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Globalization and Liberalization of Markets: Prospects for African Exports

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I. Introduction

1. As a continent heavily dependent on the production and export of unprocessed or semi-processed commodities, Africa has been unable to make the best possible use of such commodities in order to jump-start its economic growth. The failure to pursue structural reforms and a transformation policy has meant that African commodities have made no significant contribution to the continent's development. With the emergence of a new multilateral trading system from the Uruguay Round, Africa finds itself ill-prepared to participate in shaping the trading rules of this system and hence runs the risk of being further marginalized unless it speedily works out its commodity production and marketing policy.

2. Current production and marketing structures are fragile and lack the flexibility to adapt to the new international trading system. This basically explains why Africa's products increasingly lack competitiveness and why Africa plays a marginal role in international trade. Indeed, Africa lost a large share of its traditional markets over the past few years to Asian countries and might lose an even greater share if this structural problem is not addressed. Furthermore, going by current world economic trends, the trade preferences granted to Africa by the European Union, its main trading partner, will be rapidly eroded.

3. Therefore, structural reforms addressing these concerns must be carried out. Measures must be taken to adjust economic and trade policies, while sustained efforts should be deployed to modernize production systems and techniques and expand the production base through a policy of vertical and horizontal diversification designed to produce quality goods that are competitive and thus take full advantage of the market opportunities created by the trade liberalization process.

II. Status of African Economies and the Global Economic Context

4. As a result of the serious economic and social crisis that has been affecting them since the early 1980s, African countries, with the assistance of the international community, adopted measures aimed at reversing the trend towards socio-economic decline in a good number of the countries.

5. While results differ from country to country, on the whole, the sacrifices made by African countries have not always produced the expected results because a number of factors have had the effect of undermining the measures taken to bring about the continent's economic recovery. Such factors include: the high costs of structural reforms and the difficulty in making the transition to democracy; the heavy dependence of African economies on the export of very few primary commodities; the absence of a stable and investment-friendly macroeconomic environment; the shortage of skilled manpower; as well as weak institutions and economic links between sectors to support the national development process. In addition to this, there is an unfavorable international environment as reflected by the deterioration in the terms of trade, the debt service overhang and the stagnation/decline in inflows of external resources and low foreign direct investment (FDI).

6. It was against this background of economic, political and social weaknesses that African countries entered the Uruguay Round negotiations, which were concluded in Marrakech in 1994, at a time when parameters such as the development of world trade, fluctuations in commodity prices and the inflows of external resources are expected to play a vital role internationally.

7. As far as international trade is concerned, the volume of world trade is expected to grow at an average annual rate of 5.8 per cent during the 1990s, as compared to 3.7 per cent during the 1980s. It should be noted that such growth would be more the result of manufactured goods and services than of primary commodities, which make up the bulk of African exports. It should also be noted that primary commodity prices are more unstable than those of manufactured goods and that they have been declining in real terms for many decades. A look at these figures raises concerns about the future of primary commodities, especially since such commodities make up 90 per cent of Africa's exports and their volume and value in world trade are expected to decline.

8. One of the main consequences for Africa of the entry into force of the World Trade Organization (WTO) agreements will be the loss of the trade preferences that it enjoyed under both the Generalized System of Preferences (GSP) and the Lome Convention. Since the Uruguay Round Agreements provide for tariff elimination or considerable tariff reductions, this will result in the loss of the preferential treatment granted to Africa. In other words, African countries will no longer be competitive and will thus continue to lose their share of the market for the few export commodities that are their main sources of revenue for financing their development programmes. For example, available data indicate that when the preferences accorded under the Lome Convention are phased out, Africa will be faced with a loss of preferential margins of 100 per cent for coffee, coffee extracts and cocoa; 50 per cent for phosphoric acid; over 30 per cent for petroleum derivatives, shell fish and leather; and more than 20 per cent for tobacco.

