply of essential commodities, price stabilization of commodities and marketing as well as the distribution activities in general. The studies cover various possibilities for co-operation among STOs and in establishing MTEs which need not be repeated here. However, there are certain other areas which are also worthy of serious consideration: One of them relates to the type of measures which STOs and MTEs should adopt with regard to containing the activities of powerful transnational corporations.

38. A large proportion of the exports of African countries to the developed countries and even to the other developing countries are channelled through TNCs which maintain full control over pricing, investment, distribution of profits, etc.. For instance, in the agricultural sector which presently constitutes the lifeblood of many developing African countries, TNCs tend to control sugar production, fruit canning, baby food and beverages industries. In some other countries such cash crops as tea, coffee, rubber, cotton, timber, wood pulp and oilseeds are controlled mainly by TNCs. The same is true of the mining and extractive industries which in the African region, are an important contributor to GDP and yet are highly dominated by TNCs.

39. The major problem which arises in this connexion is the key and often strategic role that TNCs play in the entire range of economic activities of developing African countries compared to that of indigenous enterprises, whether these belong to the public or the private sector. Within the African economies, the situation is aggravated by the fact that the full impact of TNCs' activities have not been fully recognized and assessed.^{6/} On the other hand, countries of Latin America^{7/} and Asia have had an early start with attempting to contain the activities of TNCs unlike their counterparts in Africa. Their high degree of sectoral involvement tends to facilitate or aggravate the outflow of resources through such business practices as transfer pricing, excessive capital and profit repatriation,

6/ See ECA, Transnational Corporations in Africa: Some Major Issues, E/CN.14/703, 16 March 1979.

7/ Constantine V. Vaitsos, "The Role of Transnational Enterprises in Latin American Economic Integration Efforts: Who integrates and with whom, how and for what benefit? Round Table on the Role of Transnational Enterprises in Latin American Integration Process organized in co-operation with the Cartagena Agreement, Lima, Peru, 15 May 1978.

high dividends or service and management fees. These practices have a tendency to hinder African governments' attempts to implement effective monetary and financial policies and to mobilize the maximum domestic and foreign resources for the promotion of economic and social development in their respective countries. Furthermore, by adopting restrictive business practices especially in connexion with inter-firm transactions, licensing and patents agreements, purchasing and acquisition of technology, international procurement and subcontracting and cartel arrangements, TNCs are able to control certain key economic sectors in Africa and to stifle domestic competition thereby preventing the emergence of indigenous manufacturing enterprises.

40. It is, therefore, necessary to study their overall behaviour and not just where it relates to marketing, since their marketing policies cannot be understood in isolation from their production policies or indeed their transportation, financing and insurance policies. Moreover, their behaviour towards the market in one country or towards one production or marketing subsidiary is clearly not independent of their behaviour towards others.

41. In other words, the TNCs turn out on examination to be powerful multinational conglomerates, often integrated horizontally and vertically and fully able to withstand the onslaught of competition from inexperienced rivals such as an association of STOs and MIEs from developing countries.

42. Co-operation among STOs and MIEs should, therefore, focus on the activities of TNCs in order to determine ways and means for taking over their role progressively in the African developing economies. In other words, there seems to be a need to look into possibilities of strengthening co-operation among STOs and MIEs in specific areas so as to reinforce their bargaining position as well as their operational activities vis a vis TNCs and to gradually weaken the monopoly power of the TNCs.

43. The question of co-operation in joint procurement at both the level of STOs and MIEs from developed countries, while highly commendable, also needs to be approached rather carefully. The studies refer to joint importation of cereals, fertilizers, pharmaceuticals and chemicals which absorb a large proportion of the foreign exchange earnings of developing African countries. Through close contacts among STOs, as recommended in the studies, the question of joint importation could be considered by the countries themselves, but it would seem that direct assistance should be provided to the STOs in determining the products which would form part of such a scheme and the modalities and techniques for implementing the scheme. Further studies of a specific nature are required in that area.

44. A number of concomitant measures are essential for the promotion of such co-operation, apart from direct action for the strengthening of links between and among STOs and MIEs. Without such measures, it may not be possible to provide STOs and MIEs with the necessary tools to enhance their operational activities. We refer here to the crucial need to develop infrastructure and transport and communication facilities both at subregional and interregional levels.

45. It is a well-known fact that transport and communications deficiencies constitute a major obstacle to trade expansion even at subregional level, and even more so in many instances at interregional level. Infrastructure co-operation is an instrument which can offer important economies of scale and foreign exchange savings, reinforce business links and generally promote trade expansion. It would be unrealistic to expect individual countries to set up such infrastructure under their own steam in view of the rather extremely high initial cost and long gestation period. Programmes must be devised and sold to groups of countries and an attempt made to show the long-term benefits which will accrue to participating countries.

46. A similar approach would need to be taken with regard to insurance, financing and credit facility arrangements and the establishment of multinational payments and clearing systems. Arrangements for the possible link-up between the payments and monetary arrangements of developing countries are now being actively discussed with the recent creation of the Co-ordination Committee on Multilateral Payments and Monetary Co-operation among Developing Countries. The creation of this Committee serves as a first step in the process of a gradual linking of monetary co-operation arrangements at the interregional level among developing countries. Its fundamental importance lies among other things, in the fact that it will be capable of gradually promoting linkages within a global strategy for the expansion of trade.

