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INTRODUCTION

Sub-Saharan African governments have long expressed their support for increased intra-African trade, but official statistics show that this type of trade remains less than 5% of the total. The continued emphasis on establishing supranational organisations to direct regional trade liberalisation through phased tariff reductions is symptomatic of the strategies dominating most deliberations on regional integration. Despite the continuing proliferation of multilateral treaties, protocols and resolutions concerned with promoting regional trade, intra-African exchange has stagnated. Recorded barter in Africa's major sub-regional communities has not significantly increased between the late 1970's and today (Barad, 1990: 102).

The reason for this absence of progress in the promotion of intra-African trade is most clearly expressed in the fact that Sub-Saharan Africa is experiencing its worst economic crisis to date. According to Williams (1993: 5-6) this crisis is manifested in foreign debt, poverty and trade deficits. These conditions are the result of the following: deteriorating terms of external trade, the rise in debt-servicing obligations relative to both export earnings and gross domestic product, climatic conditions such as drought, civil wars and regional disputes, the lack of infrastructure and the overvaluation of African currencies, government and private-sector corruption, and the inability of African states to respond to the oil crisis of 1979-1980. Naldi (1989: 2) adds the neglect of the agricultural sector, unfeasible industrial programmes, and wasteful prestige projects as factors contributing to the economic crisis.

African states have of necessity turned to the industrial nations of the First World for their image and development, since these communities have the technology and finances fundamental to development. This may be the main reason that 95% of all African trade occurs outside the African continent. However, African leaders have long recognised the need for closer regional ties as a way of overcoming the fragmentation of the continent, one of the major constraints on economic development. Ndulo (1992: 17) claims that the economic integration of Africa was the central theme of the 1980 Lagos Plan of Action and numerous other high-level statements and reports on African policy and development strategy. Economic integration is perceived by many African states as the ultimate type of regional economic collaboration, and as a promising vehicle for enhancing economic and social development. This idea is reinforced by the relative success of
integration in Western Europe and through the United States-Canadian Free Trade Agreement.

Various accords were reached in Africa's post-independence years, which offer valuable lessons, more because they failed than for any success, which have been scarce. African economic cooperation agreements were devised by the Organisation of African Unity and are embodied in the Lagos Plan. This Plan was adopted with the goal of establishing an African Economic Community in five successive stages of economic collaboration - preferential trade areas, free trade areas, customs unions, common market and economic community - beginning at the sub-regional levels of West Africa, East Africa, Central Africa and Southern Africa with their main groupings being the Economic Community of West African States (ECOWAS), the Community of East African States (CEAO), the Preferential Trade Area (PTA) and the Southern African Development Community (SADC) (Loxton, 1992: 9).

This text shall address the discrepancy between African states' claims to support and promote trade and economic cooperation on a continental and sub-regional level whilst their trade relations indicate a predominance in extra-regional exchanges. It proposes to establish whether the African call for regional trade cooperation for advancement and independence from developed nations, is primarily rhetorical, or whether there is evidence of effective regional trade participation. If the latter is the case, then why does most trade continue to be with industrialised states, in spite of the demand for an African Economic Community?

This issue shall be addressed as follows:

Chapter 1 deliberates current global trends in trade relations. It will also distinguish between extra-regional, continental and sub-regional trade, and consider the relationship between trade and development. Further, this chapter deals with current patterns in African trade, in order to determine the direction and extent of this exchange.

Chapter 2 contemplates the disparity between the rhetoric on trade and the actual exchange patterns from the perspective of African nations. The African perspective on trade collaboration will be in the form of authors (Amin, Cheru and Mazrui), organisations (the African Development Bank on the Continental level, along
with the SADC and ECOWAS on a Sub-regional level), plus ideology (the Non Aligned Movement).

Chapter 3 deals with several African states' trade interaction, in comparison to the African rhetoric contemplated in the previous chapter. Hence, rhetoric and reality are contrasted according to the trade policies of the following nations: Nigeria, Tanzania, Zimbabwe, Ivory Coast, Senegal and Kenya. In view of the fact that these states belong to many divergent African and sub-regional groupings, it can be deliberated whether these countries act in regional or in their own interests.