9. This gloomy picture is the challenge thrown to Africa by the Uruguay Round agreements. Market liberalization and globalization, as defined by the agreements, characterize the current international economic context. Competition and competitiveness are the system's two pillars. Therefore, Africa needs to become productive and competitive in order to be able to make the best use of the trade opportunities opened up by market liberalization and globalization. This is possible only if the existing economic structures are transformed. Such structures should be less dependent on the export of a few primary commodities. African countries should strive to diversify their economies, which should be characterized particularly by close linkages between the various sectors. Africa's integration into the world economy will, therefore, depend on its ability to achieve this transformation, particularly in the area of commodities.

III. Africa's Integration into the Liberalization Process

10. In the period following the Uruguay Round, the most crucial and difficult task for African countries will be how to cope with market developments and integrate into the world trading system. In order to ensure their full integration into and participation in this new context, African countries will have to make the adjustments required by the integration process. As countries dependent on basic commodities, they must acquire the means of consolidating their economic, technical and human capacities in order to be able to participate fully in the multilateral trading system. Such consolidation should be based on the adjustment of economic and trade policies taking into account the new international situation, the diversification of African economies, including the diversification of production and markets for basic commodities, and the competitiveness of African economies, which requires efficient production and trading systems.

A. Adjustment of economic and trade policies

A.1. Improvement and stabilization of the macroeconomic framework

11. Liberalization inevitably leads to the establishment of appropriate structural adjustment policies. Consequently, African countries need to focus on the importance of macroeconomic stability and create an enabling environment by introducing rational, efficient and coherent economic policies and mechanisms to promote the areas that are most vital for the continent's economic development.

12. In that regard, African countries have to pursue macroeconomic stabilization programmes designed to maintain or restore price stability and economic growth. It is also important to liberalize investment regulations, especially FDI, and undertake trade policy reforms. Investments are needed to develop physical infrastructure. The financial markets should be developed to mobilize and channel local savings through the promotion of credit and financial institutions. The issues that African countries should focus on, if they want to be successfully integrated into the multilateral system, are the introduction of innovative, realistic and simplified business laws, the

establishment of an efficient and reliable judiciary and a transparent and efficient public service.

A.2. Creating an enabling environment for small- and medium-sized enterprises (SMEs) and small- and medium-sized industries (SMIs)

13. By its very nature, the market liberalization and globalization process leads to the expansion of the private sector and the internationalization of large or small, commercial or industrial businesses throughout the world, including in Africa. Moreover, for many years now, everyone agrees that businesses are the linchpins of any economy. Indeed, they constitute the driving force for capital accumulation, growth, and development in general. Therefore, the environment that needs to be created in Africa is one that encourages business initiative and activities. Special incentives should be granted to industrial or commercial businesses, particularly those with export-oriented activities. In a nutshell, a coherent business development policy should be drawn up.

- **Training of entrepreneurs**

14. Such training should basically focus on small- and medium-sized commercial or industrial enterprises (SMEs), which make up the majority of enterprises. It is in Africa's interest to secure the means of training entrepreneurs. The desire to do business should be allied with a keen business sense and the ability to organize and manage. These are skills, which can be learned and improved upon through experience. Therefore, the training of entrepreneurs can be considered a very important element of a business development strategy.

- **Cooperation between enterprises/institutions**

15. SMEs are observed to be much more adaptable, flexible and innovative than large firms. Moreover, if SMEs are encouraged to work together within a framework of cooperation with other large or small enterprises, they could secure information, which would enable them to develop, for instance, as suppliers specializing in goods and services as well as to achieve economies of scale.

16. Any type of cooperation between enterprises should be encouraged and supported. There should be vertical cooperation with suppliers and clients,

and horizontal cooperation with other enterprises, including competitors. Relations between industries should also be promoted. Such expanded cooperation will obviously permit enterprises to make the right decisions. For instance, a firm may either decide to produce a given product itself or purchase it elsewhere. The experience of developed countries demonstrates that this type of cooperation plays a crucial role in innovation and cost reduction. Indeed, the interaction and communication between various actors/players (such as universities, research centres, laboratories, national or transnational enterprises, suppliers and consumers) with different capacities, contacts and experiences and complementary activities offers considerable scope for creativity, innovation and acquisition of knowledge. Governments should, therefore, encourage any type of cooperation between enterprises and institutions by providing assistance. For example, they may help to promote research and development (R&D) and market its end products, facilitate the transfer of technology, assist in the establishment of strategic alliances between national and international enterprises, and help in the drawing up of cooperation, subcontracting and partnership agreements with the participation of research centres and other relevant bodies.