47. All the recommendations for promotion of co-operation among STOs and for establishing MIEs are sound and bring out the various key issues involved. However, it does appear by and large, as if the political aspect of the question may not have been given sufficient consideration in the above studies. Whether this is due or not to the fact that the terms of reference for the studies may have been somewhat too limited in scope, the fact cannot be escaped that unless the countries are brought together by firm political commitments the chances of individual STOs and MIEs adopting co-operative measures would be rather small indeed.

48. It is not intended to suggest here that a start in co-operative ventures cannot be made at this stage. As mentioned earlier on there is undoubtedly, a lot of room for the promotion of mutual trade through long-term purchase agreements, preferential treatment for goods from partner countries and in the exchange of trade information. However, for such important areas of co-operation as harmonization of policies, joint procurement, export promotion, market research, pricing policies, training of officials, etc., a systematic approach is required, hence the need for political commitments

49. Notwithstanding this, it is gratifying to note that, in the view of the authors of these studies, co-operative actions with respect to STOs and MIEs should, as in the case of the establishment of a GETP, start on a gradual basis. Co-operation at interregional level is viewed as a long-term objective. Therefore, systematic measures should be taken to strengthen co-operation at subregional and regional levels, while encouragement is given to the STO and MIE institutions of long standing and experience to initiate co-operative actions on specific products which are of major interest to them.

V. Concluding remarks

50. Developing Africa's association with ECDC activities which is the purpose of these studies must be viewed from a developmental perspective. And the prime objective of development is or ought to be the creation of a material and cultural environment that is conducive to self-fulfilment and creative participation.^{8/}

51. On the other hand, "For most African countries, the realization of life more abundant in a society which is both just and egalitarian and where there are bright and full opportunities for all has remained a will-o'-the-wisp, the gap between promise and performance, between the dream and the reality has not, however,^{9/} been due to lack of ambition or good intentions on the part of African governments".

52. It is quite pertinent therefore to recall a few African agreed positions. Not least of which should be mentioned the 1973 African Declaration of Co-operation, Development and Economic Independence adopted by the Heads of State and Government during the Tenth Anniversary of the founding of the Organization of the OAU and the recent Summit of Heads of State and Government of the OAU member States calling for initiatives to be taken in preparing for the Extra-Ordinary Session of the Assembly of Heads of State and Government on Economic Problems of Africa.^{10/}

53. It is partly against the above background that the current exercise needs to bear in mind what should be some of the developing Africa's priorities. We have been reminded time and time again, that "we are no longer the instruments of history, but its protagonists; we stand face to face with our mighty continent. Now that we are everywhere in demand for a dialogue with innumerable ramifications, we must keep on good terms with the neighbours but keep our fences mended. In other words, we must build a new Africa."^{11/} In the light of the preceding analysis, it would appear that developing Africa ought to place more emphasis on STOs, MIEs while adopting a very gradual approach on the GTP, notwithstanding the intrinsic merits thereof and the possible benefits which can be derived therefrom in the long run.

^{8/} OAU, What kind of Africa by the year 2000? Final Report of the Monrovia Symposium on the future development prospects of Africa towards the year 2000, Monrovia (Liberia), 12-16 February 1979, p. 15.

^{9/} Adebayo Adedeji, "Africa, The Third World and the Search for a New International Economic Order", Turkenyen Third World Lectures 1976, Georgetown, 22-26 November 1976, p. 22.

^{10/} Resolution on holding an Extra-Ordinary Session of the Assembly of Heads of State and Government on Economic Problems of Africa, AHG/Res. 96 (XVI)/Rev.1.

^{11/} Edem Kodjo, "Building Africa today - The Africa of the year 2000," What kind of Africa by the year 2000? p.50.

54. Furthermore, recommendations regarding such sensitive topics as those relating to TNCs, CTOs, IILs and the GSTP should go a little further to spell out the concrete nature of the modalities and mechanisms envisaged. The same obtains with regard to the proposed training schemes.

55. All said and done, Africa has no other alternative but to co-operate with the other developing regions. At the same time, it is important to ensure that economic co-operation at the intra-African level be sufficiently strengthened to offer a secure basis for co-operation with other developing regions, if the latter is to be truly meaningful and beneficial to all parties concerned.

ANNEX

INTRA-TRADE: DEVELOPING REGIONS

1965, 1975 and 1977

(million \$US)

ORIGIN \ DESTINATION	Year	Africa	Developing America	West Asia	Developing South and South East Asia	Africa's overall trade balance
Africa (Trade Balance)	1965 (+/-)	600 .	41 (-39)	120 (-115)	160 (-150)	(-354)
	1975 (+/-)	1 500 .	1 590 (+330)	390 (-1 320)	410 (-970)	(-1 960)
	1977 (+/-)	2 190 .	2 360 (+940)	670 (-1 240)	310 (-1 690)	(-1 990)
Developing America	1965	130	2 150	55	86	-
	1975	960	9 530	610	290	-
	1977	1 420	11 070	710	670	-
West Asia	1965	235	105	550	400	-
	1975	1 720	5 040	3 950	7 520	-
	1977	1 920	7 790	5 140	9 710	-
Developing South and South East Asia	1965	310	180	230	2 320	-
	1975	1 420	1 090	2 410	9 090	-
	1977	2 000	1 520	4 000	13 150	-

Source: Tabulation by ECA Secretariat derived from Handbook of International Trade and Development Statistics, 1979.