Against this background of facts and opinions, Chapter 4 is concerned with regional trade measured against the traditional exchange patterns of the pre- and early post-independence era, and what factors promote and impede regional trade cooperation. The fact that there are customarily more factors working against regional exchange could explain the discrepancy between the rhetoric and reality of African trade patterns.

The fifth chapter reflects what the aims and activities of African nations express about the North-South conflict, in addition to providing methods of initiating and enhancing regional trade collaboration.

Chapter 6 affords an evaluation of the future potential of intra-African trade taking the place of extra-regional exchange as main source of revenue for African states, based on current commerce patterns, international attitudes and positions towards regional trade cooperation.
CHAPTER 1
AFRICAN TRADE PATTERNS

This chapter aims to establish current global trends in trade, as well as the various levels on which African trade takes place. It indicates the importance between trade and economic development and identifies African trade patterns.

1.1 Current Global Trends

There is a new global dynamic at play today of which Africa is not yet a part. The unexpected collapse of the Soviet empire and the European Economic Community have marked the beginning of a period of global restructuring unlike any that has occurred in a time of peace. The emerging world order is affirmed on the notions of democracy and capitalism, which over the next decade will govern future international economic and political policies (Arnold, 1991: 9). African states are in a period of profound revisionism as the 'crisis' decade of the 1980's gives way to the 'adjustment' of the 1990's. The relative optimism and expansion of the initial independence years have long since been replaced by pessimism and contraction as successive energy, drought, debt and devaluation crises resulted in impoverishment and inequalities. Shaw (1992: 1178) suggests that at the end of the 1990's Africa is likely to be more marginal, vulnerable and unequal than ever, but also more realistic and receptive to economic policies which are more implementable.

O'Meara (1991: 7-9) affirms that the new global context within which the question of enhanced economic integration and collaboration in Sub-Saharan Africa arises is markedly different from that of the 1980's. The author articulates three sets of issues which are central to the prospects of expanded regional cooperation. These are: 1. the end of the Cold War, a global arena marked by the retreat of the Soviet Union from the Third World, and diversion of Western capital and aid to the reconstruction of Eastern Europe; 2. the profound re-orientation of global trading patterns, the emergence of three major trading blocs in the developed world, which form part of key changes in the international division of labour, and the increasing difficulty of maintaining an industrial sector geared around import substitution and financed by the export of primary commodities; and 3. the new North-South bipolarity which has replaced the East/West standoff as the principal cleavage in world politics. This is followed by the particular manner in which the IMF and the World Bank have dealt with the growing Third World debt crisis.
It has resulted in a significant decline in the influence and role of the Third World in international affairs, and forced a redefinition of the national priorities of developing states. The imposition of structural adjustment programmes on the majority of developing states has led to a limitation of the economic and social policy options available to their governments, a cut-back in national development plans, and has questioned the political alliances on which many regional governments are based. This new global trend has significantly affected the context in which decision-making takes place in Sub-Saharan Africa.

Du Pisani (1992: 20) shares this opinion, in addition naming four trends which are of importance to Africa in the future. First is the asymmetric trans-nationalisation of economies, that implies the deepening interdependence in trade, technology, investment and financial decision-making, and is an uneven process in which the South finds itself increasingly marginalised and dominated by the power-based nature of the world economic system. Second is the resurgence of trade and industrial rivalry, which has its origin in the formation of competitive trading blocs in North America, Western Europe and the Far East, and excludes the South to a large extent from technological innovations and investment. Third is the rise of economic and political orthodoxy, notably in the form of structural adjustment that shows little regard for social hardships incurred in this way. Finally, there is the rise of neo-regionalism which causes regional interdependence to grow stronger, and in turn requires a new attitude towards regional economic and trade cooperation and integration.

Despite the continuing attempts made by African countries to expand trade generally and intra-African exchanges in particular, the continent's share in world commerce has progressively declined. Wild fluctuations in international trade, the trend towards protectionism and general inadequacy of international liquidity are all reasons for this. In the 1960's Africa's trade share was 4.3% of the world's total, and had a growth rate of 4.6% until 1973. In 1985 it was reduced to 3.2% and has continued to decline. Further, the balance of payments for many African nations is persistently unfavourable and the terms of trade for African exports have also deteriorated. The combination of these factors depress the foreign exchange earnings level and stifle export expansion prospects and economic progress in Africa (Mulat, 1991: 28).
All of these trends have a cardinal function in determining the direction of exchanges, and are, accordingly, important for the future trade relations and development of African nations.