- **Access to credit and capital**

17. Access to credit and capital is vital, especially for SMEs, because financial institutions tend to give preference to large enterprises over smaller ones that carry greater risks. Moreover, SMEs do not always have sufficient information regarding procedures for securing loans from formal sector financial institutions. In order to overcome this impediment, Asian countries introduced a successful scheme. They created credit institutions for SMEs whereby guarantees are given to lending commercial banks. In Africa, initiatives sponsored by the international community were introduced to assist enterprises. Thus, the International Finance Corporation (IFC), a World Bank affiliate, provides loans and contributes to the funding of SMEs. Many developed-country agencies have similar schemes under partnership agreements. There are also a number of "hidden" SME loans built into other projects. However, there is no accurate information as to what benefit SMEs have derived from such assistance. Therefore, African countries should endeavour, with the help of financial institutions, relevant international organizations and developed countries, to establish a well designed regional or subregional system to channel technical assistance and support services to develop SME capacities, including in the area of financing.

- **Access to support services**

18. There are support services that are not used or are underutilized by SMEs either because they are not familiar with such services or are unaware of them or because such services are unavailable on the market. Support services to which African enterprises do not always have access cover areas such as project implementation, product development, marketing, technical design, quality control, laboratory tests, finishing, packaging, promotion, accounting, insurance, banking operations, legal matters, after sales service, maintenance and hiring of equipment, data management, software and transport. Yet, such services are of vital importance in view of the increasingly sophisticated and binding standards applied by the world markets. If Africa is to participate in the WTO process, its enterprises will have to comply with such standards. While governments are not expected to provide these services, which fall under the purview of specialized corporations and enterprises, they could nevertheless encourage and foster the supply of services through fiscal incentives, financial aid, and the establishment of centres either to provide services or train service providers.

- **Structuring of informal-sector activities**

19. The enterprises that operate outside the official regulatory framework make a significant contribution to economic development. According to ILO estimates, 50 per cent of the active population is in the informal sector, which accounts for 20 per cent of the GDP in many African countries. This sector is flourishing because it is flexible and able to adjust to market conditions, allowing players to move in and out freely without restrictions. While it is a propitious sector for entrepreneurs, it often lacks infrastructure and support services because it is not officially recognized. It is also a sector whose activities are not covered by national accounts. It is difficult to quantify its contribution or even its adverse effects on the economy as a whole in order to be able to envisage appropriate measures. Therefore, it should be structured in order to subject the entire economy to the same rules of competition and identify those areas where informal-sector entrepreneurs could be assisted.

20. Measures to be taken in this regard could include establishing a realistic legal framework that could help to structure informal-sector enterprises and possibly lowering the cost of abiding by regulations and of support services. Informal sector entrepreneurs could also be officially encouraged to strengthen their ties with formal-sector markets and institutions so that they gradually regularize their activities. Furthermore, steps should be taken to reduce or remove restrictions on the granting of licences and quantitative

restrictions, the steep and highly differentiated tax rates, export taxes as well as bureaucratic inertia. Another spin-off of structuring informal sector activities would be the promotion of women entrepreneurs who make up a good number of the operators in this sector.

Diversification

21. It should perhaps be recalled that the issue of diversification is very important considering the following elements which are unique to Africa:

- limited number of export products;
- more than half of African countries derive 95 per cent of their export earnings from three commodities; sometimes such dependence could be 100 per cent on a single commodity in countries such as Libya (see the table in the box on the dependence of African countries on commodities);
- the steady decline in the share of primary commodities in world trade for the coming years; and
- the persistence of structural obstacles exacerbated by the lack of harmonized economic and trade policies and a technology gap.

22. Given the foregoing, diversification is a must for African countries. That is why everyone agrees on the need for commodity diversification in terms of products and markets, especially since commodity exports are stagnant and for the most part show no sign of recovering. However, such diversification should be seen as an activity to be built into the long-term development prospects of African countries.

