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**PROGRESS REPORT ON
THE IMPLEMENTATION OF THE STRATEGIES FOR REVITALIZATION,
RECOVERY AND GROWTH OF AFRICA'S TRADE IN THE 1990S AND BEYOND**

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I. INTRODUCTION

1. This report has been prepared pursuant to para. 54 of the Strategies doc. E/ECA/TRADE/89/25/Rev.5 which inter alia urges the Executive Secretary of ECA, in collaboration with other relevant international organizations and the standing committees established under para 46, 47 and 49 ^{1/} to submit a progress report to all future regular meetings of the Conference of African Ministers of Trade on the implementation of the Strategies. Of special significance was the reaffirmation by the African Ministers of Trade in subsequent Eleventh Session of the Conference, of their earlier recommendation that ECA play a focal role in coordinating the implementation of these strategies. Also, to continuously sensitize member States on the relevancy of the strategies, assess, review and report on the follow-up activities.

II. BACKGROUND

2. The Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and Beyond were adopted by an extraordinary session of the Conference of African Ministers of Trade in December 1990, pursuant to its decision of November 1989 to defer finalizing the draft in order to allow member States time to consult as widely as possible on related activities.

3. The adoption of the Strategies was subsequent to the realization that Africa's trade sector was increasingly becoming marginalized and there was urgent need to systematically redress the unfortunate situation. Like all previously adopted strategies from the Lagos Plan of Action, and the Final Act of Lagos, through the Africa's Priority Programme for Economic Recovery, 1986-1990 (APPER), the United Nations Programme of Action for Economic Recovery and Development (UNPAERD), the Strategies aim at improving the livelihood of people of Africa by restructuring and expanding Africa's trade. More important of strategies is their operational nature. They provide a framework for making trade an engine of growth and development in Africa. The Strategies are mutually reinforcing the United Nations General Assembly resolution S-18/3 of May 1990 on international economic cooperation which stresses the revitalization of

^{1/} See Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and Beyond (E/ECA/TRADE/89/25/Rev.5 p. 30).

economic growth and development in developing countries, and the recent impetus to implement the Treaty establishing the African Economic Community.

4. In the period leading to the adoption of the Strategies, Africa experienced increasing uncertainty regarding the conditions under which international trade was taking place. The dark shadow created by the war in the Gulf region not only dampened prospects for growth and development in the African region, but actually threatened the very survival of the African nations.

5. This, coupled with other unfolding trends in the international arena, in particular the East-West reapproachment, emerging global realignment of trading blocs, and more important the Single European market were cause for concern to Africa's future trade relations. The entry into force in January 1993 of the single market for goods and services within the European Communities, bringing the international community closer to the point at which a decision could be taken to no longer count intra-EC trade as part of world trade, and treat the EC as a single trading entity serves as great threat to African members of ACP. Associated with this was the likely loss of market access in the EEC for African countries, members of ACP. The uncertainty that surrounded most of these evolving world economic and trade relations, the thawing of East-West relations, the inconclusiveness of the Uruguay Round of Multilateral trade Negotiations and associated changes they impose on Lome IV, cast a shadow of concern to Africa's international trade outlook. Whether African products would continue to find markets and/or lose their preferential treatment have become daunting issues.

6. A critical element was intra-African trade, which declined from an average of about 6 percent in the 1970s to about 4.5 percent in the 1980s. At the international level, Africa's share in the world merchandised trade has declined from about 4 percent to less than 2 percent during the same period. The developing African countries were facing unprecedented developmental problems. In many countries, development processes have collapsed. Commodity prices fell to their lowest levels, further worsening the widespread debt crisis. Real interest rates were extraordinarily steep, while resource flows had been reduced. Many countries suffered net outflows. Societies and political systems were under acute strain. The policies of the major market oriented economies continued to compound this grim situation. Many African countries

faced natural calamities of unprecedented magnitudes including prolonged droughts, desertification, political strives and in some cases, outright civil wars. These aggravated the suffering of the African people.