1.2 Variations in African Trade Relations

Internationally diverse variations in trade relations may be found. For the purpose of this paper three variations shall be addressed, namely extra-regional, continental and sub-regional trade interaction.

In the context of Sub-Saharan Africa, extra-regional trade relations imply exchanges with any community or groups of states outside Africa. These include North and South America, East and Western Europe, Central and South East Asia, and the Far East, Australia and New Zealand, as well as various island republics and Northern Africa including Libya and Egypt. All nations or regions outside Sub-Saharan Africa qualify for extra-regional barter.

Continental trade cooperation implies exchanges between all members of Sub-Saharan Africa, including the random dealing of states in Sub-Saharan Africa with other countries in the same region, irrespective of sub-regional or location differences. According to O'Meara (1991: 5) this type of trade collaboration can take the form of: relatively loose trade agreements through which states agree to give preferential treatment to each others' products; free trade areas, in which member states commit themselves to the progressive elimination of import duties on goods traded between them, or customs unions, whose members establish common tariffs on imports from third countries. This type of trade participation is not restricted to one specific area in Sub-Saharan Africa, but covers the whole continental spectrum.

Sub-regional trade cooperation is perhaps the most geographically restrictive, but also one of the most effective types of exchange since the states in the same region often share difficulties, interests and aims. Sub-regions are smaller areas in the larger continental region of Sub-Saharan Africa. They include Southern Africa, East Africa, West Africa and Central Africa. O'Meara (1991: 5) declares that sub-regional trade cooperation can take the form of the above-mentioned loose trade agreements, free trade areas and customs unions, as well as: a common market in which members of a customs union envisage the free movement of factors of
production between their national economies; and economic union in which the monetary and fiscal policies of member states are ultimately harmonised.

The distinction between the different types of trade relations is important for this paper as they determine the nature of trade collaboration in Sub-Saharan Africa. It is particularly important to determine the difference between continental and sub-regional trade cooperation, since some nations emphasise a continental level of cooperation whilst others operate on a predominantly sub-regional basis. Most African communities have similar forms of interaction, typically belonging to more than one regional alliance, be it political, economic or security, depending on their aims and demands. Therefore, the interests of nations are often inter-linked and cannot be viewed in simple alliances or cooperation treaties, but must be considered on various levels.

1.3 Trade and Development Interactions

The connection between trade and development is cardinal as trade is an essential ingredient of development. Without trade the active development of Sub-Saharan Africa is not possible. Imports are essential as they imply a transfer of technology and skills vital for effective industrialisation in Africa. In this respect exchanges between Africa and the First World are of particular importance since the industrialised states have already achieved a high level of development Africa strives for, thus enabling the assistance of developing states in their endeavour for economic and social growth. Furthermore, exports from Africa to the industrial states are equally important as they provide the capital which is necessary for development.

The post-independence development strategy of most African nations was import substitution. Its inward-looking character notwithstanding, this strategy is heavily trade reliant. Primary exports are the major source of foreign exchange needed to finance intermediate and capital goods imports. Unfortunately African trade and general economic performance in the past three decades have been disappointing. The heavy import bills cannot be covered by export earnings, resulting in the decline in volume and export prices by two-thirds. The general economic and trade decline is worsened by climatic conditions. The crises reached a climax in 1984, when 24 African states were considered food-aid dependent. The negative effect on food production has resulted in a general drop in agricultural production, and consequently exports. What development there has been draws heavily on
export earnings, so that a major complaint by African communities is that these earnings are not high enough. Yet trade plays a vital role in the survival, and hence the development of African states (Mulat, 1990: 150-152).

In spite of the importance of trade in development, little in this regard is achieved in Africa. This has resulted in the industrialised states becoming increasingly disheartened with the continent, bringing about a decrease of the amount of trade and aid in this direction. This is detrimental to any type of development, and African nations will have to rely on each other to a greater extent as trading partners, as they are dependent on the transfer of technology provided by trade. In the same light they object to the degree of dependence resulting from the amount of trade and aid provided by industrialised communities. Even though the technology and skills these states can provide are required, it is this need which creates a dependency position.

