



Economic Commission for Africa (ECA)

# **Strategic Vision for The New ECA Trade and Regional Integration Division (TRID)**

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## **Concept Paper**

**September 2002**

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*In a recent Report to the United Nations General Assembly, entitled **Strengthening of the United Nations: An Agenda for Further Change**, the UN Secretary General, Mr. Kofi Annan, states that "globalization and its impact on development will be a central issue in the years to come. The United Nations must have a greater capacity to help developing countries to take advantage of the opportunities that globalization offers, especially in trade and investment, while minimizing the risks. There is much to be done to ensure that the proper framework of rules, norms and standards are in place to help the international community to respond effectively to the new challenges posed by globalization". The institutions of global governance must also evolve to permit greater involvement of developing countries in decision-making.*<sup>1</sup>

*The special needs of Africa have been acknowledged in the United Nations conferences and in the Millennium Declaration. Africa will remain a crosscutting priority, and the General Assembly and its subsidiary bodies will continue to address political and economic developments in the region.*

*The regional commissions play a special role in the economic and social area. As outposts of the United Nations in different regions of the world, they perform functions that contribute to the Organization's global work programme. They also articulate the Organization's priorities in their respective regions, and give a regional perspective to global issues.*

## **1. Background**

1. The Strategic Vision of the new ECA Trade and Regional Integration Division (TRID) would, therefore, need to be positioned in the context of further reforms that the United Nations Secretary-General intends to undertake within the broader reforms of the United Nations System, as well as in the context of implementation of the various recent UN initiatives on African countries. Accordingly, the activities of the new Division would need to contribute not only to Africa's attainment of the "Millennium Development Goals (MDGs)" but also in moving forward the process of implementation of the New Partnership for Africa's Development (NEPAD) and the African Union (AU). As indicated above, globalization and its impact on African economies as well as modalities for the effective integration of these economies in the global trading system will need to be among the priorities of the United Nations System.

2. The main outcome of the Doha World Trade Organization (WTO) Ministerial Conference was an agreement to launch a broad based work programme for continuation of multilateral trade negotiations to be completed by the year 2005. The work programme incorporates an expanded negotiating agenda and other important decisions and activities necessary to address the challenges facing the multilateral trading system. This broadened agenda poses serious challenges for many African countries, especially in view of their' weak trade capacities to meaningfully engage in such trade negotiations. Also it is a great challenge to provide the technical assistance and capacity/strengthening to enable the African countries effectively and properly take part in the negotiations for their own benefits. African countries have, therefore, strongly expressed a great need for technical assistance and capacity building/strengthening of African countries to enable them negotiate various issues on trade.

3. This being demand driven re-enforces the necessity for a comprehensive programme on development of capacities of African negotiators, strengthening ECA's internal capacity for trade research and analysis, strengthening the Economic Commission for Africa (ECA) support to the

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<sup>1</sup> United Nations: Strengthening of the United Nations: An Agenda for Further Change, Report of the Secretary-General to the United Nations General Assembly, Document A/57/387, 9 September 2002

WTO Geneva Africa Group, and strengthening technical support on negotiations on the trade protocol of Cotonou African and Caribbean and Pacific/ European Union (ACP/EU) Agreement and to Regional Economic Communities (RECs).

4. The African Heads of State and Government by moving ahead with the establishment of the African Union have created a historic opportunity to accelerate regional integration in Africa. This challenge has been made more demanding today by the far-reaching changes occurring in the global economy. A pragmatic regional integration agenda holds out the prospects of improved living standards for the majority of the African population and the dividends of assured peace and stability. It offers gateway for Africa to enter the competitive global market. A strong regional economy can facilitate the pooling of risks between otherwise vulnerable economies.

5. Regional integration is a political as much as an economic project. The lack of sustained political commitment to put in place agreed policies and plans has been one of Africa's major shortcomings. In the context of the African Union, political commitment is an issue that needs to be addressed if the AU is to succeed. Political leadership is essential for successful integration and political leadership must help by focusing on the ends to be achieved in the integration process. ECA has long been an ardent supporter and promoter of regional integration and the theme of ADF III reflected that commitment. The coming into force of the African Union provides a timely opportunity for governments, business, civil society, Africa's development partners and a number of other expert groups to reach consensus on what needs to be done to re-energize the march towards regional integration. ADF III examined the lessons of regional integration in Africa and abroad and identified key strategy options on accelerating integration in Africa.

6. Five years ago ECA embarked on a comprehensive restructuring of its activities and structures in order to "Serve Africa Better". ECA's reform process recognized that rapidly changing global and regional environments present African countries an opportunity to enhance exports and economic growth and a challenge to attain efficiency gains to offset the losses arising from the erosion of preferences as Uruguay Round Agreements were being implemented. The Commission acknowledged that expanding Africa's trade and investment would be key to sustaining economic recovery and growth in the continent. Trade expansion had the potential to fuel growth of output and income.