7. There was urgent need to systematically address the situation. The Strategies aimed at galvanizing the African member States to address trade related problems in pursuance to the earlier regional strategies. The Strategies, therefore, provide a framework for operationalizing trade related measures in all these regional strategies that call for restructuring and expanding Africa's trade. ²⁴ This is the reason why the Strategies aim at effective and collaborative efforts from various sectors of the national economies. ²⁵

8. It was against this background of global transformation, and conscious of the consequences the European integration would have on Africa's position in the EEC markets, African Ministers of Trade adopted the Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and Beyond, and declared the 1990s the "Trade Development Decade for Africa". The approach aimed at strengthening regional capacity in dealing with Africa's participation in international trade and enhancing both domestic and intra-African trade.

9. Particular relevance to the implementation of the Strategies is technical assistance activities that underpin measures directed at helping member States fulfil their commitments under the Strategies. In this vein, the Secretariat recognized the need to take fully into account the priorities and orientations of the Strategies in its on-going-work programmes. This progress report therefore contains account of the on-going and planned Secretariat activities that have direct bearing on the facilitation of the implementation of the Strategies.

²⁴ See also the Lagos Plan of Action and the Final Act of Lagos; Africa's Priority Programme for Economic Recovery (APPER); the United Nations Programme for African Economic Recovery and Development (UN-PAAERD) and the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAF-SAP).

²⁵ op. cit, p. 27

III. IMPLEMENTATION OF THE STRATEGIES

(a) Prospects for Implementing the Strategies

10. As important as the Strategy themselves, is the ability to put into practical terms programmes and projects for achieving targeted goals. Successful implementation of the Strategies therefore requires conducive environmental prerequisites. It is against this scenario, that a short review of the African situation since the adoption of the Strategies is essential.

11. From the available indications most of the problems that led to the adoption of Strategies continue today. It should be observed that as Africa entered the 1990s the challenges were basically the same as in the preceding decade. In spite of the continuing economic restructuring and adjustment efforts, the regional economy managed only to sustain the fragile recovery that began in 1989. It is yet to recoup any of the dramatic losses sustained in socio-economic welfare during the last "lost decade". Similarly, it has yet to acquire the capacity for durable growth that could enable the region to consolidate the recovery process. Per capita income growth rates have remained negative as population pressure continues unabated, resulting in a situation where an average African remains poorer for the successive years. Per capita incomes to-day are well below the 1970 levels; on current trends, it would take 70 years to double them. ^{4/}

12. The Strategies were adopted with implementation, monitoring and follow-up mechanisms which focus on activities to be undertaken at national, subregional, regional and international levels. In all probabilities, however, the implementation has been made difficult and probably unattainable due to the economic situation prevailing in Africa. The contemporary developments in many African countries to-day are typified by the seething unrest and worsened economic situation. This is not conducive for laying foundation for the implementation of the Strategies. The performance of African economies has been very poor. Even under an optimistic scenario, the prospects for the implementation of the Strategies are rather bleak. The economic situation of many countries today is worse in comparison to the period when the Strategies were adopted. Country presentations on their national experiences are welcome and would be greatly

^{4/} Trade and Development Report, United Nations N.Y. 1993, P V.

appreciated. It is encumbered upon governments to designate experts from public institutions, non-governmental organizations, the business or academic communities, to present their findings.

(b) Contribution by the Secretariat

13. Specific objectives of the Secretariat work programme on trade issues are targeted to assisting African member States to realize the objectives of the Strategies i.e., self-reliant and self sustaining development through many others, trade. Pursuant to the Strategies, key components of achieving the objectives are in three levels: at national, subregional and international levels. The Strategies aim at putting in place holistic human resource development policies. They propose dealing with the question of human resource utilization in a holistic manner. Accordingly, considerable focus is given to the issues of women in trade. The failure to pursue long-term development goals has probably had the most devastating negative impact partly because the role of women not only in trade but throughout the economic sphere has been ignored. With regard to the mobilization of human resources, it is proposed that full recognition and support be given to the role of women in trade and provision of investment to small-scale agro-industries where women are more active, with a view to satisfying basic needs at national levels. In this regard, the Secretariat has undertaken studies that shed light on the situation of women in trade. Due to resource constraints, studies at country level have been limited; nevertheless, the issue will continue to be of importance in every fora. What is of paramount importance is to increase policy makers awareness of the burden that women face in their trading activities.

