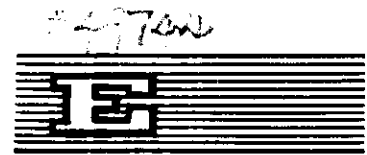




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Sixth Session of UNCTAD

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(x) AFRICA: ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES (ECDC)

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I. Backdrop to the issues

1. The background to the adoption of resolutions 127(V) somehow explains many of the events in its aftermath. The issue of ECDC appeared as a separate and distinct item 13 of the agenda.
2. The Arusha Programme for Collective Self-Reliance,^{1/} containing a First Short Medium-Term Action Plan for Global Priorities on Economic Co-operation among Developing Countries was the basic document to the adoption of resolution 127(V) on Economic Co-operation among Developing Countries (ECDC) at the 5th session of the United Nations Conference on Trade and Development (UNCTAD) ^{2/}.
3. Developments on the international economic scene before and during the fifth session of UNCTAD served to underline the serious structural world economic imbalance, especially its ominous implications on the economies of most developing countries. The search for alternative and supplementary ways to economic development by developing countries is what gives ECDC some added importance. Structural changes in relations among developing countries themselves are therefore needed if they are not to be exclusively confined to the traditional North-South patterns.
4. Concern expressed with regard to economic co-operation among developing countries takes into account the crucial role which it is expected to play in the reactivation of the world economy. It is not thought to be a substitute for, or as an alternative to, the North-South traditional co-operation which has been the mainstay of international economic relations. Rather, it is viewed in the widest sense as a viable instrument in the many efforts aimed at achieving a certain measure of radical reorientation of economic relations within the framework of a new international economic order.
5. Economic co-operation among developing countries in all likelihood will continue to be built on bilateral and multilateral arrangements embracing subregional, regional and interregional activities. To a very large extent, ECDC and expected support measures envisage covering a much wider spectrum. Perhaps the most widely recognized measures for which ways and means are being sought have to cope with (a) global approaches, (b) programmes on economic co-operation among

1/ TD/236 Arusha Programme for Collective Self-Reliance and Framework for Negotiations.

2/ UNCTAD resolution 127(V) Economic Co-operation among Developing Countries.

developing countries, (c) trade expansion and establishing a global system of trade preferences (d) co-operation among State trading organizations (e) multinational marketing enterprises (f) strengthening of subregional, regional and interregional economic groupings of developing countries (g) monetary and financial co-operation (h) multinational production enterprises (i) co-operation in the transfer and development of technology (j) dovetailing development of the least developed among the developing countries along side the land-locked and island developing countries (k) co-operation in insurance (l) measures of support by developed countries and by the United Nations system respectively.

II. Africa's economic relations with other developing countries

6. Trade and other economic relations between developing Africa with the developing countries in other developing regions are relatively recent. They are characteristically narrowly confined by destination, sectors and activities, especially when compared to what obtains in the case of relations with developed countries.

7. In addition to promotion of some joint industrial ventures and use of human resources from within the Third World, the main areas of initial co-operation have remained those of trade exchanges for a limited number of goods and less for services. The size and volume of Africa's exports to and imports from other developing economies between 1974 and 1979 as per table below was approximately one-eighth that which obtains in trade between Africa and the developed market economy countries.

		(US\$ million)					
		1974	1975	1976	1977	1978	1979
Exports	Developed countries	31,395	26,602	33,405	38,752	34,786	55,929
	Developing countries	4,164	5,337	5,729	6,364	4,980	7,553
Imports	Developed countries	20,485	29,091	30,642	37,232	46,173	48,171
	Developing countries	4,285	5,193	5,267	5,428	6,874	7,409

Source: ECA Statistics Division, 1981.

8. Africa's rather weak performance vis-a-vis the other developing countries is illustrated by the fact that while its exports were mainly made up of primary raw materials of agriculture and minerals such as crude petroleum products, its imports included not only a large proportion of primary and food products, but also a fair proportion of semi-processed agricultural products and semi-finished and manufactured durable industrial products.

III. Status of implementation

9. Implementation of UNCTAD resolution 127(V), especially operative paragraph 11^{3/} in the period under review by both the United Nations Economic Commission for Africa (ECA) and the Organization of African Unity (OAU), was also pursuant to the Lagos Plan of Action (LPA) as adopted by the African Heads of State and Government at the 2nd OAU Extraordinary Session devoted to Africa's economic problems. The plan called upon the two African secretariats (OAU and ECA) to take appropriate measures to assist the African region in diversifying its geographical and structural trade patterns on lines similar to the ones also outlined in resolution 127(V).

10. At the African level, a number of developments have since taken place both subregionally and regionally which are bound to be of considerable importance for the promotion of interregional and global economic co-operation among developing countries. They include among others the establishment of new integration and co-operation groupings such as the Preferential Trade Area (PTA) of the Eastern and Southern African States (ESA); the West African Clearing House (WACH); the start of negotiations for the establishment of an Economic Community of Central African States (ECCAS) laid by the Customs and Economic Union of Central Africa (UDEAC) and the Commune économique des Pays des Grands Lacs (CEPGL) with the assistance of the OAU and ECA secretariats.