Consequently, industrialised states can direct the nature and extent of exchanges and development strategies according to their own needs. For these reasons African states have seen the need to move towards regional trade collaboration for development, as it would thwart extra-regional trade exploitation, and promote regionally appropriate development strategies.

Ndulo (1992: 17) indicates that regional trade may help promote a more complementary and sustained development resulting from growing regional infrastructures, increased technical complementarities, greater access to credit, more integration of the productive sectors, and an extensively interrelated system with higher awareness of mutual benefits and problems. The ultimate goal of regional trade is an integration of African markets into an African Economic Community lacking dependence on industrial nations for development.

Hence, regional trade and integration may take the place of international trade as catalyst for development in Sub-Saharan Africa, though the importance of international exchanges on growth and industrialisation through the provision of technology and finance cannot be completely disregarded.

1.4 African Trade Patterns

Africa's exports to the world have progressively recorded a negative growth, with imports outnumbering exports. In addition, the region has the lowest world average
export extension and growth proportion of all developing nations. Its barter divulges both geographic and commodity concentration. Most exchanges occur with the industrialised market economies, mainly in Western Europe.

As table 1.4.1 indicates, about 80% of total trade (both exports and imports) exists with these developed market economies. The shares of exchange with other developing states are relatively small and unstable (Mulat, 1990: 156). It is interesting to note that despite the establishment of institutional support systems for intra-African trade, this type of commerce accounts for no more than 5% of total African trade with the world. Further, the share of intra-African exchange has been lower in the 1980's than before 1975.

Table 1.4.1 Africa’s direction of Exports and Imports between 1960 and 1989: (adapted from Mulat, 1991: 29).

<table>
<thead>
<tr>
<th>Year</th>
<th>Developed Market Economies</th>
<th>Other Developing States</th>
<th>Developing Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>79.1%</td>
<td>6.1%</td>
<td>6.6%</td>
</tr>
<tr>
<td>1965</td>
<td>80.6%</td>
<td>4.0%</td>
<td>6.4%</td>
</tr>
<tr>
<td>1970</td>
<td>81.2%</td>
<td>5.1%</td>
<td>5.6%</td>
</tr>
<tr>
<td>1975</td>
<td>78.0%</td>
<td>8.9%</td>
<td>5.7%</td>
</tr>
<tr>
<td>1980</td>
<td>83.6%</td>
<td>9.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>1989</td>
<td>81.8%</td>
<td>8.7%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Manufactured goods, machinery and transport equipment, specifically from industrialised nations, comprise about 60% of total imports by Sub-Saharan Africa. Food, live animals, beverages and tobacco account for close to 20%. Another feature of the import structure is that the relative importance of imported goods and services has remained the same for more than three decades (Rossen, 1985: 278).

African exports, on the other hand, are fairly concentrated and consist of primary commodities. More than half of the total exports of non-oil-producing African economies are made up of food, tobacco, beverages and agricultural raw materials. Other exports include ores and metals (Mulat, 1991: 30). The export commodity structure changed only slightly over the years, with a few exceptions, such as Nigeria, whose exports are dominated by petroleum and no longer by
agricultural products. The case studies in Chapter 3 are generally representative of exchange patterns in the entire Sub-Saharan region. The direction of trade in Africa is clearly denoted in the principal trading partners (Table 1.4.2) and primary product exports (Table 1.4.3).

Table 1.4.2 Principal Trading Partners of Sub-Saharan Africa, (adapted from Esterhuysen, 1992: 91-93)