23. While the processing of commodities is not a panacea, it could nevertheless play a key role in promoting the diversification of the economy as a whole. Indeed, the diversification of production and of commodity exports is the most efficient way of protecting economies from the effects of substantial fluctuations in commodity prices as well as the deterioration in the terms of trade.

24. Diversification should help to:

- reduce the heavy dependence of African economies on a limited number of commodities by spreading risks over a wider range of goods, which means promoting and developing non-traditional products; and

- expand the range of uses of commodities through processing, thus creating linkages between the primary sector (commodities) and the secondary sector (manufacturing) for the manufacture of intermediate and finished products, in order to promote endogenous industrialization to meet local consumption needs and increase the value-added of exports.

25. However, expanding the range of products or their use could be hampered by many unfavourable factors encountered by the African continent. Such factors include:

- the weak technical base of the African commodities sector in general, and of agriculture in particular;

- the considerable shortage of resource inflows to the commodity sector, which is literally being smothered by the lack of factors of production; and

- the lack of linkages between the primary (raw materials) and manufacturing sectors.

26. Despite all these difficulties, all the studies undertaken on Africa's development prospects agree that diversification is a huge challenge for African countries and that it must be an integral part of any economic recovery and growth strategy.

27. In the current economic context characterized by liberalization and globalization, the effective implementation of any production diversification programme or project definitely requires the establishment of an overall policy framework, which is well conceived and coherent. Such a policy should inspire confidence in entrepreneurs and investors, promote savings and make it easier to carry out structural adjustment. An institutional, legal and commercial framework that defines the market conditions for trade is also required. In this regard, the following specific measures may be considered to help to identify and tap opportunities for diversification.

28. First of all, any diversification policy requires huge investments. A sound macroeconomic policy and political stability are a must in order to attract investments in activities aimed at diversifying production and exports. African countries will, therefore, have to create an enabling environment that is attractive to local and foreign investors alike. While cuts in public spending have prevented African countries from investing in physical, institutional, scientific and basic technological infrastructure, solutions have to be found to these problems which not only hamper local and foreign enterprises but also the inflow of FDI.

29. Since FDI not only provides the necessary capital but especially technology and access to new markets, African countries should focus on physical infrastructure development, which is recognized as key to the success of policies aimed at transforming the African economies.

30. Similarly, measures should be taken to strengthen Africa's technical and technological capacities. Although African countries already have scientific and technological policies and institutions, most of them are inappropriate and do not meet the requirements in terms of market liberalization and globalization. Scientific and technological policies should not always be exclusively focussed on the activities of scientific research centres because technical or technological innovation is not always the outcome of scientific research. Technological innovation may be brought about by a gradual improvement in technical performances, better product design or simply learning about production processes. As a result, in addition to research centres, there is a vast network of agents that have a direct or indirect impact on technological innovation. Accordingly, any measures aimed at developing technologies and bringing about technological innovations should be able to stress the factors and guidelines that have an impact on the acquisition of technology and its dissemination. Therefore, it would be vital to establish a system that creates and facilitates close links among the different players involved in the acquisition and dissemination of technology. The interaction between all these players, be they researchers, scientists, national enterprises and foreign actors, including foreign investors, could help to bolster Africa's technological capacity, a sine qua non for the success of diversification.

31. Human capacities should be developed through appropriate reforms in educational, research and training programmes. Institutional capacities should also be supported through the strengthening of research and trade centres. In this connection, Africa could learn from the experience of Southeast Asian countries where governments have given sustained attention to the provision

of education at all levels and to training. Both private and public investments were channeled towards the creation of technical institutes and vocational schools. Through a system of tax breaks and levies, local enterprises were encouraged to provide in-house training. This Asian example shows that learning opportunities for local producers must be enhanced for sustainable development in general and successful diversification in particular.