14. Targeted studies to problems in domestic, intra-African and international trade are undertaken. The findings of these studies have and/or will be disseminated to member States through workshops, seminars while others are the focus of discussion in the Conference of Ministers of Trade.

15. At the national level, studies are geared towards improving and promoting domestic trade which continues to be characterized by serious shortages of basic food stuffs as a result of poor marketing policies. Studies on promoting domestic trade aim in particular at re-orienting Africa's production towards domestic demand, increasing productivity; and providing rural

population with sufficient, adequate and constant supply of quality food and services. Studies on improving women's situation in trade are also carried out. The information regarding Secretariat contribution at the national level is contained in the following documents: Enhancing Domestic Trade; Traditional trade Financing Mechanisms, their Structures, Role, Functions and Possible Linkages with the Modern Financial Sector; Facilitating Development of Rural trade through Provision of Services, Trade Financing and Rural Credit; Enhancing the Role of Women in Domestic Trade; The Situation of Women in Trade in Both the Formal and Informal Sectors: The Case of Malawi; Integration of Women in the Modern Trade Sector in Mauritania;

16. At the subregional level, the objective of the secretariat has been targeted to assisting African member States develop and expand intra-African trade as an important component for attainment of the Abuja Treaty objectives. The major thrust is to reduce and eliminate tariff and non-tariff barriers to regional and intra-community trade.

17. The achievement of increased intra-African trade has become a top priority within the envisaged treaty establishing the African Economic community. To provide an evaluation of the preparedness of economic integration groupings, the review was undertaken by ECA Secretariat of progress so far made in trade facilitation and liberalization within the two subregional groupings PTA and ECOWAS; conscious of the fact that such structures form nucleus and/or pillars for establishment of the common market. The findings revealed that economic cooperation and integration groupings that Africa so painstakingly established suffered considerable strain in trying to promote the objectives. Most of them experienced serious setbacks including systematic decline in intra-grouping trade, slow-down or reversal in trade liberalization process, acute financial difficulties which inhibited the functioning of the secretariats, thus delaying implementation of economic co-operation programmes. Drastic decline in the value of transactions channelled through the multilateral clearing and payment arrangements, in some cases resulted in suspension of operations. A considerable effort has been devoted to the revitalization of intra-grouping trade and creation of mechanisms to facilitate and increase access to international sources of funding. Duplications have been discovered which necessitated rationalization of the activities of these institutions. Recommendations made within the PTA, SADCC and SACU to do so.

18. The United Nations Economic Commission for Africa even before the adoption of the Strategies had over the years championed the need for integration of Africa not only to increase intra-African trade but specifically to create economies of scale. The Secretariat continues to respond in various ways to this requirement.

19. To a considerable extent, the impact of rules of origin to intra-African trade are becoming more apparent as Africa moves towards closer economic integration. The respective treaties establishing the economic groupings in the relevant protocols committed member States to accord preferential treatment to goods originating from within. Many of these protocols define practical modalities relating to definition and application of rules of origin and progressive suppression and eventually elimination of tariff and non-tariff barriers within each subregion.

20. To assist member States to fully understand the bottlenecks that hinder the application of rules of origin and elimination of non-tariff barriers in intra-African trade, the ECA Secretariat inscribed in its work programme, preparation of a manual on the application of rules of origin and elimination of customs barriers. The manual is to serve as a guide to policy makers as well as trade operators. It should have positive impact on facilitating the goals of intra-African trade and attainment of the objectives of the African Economic community.