<table>
<thead>
<tr>
<th>STATE</th>
<th>YEAR</th>
<th>IMPORTS</th>
<th>EXPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>1985</td>
<td>UK - 18%</td>
<td>France - 20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>France - 13%</td>
<td>Italy - 15%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>UK - 18%</td>
<td>USA - 46%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Germany - 11%</td>
<td>Spain - 11%</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>1985</td>
<td>France - 33%</td>
<td>France - 16%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nigeria - 9%</td>
<td>Holland - 16%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>France - 31%</td>
<td>France - 16%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nigeria - 11%</td>
<td>USA - 9%</td>
</tr>
<tr>
<td>Kenya</td>
<td>1985</td>
<td>UK - 14%</td>
<td>UK - 18%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan 10%</td>
<td>Germany - 13%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>UK - 14%</td>
<td>UK - 18%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan 9%</td>
<td>Germany - 12%</td>
</tr>
<tr>
<td>Senegal</td>
<td>1985</td>
<td>France - 30%</td>
<td>France - 26%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>USA - 8%</td>
<td>Mauritania - 7%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>France - 37%</td>
<td>France - 28%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>USA - 6%</td>
<td>Italy - 7%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1985</td>
<td>UK - 13%</td>
<td>Germany - 24%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan - 9%</td>
<td>UK - 17%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>UK - 15%</td>
<td>Germany - 20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan - 9%</td>
<td>UK - 15%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1985</td>
<td>RSA - 19%</td>
<td>UK - 13%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UK - 11%</td>
<td>RSA - 11%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>RSA - 19%</td>
<td>UK - 11%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UK - 11%</td>
<td>RSA - 10%</td>
</tr>
</tbody>
</table>
Table 1.4.3 Primary Product Exports in Sub-Saharan Africa.
(adapted from Esterhuysen, 1992: 91-93)

<table>
<thead>
<tr>
<th>STATE</th>
<th>YEAR</th>
<th>PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>1985</td>
<td>Petroleum - 96% &amp; Cocoa - 2%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>Petroleum - 95% &amp; Cocoa - 2%</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>1985</td>
<td>Cocoa - 39% &amp; Coffee - 17%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cotton - 3% &amp; Timber - 3%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>Cocoa - 30% &amp; Coffee - 18%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cotton - 5% &amp; Timber - 5%</td>
</tr>
<tr>
<td>Kenya</td>
<td>1985</td>
<td>Coffee - 30% &amp; Tea - 25%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Petroleum re-exports - 14%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>Coffee - 26% &amp; Tea - 19%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Petroleum re-exports - 10%</td>
</tr>
<tr>
<td>Senegal</td>
<td>1985</td>
<td>Fish 27% &amp; Ground nuts - 12%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Phosphates - 11%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>Fish - 21% &amp; Ground nuts - 20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Phosphates - 10%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1985</td>
<td>Coffee - 40% &amp; Cotton - 8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manufactured goods - 7%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>Coffee - 26% &amp; Cotton - 24%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manufactured goods - 19%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1985</td>
<td>Manufactured goods - 34%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tobacco - 20% &amp; Gold - 11%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>Manufactured goods - 47%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tobacco - 17% &amp; Gold - 13%</td>
</tr>
</tbody>
</table>

Table 1.4.2 reveals quite clearly the direction of African trade. Esterhuysen (1992: 93) claims that Nigeria, Zimbabwe, Kenya and the Ivory Coast count amongst the principal markets of the region, both in terms of imports and exports, and are accordingly fairly representative of Sub-Saharan African exchange patterns. The table manifests a distinct orientation toward extra-regional trade, with France, Germany, Japan, the UK and the USA as primary trading partners.

Though there are increased regional exchanges, trading patterns have actually changed only moderately since independence, with the ex-colonial and other industrial communities continuing to be the primary trading partners.
Despite encouragement of regional and sub-regional trade, a concentration of business interaction outside Sub-Saharan Africa is indicated.

The share of African exchanges has always been below 10% and is currently at about 5%. In the 1960's it stood at 7% and has decreased progressively. Whilst intra-African trade increased by 13% it has decreased in real terms, when compared to overall trade. During the period 1980-1985 exports to all regions of the world declined. As regards the commodity structure of intra-African trade, indicated in Table 1.4.3, the picture is quite different from dealings with industrialised states. Extra-regional imports cover mainly manufactured goods, whilst regional imports have a very similar commodity structure to intra-African exports. The exports consist mostly of primary agricultural products and other raw materials, with a rise in the importance of mineral fuels and related materials (Rossen, 1985: 283; Mulat, 1990: 158).

Despite vigorous campaigning by African nations to establish an organisational framework to promote regional trade and economic collaboration, economic exchanges between African states have stagnated. Within a relatively unchanged transaction structure, Africa's share of world trade has progressively declined, and the proportion of exports directed at the region has fallen even more (Mulat, 1991: 31).