7. In this respect, it was agreed that within the broad framework of ECA reforms, the Commission would focus on a number of key issues to help Africa deal with the challenges of globalization and liberalization of the world economy. ECA's response would include: policy-focused analytical work on trade and post-Uruguay Round and WTO issues; assistance to member states in complying with WTO provisions; application of the Global Trade Analysis Project results; and technical assistance to members states on trade negotiations. The focus would also be on promoting intra-African trade; trade and investment promotion, through improved physical infrastructure; and promoting private sector development in Africa. This framework has therefore formed the basis of ECA activities on "trade and trade-related activities" and technical assistance to African countries.<sup>2</sup>

## **2. The Current Mandates of the ECA Sub-Programmes on Trade and Regional Cooperation and Integration**

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8. The proposed new Trade and Regional Integration Division will combine activities currently being implemented under two sub-programmes: "Promoting Trade and Mobilizing

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<sup>2</sup> Economic Commission for Africa: The ECA and Africa: Accelerating a Continent's Development, Addis Ababa, Ethiopia, 1999

Finance for Development" and "Promoting Regional Cooperation and Integration". This Section briefly reviews the current objectives of these two sub-programmes as well as strategies that have been devised to implement activities programmed under the sub-programmes.<sup>3</sup>

9. **Promoting Trade and Mobilizing Finance for Development:** The objectives of this sub-programme are to enhance the capacity of African countries to formulate and implement strategies for dealing with economic globalization, to develop policies and strategies to improve competitiveness and to attract investments for private sector development; and to strengthen the negotiating position of African countries within the World Trade Organization (WTO) and their capacity for debt management and debt negotiations as well as interregional trade as a step towards integration in the global economy.

10. The strategies for implementing this sub-programme have included preparation and dissemination of research studies and policy position papers focusing on the functioning of the global trading system; enhancing Africa's international competitiveness and effective participation in the international trading system; and analysis of debt sustainability of African countries and investment promotion. Policy seminars, conferences, and training workshops have been key vehicles for disseminating best practices in private sector development and for promoting dialogue among policymakers from government, private sector and civil society. Furthermore, extensive collaboration has evolved between ECA and African research institutions and research networks, such as the African Economic Research Consortium (AERC).

11. **Promoting Regional Cooperation and Integration:** The objectives of this sub-programme are defined as: to promote regional cooperation and integration in Africa, focusing mainly on policy issues, infrastructure development and related services in transport and communications, mineral, energy and water resources.

12. Strategies that have been adopted in implementing the activities of the sub-programme have included monitoring and assessing the progress in regional cooperation and integration in Africa, in particular by undertaking comparative analyses of the experiences of sub-regional economic communities and the lessons learnt. The framework for this analytical work has been the Annual Report on Integration in Africa (ARIA). Furthermore, particular attention has been paid to strengthening the regional economic communities (RECs) to implement the Abuja Treaty establishing the African Economic Community (AEC), with focus on targeted policies and actions to develop infrastructure, notably transport and communications services, and the strengthening of mineral, energy and water resources.

13. A future strategic vision of the New ECA Trade and Regional Integration Division would need not only to draw from past strengths of ECA in providing trade, trade-related technical assistance as well as capacity building for regional integration, but also take into account the UN Secretary-General's proposed further reforms of the United Nations as articulated in his recent Report to the General Assembly. Furthermore, it would need to be informed by the various African and UN initiatives aimed at promoting economic recovery in Africa and poverty reduction, within the framework of the Millennium Development Goals and NEPAD.

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<sup>3</sup> Economic Commission for Africa: Proposed Programme Budget for the Biennium 2002-2003, Vol. II

### 3. Strategic Vision for the New Trade and Regional Integration Division (TRID)

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14. In order to contribute to Africa's development, the programmes and activities of the new Division would need to be defined in such a way as to effectively deal with a number of key problems, including the following: the marginalization of Africa in the world economy and global trading system; the supply constraints facing many of these countries which inhibit their effective participation in world trade; the problems associated with declining commodity prices; development financing problems; and the debt problem. Furthermore, the programme would also need to address issues of regional integration in Africa, more importantly the need to integrate Africa's economic space.

15. The programme would basically have to focus on three interrelated areas:

- (i) Support to African countries in their integration in the global economy and trading system;
- (ii) Support to African countries in their regional integration programmes (The African Union, regional economic communities, and other initiatives) and NEPAD;
- (iii) Support to African countries in development of intra-African trade

16. In order to undertake activities designed to achieve these objectives, the Economic Commission for Africa would need to develop a comprehensive strategy, which is anchored on the basic principles of ECA's renewal. The process of ECA's renewal has been based on three Guiding Principles: **Excellence**, where the aim has been on high quality outputs and high impact; **Cost Effectiveness**, where the aim has been to make the best possible use of available resources, particularly through reorganization, better modalities and more use of economical technologies; and **Partnership**, where the desire has been to create alliances, gather political and financial allies, and to work together for more significant programme results.