32. Diversification also needs reliable and stable sources of financing. Because of the shortcomings of the credit system and other deficiencies of the financial markets, the creation of a mechanism that could guarantee funds to ensure the success of diversification activities is a must. Examples in this regard are countries that have set up national diversification funds financed through taxes levied on the exports of major commodities. Another example was that of the international producers/consumers fund created under one of the early coffee agreements and financed by export and/or import levies. As in these two examples, African countries could set up one or several similar mechanisms with the sole objective of financing diversification. Africa could even envisage a regional programme with subregional components and national-level applications. While export taxes can affect the competitiveness of particular products, more suitable arrangements should be worked out. Multilateral financial institutions and the international community could contribute to the establishment and financing of such a regional fund in order to give Africa an institutional framework that enables its member states to pursue an active diversification strategy.

33. Furthermore, as noted in paragraphs 13 to 19, the private sector should be supported. Specifically, it should be encouraged to seek new market opportunities. The success of diversification seems to depend on the opportunities given to commodity producers and exports to enable them to identify and tap diversification prospects, namely, market opportunities where they could have a comparative advantage. Because of their limited resources and no matter how efficient they are, enterprises lack the necessary know how to take advantage of new trade opportunities/market outlets. In Africa, this situation is aggravated by problems of infrastructure and institutional support. That is why it is vital to have sound trade information on production, markets, and trends in demand as well as production, processing and marketing techniques. In this connection, continent-wide cooperation with respect to access to information could be envisaged to help commodity producers and exporters take advantage of new trade opportunities in the area of traditional commodities while enabling them to produce and export non-traditional products.

34. A more active commitment to research and development could also promote diversification. For example, producers of agricultural commodities are often reluctant to replace a familiar crop by a new one. This holds true for all entrepreneurs. Since innovation involves risks, some people would naturally be reluctant to embark upon it unless they can predict its outcome. Innovation should be promoted, among other things, through the development of research coupled with the provision of infrastructure and outreach services as well as the establishment of a regulatory framework that allows sound access to credit and the provision of inputs.

35. Finally, African countries should pursue diversification by taking into account the subregional and regional dimension in order to avoid situations of excess supply and to promote integrated subregional cooperation projects in the area of diversification. In this connection, a good illustration of the importance of the regional dimension is TECHNONET Asia, launched in the early 1970s by 12 Asian and Pacific countries. TECHNONET Asia, which is financed by international and bilateral donors, is the fruit of various SME development projects and is basically made up of agencies providing support to SMEs. Its programmes cover four broad sectors: disseminating industrial information; providing industrial outreach services, facilitating the transfer or pooling of technology and promoting local enterprises and entrepreneurs. Because of its multidimensional approach, this Asian initiative has definitely contributed to the much-talked about Asian miracle and has enhanced SME access to information, technology, financial resources, knowledge and technical skills.

C. Competitiveness

36. In the face of globalization and liberalization, competitiveness, which until recently seemed to concern only the industrialized countries locked in constant trade battles, is increasingly becoming a necessity for Africa, if not a goal. The combined effect of globalization and liberalization puts African countries in a situation where, more than ever before, they have to consider themselves as players in international trade. This fact forces them to increasingly think in terms of competitiveness and to strengthen and improve their competitiveness on subregional as well as international markets.

37. The problem of competitiveness arises as soon as local products face competition from foreign products on the domestic or export markets. Refusing to reckon with competition would be tantamount to living in

autarchy, which is unthinkable in the new world economy, governed by the rules of the Uruguay Round Agreements.

38. Nearly all sub-Saharan African countries are currently experiencing problems of competitiveness; this is the reason why their share of international trade has been gradually eroded over the past 30 years. Therefore, they run the risk of being excluded from full participation in the international trading system and thus suffering all the adverse consequences of further marginalization. In order to carve places for themselves in the world production system, African countries should undertake considerable adjustment efforts involving transition costs that will be particularly high for some of them, in order to develop efficient production and marketing systems that back up Africa's competitiveness in the world economy.

39. As emphasized at length in the preceding paragraphs, African enterprises are facing a number of obstacles, sometimes beyond their control, that prevent them from fully participating in and taking advantage of the liberalization and globalization process. As a result of operating for such a long time in small local markets yielding small profit margins, African enterprises have not been able to renew their plants at the same pace as their competitors from other countries that acquired adequate means. Another obstacle lies in the difficulty they have in closely following, let alone anticipating, changes in demand on major international markets. It should also be noted that African production is generally not flexible. Even if it were, problems in terms of infrastructure would hamper any activity intended to closely respond to demand patterns/trends, particularly in the food and textile sectors.