21. The objective was to take stock of the existing provisions of different protocols relating to the application of rules of origin and elimination of tariff and non-tariff barriers to intra-African Trade for each subregional grouping. Furthermore, the aim was to highlight the main problems encountered in the implementation of this provision, assess existing compensatory mechanisms and effects on elimination of tariff barriers; suggest improvements to the mechanism proposed in the protocol for the application of rules of origin; formulate cooperative measures in the field to be adopted by member States within the continental level with a view to:

- (a) harmonizing preferential treatment for products originating from African countries;
- (b) enhancing customs cooperation in controlling the origin of African products in simplifying customs procedures relating to this product;

(c) improve ways and means of harmonizing rules of origin and the application within the subregional groupings.

However due to financial constraint, the secretariat was unable to fund field missions to the headquarters of existing subregional groupings in order to hold consultation on the subject with respective officials and to collect relevant data for analysis and use in the manual.

22. Meanwhile, at the regional level, studies have been conducted within the regular work programme of ECA focusing on some of the provisions in the Strategies. These studies are designed to assist member States in adapting their trade Strategies to the challenges of changing global trade relationships and are presented for consideration to the Conference.

23. Joint Secretariats of OAU, ECA and ADB, in cooperation with other institutions including ITC, and UNCTAD, have undertaken activities in the areas of research studies, meetings and workshops aimed at promoting and expansion of intra-African trade. Principal among those was the commissioning of an Expert Group that reviewed the role of the ADB with respect to the implementation of the African Economic Community Treaty.

24. The Strategies have emphasized the importance of trade information as one of the requirements for the promotion of intra-African trade. It was underscored that "more specifically, information should be provided to African traders for the supply of goods and services offered by or originating from other African countries".² In order to realize this directive, the Secretariat continued to publish its periodicals, namely: The African Trade Bulletin and FLASH on Trade Opportunities.

25. The FLASH on Trade Opportunities is issued half-yearly to assist the African business community and economic operators in their trade information requirements. The periodical contains information on offers and demands, enabling exchanges and development of intra-

² op. cit, p. 13

African Trade. Its Mail Box section has become more popular in recent years and the African business community are making use of it. African trade promotion institutions such as the Kenya External Trade Authority (KETA) have played a major role, in making the business community in their respective countries aware of the FLASH on Trade Opportunities.

26. In addition to the above regularly issued trade information periodicals, the Secretariat occasionally publishes directories such as the Directory of African Chambers of Commerce, Industry, Agriculture and Mines of ECA member Countries. The last one which was published in June 1993 has even been expanded to include information on the addresses of Foreign Trade Ministries, other Foreign Trade Bodies as well as addresses of Regional and Sub-Regional Organizations. The Secretariat, acting as an interim Secretariat for the Federation of African Chambers of Commerce, has collaborated with the International Business Center (IBC), a private company in Abidjan, Cote D'Ivoire, to produce the first volume of the African Trade Directory covering the West African Subregion. Subsequent volumes will cover other regions.

27. Within trade promotion objectives, All-African Trade Fairs have remained the most efficient trade information mechanism in Africa. The Sixth All-Africa Trade Fair was held in Bulawayo, Zimbabwe in 1992. ECA together with ADB, OAU, ITC and UNCTAD participated and contributed to the success of the fair.

28. All-Africa Trade Fairs, have now been institutionalized by OAU Council of Ministers, resolution CM/Res. 127(IX), endorsed under the Treaty article 42(ii) as instruments of Community trade promotion. They serve not only as forums for exchange of relevant information and up-to-date market information but also as a means of promoting intra-African trade.