11. Throughout the period under review, assistance has also been provided to the African Group within the framework of its participation in UNCTAD's Committee on ECDC, as regards discussion of issues relating, in particular, to the establishment of a global system of trade preferences among developing countries (GSTP), multinational marketing enterprises (MIE) and State Trading Organizations (STOs).

3/ "Agrees and invites other relevant specialized and organizations of the United Nations system to adopt the appropriate support measures to assist in the implementation of the activities in the field of economic co-operation among developing countries in response to the initiatives of the developing countries taken in the Arusha First Short/Medium Term Plan on Global Priorities on Economic Co-operation among Developing Countries".

12. Full use has been made of the main forums of the OAU and the Ministerial Follow-up Committee on International Trade and Finance for African Development, sessions of the Conference of African Ministers of Trade to assist both in enhancing the region's understanding of overall ECDC issues and translating ECDC principles into concrete realities at the intra-African level. Further successive meetings of Chief Executives of ECA-sponsored regional and subregional institutions have provided an opportunity for these institutions to exchange information and experiences within the framework of collective self-reliance among developing countries.

13. Other activities have also been undertaken in this field by ECA in collaboration with other regional economic commissions and UN global agencies, especially UNCTAD and the International Trade Centre UNCTAD/GATT (ITC). Thus, with the financial support of the Netherlands Government, both in 1981 and 1982 it was possible to arrange contacts between businessmen from a number of African countries (Algeria, Cameroon, Egypt, Ethiopia, Ghana, Kenya, Mauritius, Nigeria, Senegal, Sudan, Zambia and Zimbabwe) and their counterparts in the Latin American and Caribbean (ECLA), Asia and the Pacific (ESCAP) and Western Asia (ECWA) regions. As a result, African businessmen or representatives of commercial institutions had an opportunity to assess on the spot the extent of existing and future trade prospects in terms of export products, import needs and possibilities for joint ventures, especially those which could possibly exploit the complementarities and diversities of their economies.

14. Similarly, in 1981 with the financial assistance of UNDP, ECA and ECLA were able to prepare several studies covering interregional co-operation in the field of (a) trade and finance (b) science and technology and (c) human resources development. These studies were submitted to the ECA/CEPAL Joint Meeting of Governmental Experts from Africa and Latin America on Economic and Technical Co-operation which took place in Addis Ababa from 1 to 4 June 1982 within the framework of the joint UNDP/CEPAL/ECA Project on Promotion of Technical and Economic Co-operation between Africa and Latin America. A number of specific recommendations covering six areas that have been potentiated for joint echos arose from this meeting. These are expected to be followed up by interested member States of the two commissions as well as by the secretariats thereof.

15. It is noteworthy in this respect that some African economic groupings initiated their own direct contacts with their counterparts in other developing regions. For example, early in 1982, the Chief Executives of the Economic Community of West African States (ECOWAS) visited several Latin American countries. As a result, they were able to have a useful exchange of views with various integration groupings, notably on problems and achievements. The mission laid a foundation which could lead to the development of further dialogue along side the steps taken by ECA in facilitating direct contacts of businessmen.

16. An assessment of the extent to which resolution 127(V) has been implemented should not lose sight also of happenings at the global level. For instance, one should bear in mind the inconclusiveness of the First **Special** Session of UNCTAD's Committee on Economic Co-operation among Developing Countries which was convened pursuant to operative paragraph 12 of resolution 127(V) and resolution 1(I) of the Committee on ECDC. There is no question that the polarization which emerged during the session between the Group of 77 on one hand and Groups B and D on the other hand, on a host of issues including the possibility for the last two groups' participation in the sessions of the Committee may surface at the sixth session.

IV. Obstacles to the implementation of resolution 127(V)

17. There are several thorny problems yet to be overcome between developing and developed countries in spite or perhaps because of the stormy passage of UNCTAD resolution 127(V). First, the time span is relatively short and many of the issues require a considerable gestation period before practical solutions thereto can be worked out. Developing countries, members of the Group of 77 hold firm to their belief that ECDC is their own primary responsibility. External interference in respect of choice of programmes and strategies is viewed with great concern. Yet such a stand by G.77 does not preclude their desire for external support in order to enhance and implement those same objectives. They are quick to recognize the realities of their own limited resources which are insufficient to achieve these objectives without concomitant action on the part of developed institutions in the international community.

18. On the other hand, developed countries constituting Groups B and D on the other hand are very skeptical about the ECDC package as currently proposed by the Group of 77. They particularly abhor the direct involvement in such activities of UNCTAD and other sectors of the UN system whose functioning is mainly financed by them. Consequently, they are quite resentful not of the concept of ECDC but the methodology which, in their view, tends to oblige them to support such programmes. They also advocate compliance with the principle of universality, denounce what they call the attempts to enshrine G.77 with a legal status and denial of documentation to non-G.77 members.