40. There is a tendency to overlook the fact that the competitiveness of African enterprises is also hampered by the rules of international trade which, upon close scrutiny, seem highly unlikely to facilitate any breakthroughs by African countries in international competition, which is a long distance race. Moreover, while African countries have been further weakened by their inability to influence the pace and directions of strategies and overall policies, they have also become more vulnerable to the economic policy decisions taken by the major developed countries.

41. In view of the foregoing, a long-term approach should be taken to efforts to bring about greater competitiveness. To be able to meet someday the challenges of international competitiveness and have the tools to win, African enterprises need to adequately address such areas as a steady training tailored

to their requirements and to those of the economy and have a thorough knowledge of their environment and operations.

42. In this regard, suggestions could be made in the following priority areas to improve the competitiveness of African enterprises. First, it should be recalled that competitiveness in Africa requires a profound change in the role of the state and in its relations with enterprises. The comparison between the role that the state plays in some Southeast Asian countries and the role that it currently plays in Africa leads to recommending options which would enable African governments to ally themselves with African enterprises in their drive to achieve competitiveness. In Asia, governments gave vigorous backing to enterprises. For example, questionnaires were used in China to accurately determine the needs of enterprises in order to assist them and make them competitive. According to P. Judet, author of the book "Dynamismes industriels asiatiques: quels enseignements pour l'Afrique?", industrial policies in Asian countries consisted not only in selecting sectors that were "winners" but, in some cases, creating conditions for given sectors to become winners through careful selection of and assistance to businesses responsible for implementing priority projects.

43. Technological innovation and training policy are key to improving the competitiveness of African enterprises. Indeed, the productivity of enterprises basically depends on their technological base and the availability of know-how or skilled labour. Therefore, any policy designed to improve Africa's competitiveness should emphasize technology transfer and human resources development.

44. Intermediate costs (financial, commercial, transport, transit and so on) are much higher in Africa than in comparable Asian countries because of the bad infrastructure and lack of skills. Therefore, building sound infrastructure for example makes it possible to reduce freight and shipping costs. Similarly, any investment in human resources leads, in the medium and long terms, to considerable cost reductions. Hence, despite the cuts in public spending mentioned in paragraph 28, the key to improving Africa's competitiveness lies in putting greater emphasis on the development of physical infrastructure and human resources. It should moreover be noted that good infrastructure and qualified skilled manpower are absolutely essential if Africa is to improve its ability to attract local and foreign private investments.

45. However, the development of economic, technical and human capacities alone is not sufficient. It should be accompanied and backed by the sound

macroeconomic and microeconomic management mentioned in paragraphs 11 and 12, in order to strengthen Africa's competitiveness.

46. There are many well-known examples of state-backed strategies that enabled Third World countries to secure dominant positions on the international market. Indonesian plywood is a good example. In 1977, Indonesian plywood exports were 18 000 cubic meters, well below those of Cote d'Ivoire. But by 1986, they were totaling 4.7 million cubic meters as compared to 30 000 cubic meters for Cote d'Ivoire.

47. The competitiveness of the plywood industry in Indonesia, which has become a leading world exporter, is definitely beyond any doubt. Behind this spectacular success story can be found such comparative advantages as the density of timber that can be processed in the forests and their proximity to the ports, a proactive state policy banning the export of unprocessed timber, incentives instituted for exports to non-traditional markets and the organization of the wood-exporting industry.

48. The market share, which shows a firm's ability not only to produce at lower costs but also to produce more and possibly better products, is the best indicator of competitiveness. It is, therefore, crucial to adopt action-oriented strategies for the three components of competitiveness, namely: the cost price, which is derived from the cost structure and factor costs; the volume, which reflects production capacity; and quality, which reflects the characteristics of the product and how it is marketed. It should be noted that competitiveness could also be enhanced through well-organized marketing networks and an improved national and international environment.