29. At the international level, specific concern has been the coming into effect of the historic evolution in the globalization of world trade. The entry into force of the single European Market, the emergence of regional trade blocs, discriminatory terms of trade, and possible erosion of preferential treatment under the most favoured nations (mfn) and general system of preferences (gsp) and those granted under ACP/EEC Lome Convention, underline the urgent need to assess the implications of such changes on Africa's external trade relations. At the same

time, the collapse of prices of commodities of interest to Africa and in particular events in the international markets affecting coffee and the outcome of the Kampala Ministerial Conference of Coffee exporting countries, explain the precarious nature of the African export sector.

30. Research and analysis have been carried out to alert member States of the impending problems of commodity competitiveness in the traditional markets against the background of the new relations with the implementation of the Single European Market. Also successful conclusion of Uruguay Round and serious advancement of technology are analysed reflecting the implications they are likely to have on the composition of Africa's natural products. To illustrate the coffee problem, a case study on Uganda has been prepared. Commodity Price Stabilization problems have also been analysed. In the meantime, the Secretariat is currently undertaking studies on possibilities of creating export processing zones and free trade ports with a view to enhancing trade in semi-manufactured products. This supplements the earlier study on trade promotion in semi-processed products.

IV. FOLLOW-UP ACTION

31. At the national levels, the Strategies mandated the establishment of an Inter-disciplinary Committee on trade responsible for the implementation. The Committee, is to be constituted of members from ministries of trade, agriculture, industry, planning, finance, transport and communications, human resources development as well as the representatives of the national state trading organizations and chambers of commerce. This responsibility rests with the national governments.

32. At the Subregional and regional levels the Strategies call for the establishment of a High level Inter-Secretariat Committee made up of the Executive Heads of subregional intergovernmental organizations concerned with trade and women's organizations, such as the Africa Regional Coordination committee for the Integration of Women in Development (ARCC) charged with the responsibility of monitoring the implementation of the Strategies at this level.

33. At the international level a Standing Committee on Trade has been constituted by the current and the outgoing bureaux of the Conference of African Ministers of Trade (Cameroon,

Ethiopia, Malawi, the Gambia, the Sudan, Togo and Zimbabwe). This Committee is responsible for monitoring the implementation of all internationally agreed programmes and measures in international trade. It is to be assisted by ECA, OAU, ADB, UNCTAD and ITC as well as regional and subregional organizations.

34. The ECA initiated contact with the Chairman of the outgoing bureaux (of the Conference of African Ministers of trade), the then Minister of Foreign Trade of Ethiopia to send letters to set up the Standing Committee on Trade. The first meeting of this Committee was held in Addis Ababa on 17 April 1991 ^u, chaired by the Ethiopian Minister of Trade. So far it has not been possible for the committee to amplify the mandate outlined including inter alia:

- (a) elaborate on the mandate and the terms of reference of the Standing Committee on Trade;
- (b) draw up draft rules of procedure for the Committee;
- (c) provide guidance on possible sources of financing of the activities of the Committee; and
- (d) draw up a draft work programme for the Committee.

35. Within the mandate of the Secretariat in its 1994/95 program, efforts should be made to identify and mobilize resources for technical assistance to the Committees and sensitization of the Strategies.

^u ECA Report of the First Meeting of the Standing Committee on Trade
E/ECA/TRADE/91/13, 25 April 1991.

V. CONCLUSIONS

36. Projections show that unless world economic situation improves, the Strategies may meet the fate of all other African strategies. At the national levels, Inter-disciplinary Committees on trade constituted by ministers of trade, agriculture, industry, planning, finance, transport and communications and human resources development, as well as representatives of STO and Chambers of Commerce would only be in a position to organize and implement the Strategies if the economic base is stable. Prospects for the implementation of the Strategies will continue to be minimal due to various catastrophes such as current civil wars and/or strifes and climatic disasters. Even efforts made by the international community are increasingly becoming restrained by the prevailing situation world-wide and in particular in the African continent. The critical task facing the African Conference of Ministers of trade is to adopt concrete measures for translating commitments made in both the Lagos Plan of Action and the Strategies for Revitalization Recovery and Growth of Africa into reality with a view to promoting self-reliance through trade.