In terms of intra-African exchanges, agricultural countries are the predominant trading partners, offering a relatively limited range of products. Zimbabwe has a more diversified trade structure than most, with barter occurring in agricultural, intermediate and mineral products (Ashiabor, 1990: 99). The lack of diversity in commodities exchanged amongst African nations may be responsible for the increased trade with industrialised as opposed to regional communities.

One way of measuring participation in intra-African exchange is by looking at sub-regional trade. Whilst regional trade has declined sub-regional trade has actually increased somewhat. Barter in sub-regions is comparatively stronger than continental trade. In West and Southern Africa, sub-regional exchange is more pronounced than in Central and East Africa (Mulat, 1991: 32). Hence, sub-regional trade may be considered the predominant feature of regional exchange in Sub-Saharan Africa.
The trade patterns indicated focus on recorded trade, and thus constitute only a portion of the actual value of commodity exchanges among African states. Unrecorded exchanges play an important role in African economic life. Some unrecorded trade takes place among tribesmen on different sides of a border. However, since these types of transactions are generally very small, they have little significance, thus being ignored by most trade statistics. The most important component of unrecorded border trade is smuggling. Large price differences and limitations to lawful trade between neighbouring states are the cause of this practice. Because smuggling increases the volume of transactions, improves resource allocation and enhances regional integration, some economists consider it positively. Others see it as the antithesis of regional development and regional barter, due to tax revenue losses, and subversion of domestic industry through cheap imports and foreign exchange leakages. Whilst there are no reliable estimates of smuggling in Africa due to a fear of prosecution by those involved, in many cases it is as big or bigger than recorded exchanges, and appears to be on the increase throughout Sub-Saharan Africa. It represents a dynamic, popularly based means of overcoming monetary and economic barriers to intra-African trade (Barad, 1990: 102-105). Therefore, unrecorded trans-border trade must be examined when regarding African exchange patterns, since recorded trade is not exclusively indicative of the total trade pattern.

A clear tendency towards extra-regional trade above continental and sub-regional trade is manifested in Africa. Unrecorded border traffic plays an important role, making up a large part of intra-African trade. As a result, official exchange records are not truly indicative, and African trade may be much larger than it appears, even though it is unlikely to be greater than extra-regional trade.
African communities emphasize that cooperation is their salvation. Various slogans were employed to gain freedom after independence and to secure Africa's economic position in the world system. Economic cooperation among developing states has been advocated as a vital element in the international strategy for development, and Sub-Saharan Africa has continually sought to increase regional and sub-regional trade for this purpose (Abegunrin, 1990: 7). According to O'Meara (1991: 4), regional economic and trade cooperation is a powerful means of promoting economic development, besides leading to other desirables such as peace and security. It is credited with facilitating industrial development and technical progress, expansion of trade leading to better use of existing productive capacity, greater bargaining power and improvement of political relations among nations. It attracts the foreign capital required for easing foreign exchange deficits. Necessarily, most non-government and government groupings in Sub-Saharan Africa claim to promote regional trade and economic cooperation.

2.1 Author Perspectives on Regional African Trade

Fantu Cheru, Samir Amin and Ali Mazrui are authors dealing with the economic crisis in Sub-Saharan Africa and ways in which to resolve it. All three are advocates of regional and sub-regional economic and trade participation for the attainment of development goals on the continent. These authors are selected for their leading role in African economics and international political economics, dealing with the African debt crisis and development strategies.

2.1.1 Fantu Cheru

Cheru (1989: 159) affirms that current international development and debt strategies have serious shortcomings and only Africa has the ability to develop itself effectively. Extensive rescheduling and structural adjustment policies provide only limited success, the negative transfer of funds and commodities from Africa growing rapidly. Africa must find its own solutions without looking at industrialised states to provide them. The most effective development comes from within Africa. Of cardinal importance for change is the need to end the negative trade balances, thus increasing exports above imports, for growth and the prevention of economic dependence. This can only be achieved through collective
default which is likely to be less painful than continued debt servicing. With regard to trade, Cheru indicates that this is not going to have any serious consequences as prices for African commodities are at the lowest level in thirty years.