49. Competitiveness in terms of volume seems to stand out as the most important of all the factors that influence a product's competitiveness in one way or the other. Positions on international markets may be secured and maintained through considerable volumes of sales. In this regard, having the capacity to produce large quantities becomes crucial. In order to do so, it is important for African countries to have appropriate technological infrastructure, especially since the drastic quality standards the Northern countries apply to imports can be attained only with increasingly sophisticated equipment operated by well trained staff who are conversant with modern business management techniques.

50. Africa's competitiveness also depends on competition policies, which are nothing new in themselves. Given the current circumstances however, competition policies have assumed new proportions for the stability of the

international economic system and for spreading the benefits of world trade expansion. The increasing globalization of economic activities and the role of transnational corporations therein have brought to center stage the issue of the rules of international trade. In the context of the Uruguay Round Agreements, it is imperative that the international principles and rules agreed upon for monitoring restrictive business practices be applied equitably.

51. African countries should explore all the other measures that could offset the adverse effects of the Uruguay Round Agreements on their economies. For example, the Lome Convention allows for amendment of any provisions relating to the global liberalization of trade, should they result in the loss of competitiveness of ACP products on the European Union market. In such cases, the contracting parties of the Lome Convention may conclude specific and suitable arrangements that would safeguard the interests of the ACP States concerned. However, it should be borne in mind that such measures could only be ad-hoc and short-term in nature. Africa can no longer hope to derive any other advantages from the Lome Convention. From the signing of the first Lome Convention in 1975 until the current Convention (the fourth one), which lapses in the year 2,000, the results in between have not been conclusive enough to generate new hope. With the new deal emerging from the Uruguay Round, African countries should seriously look into the rules that will govern international trade in future in order to make the appropriate policy and economic choices.

IV. Conclusion

52. Liberalization and globalization are shaping a new system of international economic relations that is increasingly dominated by changing patterns of investment, production and trade, the global reach of financing and the pivotal role of technology. African countries should endeavour to strengthen the competitiveness of their firms by adopting coherent, well-designed and stable macroeconomic policies and by taking measures to promote the development of physical infrastructure and business enterprises which should be encouraged to modernize their activities, use new techniques and improve the quality and design of products in order to give them greater value-added. They should also have easy access to information on production and markets, investments and commercial credits, technology, a well-trained labour force and marketing networks. In this connection, the creation of an environment that is propitious to the blossoming of a dynamic private sector and access to the state-of-the-art technology will play a vital role in the integration of Africa into the multilateral trading system.

Extent to which African countries depend on primary commodities for their export earnings (in %)

COUNTRY	Single Commodity	Two Commodities	Three Commodities
Algeria	72	98	98
Angola	83	87	99
Benin	35	63	84
Botswana	78	87	95
Burkina Faso	48	63	75
Burundi	87	91	92
Cameroon	38	61	81
Cap Verde	65	81	97
Central African Republic	33	64	87
Chad	29	87	96
Comoros	56	86	87
Congo	91	96	99
Democratic Republic of Congo (former Zaire)	58	77	95
Côte d'Ivoire	35	58	69
Egypt	61	81	85
Equatorial Guinea	54	95	100
Ethiopia	66	88	96
Gabon	82	88	96
Ghana	59	83	91
Guinea	-	91	99
Guinea Bissau	29	53	66
Kenya	30	54	75

COUNTRY	Single Commodity	Two Commodities	Three Commodities
Liberia	64	81	88
Libya	100	-	-
Madagascar	39	56	69
Malawi	55	75	84
Mali	57	96	98
Mauritius	65	67	70
Mauritania	45	87	98
Morocco	23	33	42
Mozambique	27	43	52
Niger	85	97	98
Nigeria	96	99	99
Rwanda	73	85	97
Sao Tome-and-Principe	61	70	-
Senegal	32	52	62
Seychelles	69	80	86
Sierra Leone	32	49	62
Somalia	76	86	96
Sudan	42	56	68
Swaziland	39	52	54
Tanzania	40	53	61
Togo	47	60	72
Tunisia	41	45	47
Uganda	95	97	98
Zambia	98	99	99
Zimbabwe	20	27	31

Source: Table prepared on the basis of figures drawn from: "Africa's Commodity Problems: Towards a Solution", United Nations, 1990; and "Commodity Yearbook", UNCTAD, 1995.

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