19. A solution to the above has yet to be found notwithstanding the passage of time from when resolution 127(V) was adopted. This is evident from the continued polarization exhibited between the main contending parties as was recently brought to the fore at the conclusion of the resumed second part of the twenty-fifth session of the Trade and Development Board held in Geneva from 19 to 29 October 1982 5/.

5/ TD/B/934, Report of the Trade and Development Board on the second part of its Twenty-Fifth Session, 19 to 29 October 1982.

20. The apparent lack of full or effective participation in implementing certain global ECDC activities by a majority of developing African countries can be put to several reasons. Perhaps it is better to distinguish the various elements and their inter-connections. These include among others, consideration of global approaches along side or parallel to subregional and regional ECDC activities, the lack of appreciation by others of Africa's special position in the short, medium and long term at the global level. For example, existing differences in the levels of development and industrial sophistication with the Latin American and Asian regions with whom Africa constitutes the Group of 77.

21. It is therefore only to be expected that there is a tendency by the more relatively developed among the developing regions to underplay issues which developing African countries consider to be of paramount importance. The plight of the least developed countries is one such area of concern about which much is said but little is done. Similarly, the choice of priorities at the global level relies far more on the "law of averages", which in most cases relegates the African interest to the periphery. This could not have been better demonstrated than when it was decided to first tackle GSTP rather than STOs. Arguments in favour of STOs rather than GSTP for the African region need no repeating. The same obtains as regards the marked preference of the relatively more developed non-African regions for GSTP rather than STOs.

22. Other important problem areas for most developing African countries are basically institutional in character. Basically, because of the lack of resources to establish proper focal points needed to deal with ECDC issues, as listed for illustrative purposes at paragraph 5 above. Where such structures exist, they are in most cases starved of necessary support facilities such as research or the chain of command is quite cumbersome. The issues themselves are rarely properly addressed and this is because there is little specialization at the national level to enable the respective representatives to correctly defend and champion the African cause whether individually or collectively.

23. The multiplicity of meetings, conferences and institutions dealing with similar or parallel ECDC topics of interest to developing African countries is yet another serious constraint on the ability of African governments to participate effectively in some of the programmes. It is rather unfortunate that little use is made of the expertise and resources of their respective subregional economic groupings in the co-ordination of efforts of their respective member States at the global and interregional levels.

24. An additional obstacle is the absence of appropriate infrastructure to undertake in even the few existing co-operation ventures. This partly explains why in the field of trade, exchanges tend to be unidirectional and are monopolised by few of the new industrialized countries. Furthermore, it seems obvious that too much emphasis has been laid on trade as if there are no other equally important areas to ECDC.

25. Another identified problem for the developing African countries at the global level is the lack of appropriate intergovernmental machinery. This is particularly prominent at the follow up stage even for actions which the African countries were themselves instrumental in initiating.

V. Suggested recommended action

26. Consideration of possible solutions or recommendations to problems faced in this area by the developing African countries cannot be a unilateral action. Developments in the days leading to the holding of the sixth session of UNCTAD and beyond, only provide a sketchy background against which contemplated action is possible. Logistically, ECDC is unfortunate to be made a basket issue of item 13 at the sixth session. This will raise questions of time allocation depending on the organization of work that will be finally agreed upon. Developing African countries should adopt a strategy which will enable their own preferred areas of interest not to be relegated to the periphery. In this connection, the relevance of ECDC programmes to national policies should be consciously be made to complement one another in order to exploit existing potentialities including those being pursued at subregional levels. Every effort should be made to avoid over concentration on trade in ECDC to the exclusion of other economic activities such as industry.

27. Secretariats of economic or integration groupings should be encouraged to render continued support on their own behalf and on behalf of their member States in ECDC priority areas. They should be encouraged to provide assistance covering analysis and identification of opportunities for the establishment and promotion of closer co-operation among State trading organizations, joint marketing ventures with other developing countries or with the secretariats of economic groupings.

28. Action is also required at the national level. Such action ought to include establishing focal points to deal with each country's priorities within the context of ECDC. These focal points could then undertake research geared at coping with:

- (a) Co-operation among State trading organizations within and with other developing countries;
- (b) The establishment of a global system of trade preferences among developing countries against the background of own subregional and regional commitments;
- (c) The establishment of multinational marketing enterprises among developing countries taking account of developments within own subregional and regional economic groupings.

29. Action required at the regional and global level involves increasing the resources allocated to secretariats of the United Nations Economic Commission for Africa and the Organization of African Unity. This is necessary in order to strengthen these institutions' delivery capacity to African member States. The OAU and ECA should intensify their joint activities in collaboration with UNCTAD, leading to initiate and implement action-oriented conclusions in these fields. They should also continue to promote and facilitate direct contacts between developing African countries and institutions with counterparts in other developing regions.

30. Lastly, it is important to provide for alternative support measures to ECDC, given the possible stalemate between the Group of 77 and Groups B and D. In other words, collective self-reliance should be translated into action. For G.77 to counter the threat of withholding of funds by certain major Group B donors to ECDC programmes, developing countries who are more able should be persuaded to contribute substantially to ECDC activities.