The emphasis on exports for foreign debt payment has contributed to the decline of African commodity prices since many states compete for international markets. Africa must, as a matter of survival, move away from dependency and redirect its resources to reverse food deficits. Further, Cheru (1989: 160) argues that restrictions on access to credits and foreign aid could ease Africa's economic crisis by preventing the growth of the debt pyramid, and development cannot, under existing conditions, result from closer integration into the world economy. Disengagement from the industrialised states will force Africa to cooperate collectively and pursue a strategy of self-reliance aimed at limiting the existing damaging economic contacts between the continent and industrial states. A self-reliant and united Africa will eventually be able to resume relations with the North without surrendering its sovereignty.

According to Cheru (1989: 160-161) regional trade and integration are vital for the prevention of economic dependency. Leading African development priorities should be the attainment of self-reliance through regional integration and cooperation. Regional integration involves the strengthening of sub-regional and continental trade and economic cooperation, consistent with global cooperation among developing states as a whole. SADDC, the PTA and ECOWAS are good examples of regional integration efforts which arise from regional cooperation. This involves a set of interrelated policies, mechanisms and institutions designed to implement new forms of interaction within a wider framework of Third World cooperation. It should concentrate on trade expansion and cooperation in production. These strategies can take a number of forms:

(a) Promotion of regional and sub-regional trade which would involve the establishment of trade promotion councils, and sub-regional credit and insurance systems;
(b) Establishing sub-regional development banks to finance production, trade activities and debt payments;
(c) Establishing a variety of preferential economic agreements, possibly in shipping, transportation, energy and trade:
(d) Establishing a sub-regional or continental investment code with special reference to tax rates on multinational corporations and investment incentives to accord them.

Cheru (1989: 161) adds that in the current international economic and political environment collective self-reliance among developing states is the only reliable force against continued domination and financial destabilisation by industrialised states, and thus regional and sub-regional trade is vital for development and sovereignty, whilst extra-regional trade only promotes dependence and subjugation.

2.1.2 Samir Amin

Amin (1990a: 4) claims that capitalism is the root of most evil in the developing world. The mode of capitalist production obeys the economic laws of a decisive power which tends to homogenise the world, thus establishing the same type of society everywhere, demanding the highest degree of production possible. The backwardness of some states in relation to others must be attributed to causes inherent to various historical formations, and hence, to their class dynamic. This makes them more or less hostile or sympathetic to the emergence and domination of capitalist relations. Capitalism by nature creates an economic centre and periphery, or industrialised and developing states. It is an exploitation of the poor by the rich, integration in the world system being unfavourable, and becoming increasingly so for developing nations (Amin, 1990a: 4).

If development, capable of responding to the material needs of all social strata, as in the capitalist framework, is considered impossible in the developing nations, it is essential to make allowance for alternative development, outside global restraints. This is the meaning of the expression 'delinking', which the author proposes for development in Sub-Saharan Africa. Delinking implies a move away from the criteria of rationality of internal economic choices which govern the world system (Amin, 1990 a: 18). It is essential when development cannot be achieved by the adjustment of economies to the demands of international labour divisions. It is also a pre-condition for an auto centric development which remains impossible if unpopular with the people (Amin, 1990 b: 159).

Amin (1990 b: 161-162) continues that delinking implies regional and sub-regional interdependence and cooperation in trade and economic strategy, to move
away from cooperation with the exploitative capitalist industrialised states. In the case of Sub-Saharan Africa, this means collaboration on all productive levels, including agriculture and agricultural productivity. It also entails a relation to technology other than the basic transfer from the First World. This provides scope for inventiveness, because the available techniques are not neutral in regard to the kind of product, quality and price, from industrial states. Delinking also entails limited external relations, particularly trade, which are radically different from current strategies of import substitution and export promotion. Import substitution is based on existing demand, within an income distribution structure of real inequality, therefore encouraging imports of intermediate goods (as the industrial part is not integrated) and sophisticated consumer goods (as the demand to be satisfied in competition with imports imitates the industrial consumer model, and is capital intensive).

Continued importation exists to bridge gaps in these related needs, and subjects external relations to the logic of internal accumulation. In the export industry these strategies result in the competition of developing states with the industry of the advanced states on their own ground, resulting in massive importation of advanced technology. Therefore the export industry does not relieve the external balance of payment, but may contribute to its deterioration. To prevent this, African states must delink from the industrialised states and rather cooperate to limit exploitation. Only through regional and sub-regional trade can Africa develop effectively and the continent be independent from the prescriptions of the world economic system.