#### A. International Trade and the Multilateral Trading System

17. A number of organizations are providing trade-related capacity building support to African countries individually and collectively. Accordingly, in this clouded arena, it is imperative that the intervention of the Economic Commission for Africa should aim at adding value to these other initiatives and develop a niche. In this respect, the ECA's programme of assistance needs to focus on developing on a "sustainable basis" a pool of African trade researchers and negotiators based in Geneva and African capitals that will be able to assist these countries to negotiate complex issues contained in the post-Doha agenda of the WTO as well as the ACP/EU Cotonou Agreement, especially the "Trade Protocol". More importantly, the aim is to develop an informed group of African Experts that will assist African countries in trade formulation and implementation and in mainstreaming trade in development as well as in bilateral and multilateral trade negotiations.

18. The Post Doha Agenda has to be firmly set in the framework, which can boost African growth and sustainable development. This demands market access, removal of trade distorting domestic policies, and special and differential treatment encompassing 'non-trade' concerns. Transforming African development through MTN demands effective participation of African countries in the post Doha agenda and firmly establishing the goals of market access, removal of domestic policy impediments, and translating special and differential provisions into concrete measures which can enable African countries to reduce supply constraints while reducing food insecurity and poverty.

19. In the post Doha period, ECA activities have focused on support to African countries in the current round of multilateral trade negotiations; formulation and designing of an ECA/IDEP Trade-Related Capacity Building, Research and Training Programme; as well as providing support to the Africa WTO Geneva Group. Future ECA activities for trade-related capacity building and training for African countries would need to focus on three inter-related aspects:

- Strengthening the internal trade capacity of the Economic Commission for Africa (ECA), in order for the Commission to be able to undertake high quality trade research and analysis and develop a pool of qualified trade specialists to provide advisory services to African countries on key trade issues;
- Work towards the creation of a new trade centre as well as training programme for trade at the African Institute for Economic Development and Planning (IDEP) in Dakar, Senegal for African trade negotiators in order to enhance their capacities and skills for effective participation in multilateral and bilateral trade negotiations;
- Strengthen ECA's support to the WTO Geneva Africa Group in order to assist them in their day-to-day negotiation processes within the WTO and to provide them with informed research to help them in their work; and strengthen the technical support on trade protocol negotiations and Regional Economic Communities.

20. Technical assistance and capacity building in this respect would aim at enhancing the capacity of African countries to strengthen their supply side and to negotiate on the various areas earmarked for negotiations, particularly in the new round. An integrated approach would be adopted in delivering such assistance focusing on research, advocacy, and capacity building, since all these are intertwined. Research would need to inform ECA's advocacy activities as well as capacity building seminars, workshops and, training programmes. Without informed research the quality of capacity building may turn to be marginal. It is generally acknowledged that many African countries have been unable to effectively participate in the global trading system because of the supply constraints that they face and dealing with such constraints is fundamental to bringing these countries on board. The poor infrastructure, as well as, the low level of human development are some of the supply constraints that inhibit these countries from taking advantage of globalisation and liberalization.

21. It is, therefore, imperative that the New Trade and Regional Integration Division should contribute to dealing with these aspects. The focus of developing trade-negotiating capacities in African countries will be on equipping African trade negotiators with the relevant skills needed to negotiate in bilateral and multilateral trade negotiations. Accordingly, focus will be on training Geneva-based African trade negotiators as well as officials in the Ministries of Trade, Industry and Commerce based in the capitals. Such training will be undertaken in the form of seminars, workshops and training courses on key issues of importance to African countries.

## **B. Regional Integration and Cooperation in Africa**

22. The momentum for economic integration in Africa has been enhanced by the inauguration of the African Union (AU) and the adoption by the African Heads of State and Government of the New Partnership for Africa's Development (NEPAD). Furthermore at the sub-regional level, efforts are continuing to reform regional economic communities in order to make them more effective avenues for regional integration in Africa. It is broadly acknowledged that despite its abundant human and natural resources Africa remains at the peripheral of the world economy and global trade. Regional integration can play an important role in integrating Africa's economic space and improving the continent's international competitiveness.

### **(RCID to Strengthen this Section)**

## **C. Enhancing the Contribution of Intra-African Trade**

23. Despite all the efforts to promote intra-African trade, Africa's internal trade remains marginal, at a meager level of 5 percent of Africa's total trade. Regional trade plays an important role in many other regions of the world. Africa will need to invest more resources and efforts in promoting intra-African trade. Regional trade provides a useful learning process for firms wishing to enter international markets.

**(This Section to Be Strengthened by RCID)**

## **4. Resource Requirements**

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