2.1.3 Ali A Mazrui

According to Mazrui (1990: 245), economic goals are an attempt at raising material well-being to new levels. the fundamental question concerning the extent to which states in the Third World, and particularly Sub-Saharan Africa, should be involved in the capitalist-dominated world system. The author explains that neither a complete entry nor a complete retraction from the system is possible in today's interdependent world. This is partly due to the shrinkage of the world into an interdependent global village. The communications revolution has made isolation from global perceptions, influences, expectations and inspirations impossible, and no society is impervious to external conditioning. Just as complete retraction is impossible it is also undesirable, since industrialised states have the power to destroy the world and its economy either through depletion of resources, pollution or nuclear war. The South cannot afford to look the other way and should
seek instruments of leverage on the North. Anything else Mazrui considers to be suicidal for the Third World. A combination of strategies of selective participation seems the ultimate solution.

Unconditional entry into the global system, including trade, would imply surrender to the industrial states. A decision to interact on an international level requires carefully worked out principles of operation (Mazrui, 1990: 245). Accordingly, the developing states must increase their power in the global system, and this can only be achieved by regional trade and economic cooperation.

To this end, strategies of reconstruction and liberalisation are required. Within the Third World one relatively obvious strategy is indigenisation. In the case of Sub-Saharan Africa, this involves the greater use of indigenous human power, natural and mineral resources, technology and techniques, and principles of control. It is a regional trade exercise in selective retraction from the world system. A related strategy, one of domestication, which unlike indigenisation involves greater utilisation of domestic goods, is an effort to make foreign products more relevant to local conditions and needs. Through regional trade cooperation technology can be made appropriate to Africa as a whole and is an exercise in selective interaction. The third strategy, diversification, may include the extension of what a society produces, or a diversification of trading partners and aid donors. It is an exercise in multiple interaction; getting permission not only to move in and out of the global system as national and regional needs may require, but also to enter at different levels.

The fourth strategy is one of horizontal interpretation among and between the underprivileged. This strategy facilitates greater interaction among developing nations, economically, culturally, politically and diplomatically and represents an effort of making the global system more truly global. It is a quest to maximise interaction between sectors which otherwise have little contact. The fifth strategy, one of vertical counter-penetration, is a means of enabling the underprivileged to find ways of penetrating the privileged (Mazrui, 1990: 246-247).

Economically, this could take the form of developing states using their resources as political weapons against the North. However this can only be achieved by extensive economic collaboration among developing countries. Sixth, is the strategy of Southern austerity, a quest for discipline in using Northern resources. It requires a reduced use of foreign products and techniques without import
substitution. To be effective it requires regional trade. Yet, the global system calls for the cooperation of the North if it is to change in favour of the less privileged and more exploited states (Mazrui, 1990: 246-247).

Regional trade and economic participation is vital for any of these strategies to function actively in Sub-Saharan Africa. Unlike Cheru and Amin, Mazrui has come to realise the influence not only of regional but also of global interaction, since no state or group of states can stand isolated in today's interdependent world system. Amin and Cheru consider regional trade and economic cooperation to be the only solution to all problems in Africa, and are perhaps somewhat shortsighted in this respect. Mazrui does recognise the importance of international interaction neglected by the other two authors, claiming moreover that regional cooperation is a prerequisite for international collaboration.

All three authors view regional trade and economic cooperation as vital for the survival and growth of Africa. Cheru and Amin even suggest regional trade as the only form of cooperation which will ensure effective development. States in the region, however, seem to follow an entirely different strategy, trading mostly with industrial states.

2.2 African Economic Institutions

There are diverse continental and sub-regional institutions in Africa emphasizing regional trade and economic cooperation for the attainment of development goals. On a continental level the African Development Bank (ADB) is an important organisation, whilst SADC and ECOWAS are involved on a sub-regional level.

2.2.1 The African Development Bank

The African Development Bank was established in 1964 for the purpose of economic and social development and consists of 76 African and 25 non-African states. The non-African states are required to abide by a number of principles to maintain the African nature of the Bank. Its primary function is securing capital for loans to African states for financing economic and social programmes and granting loans at preferential rates along with providing technical assistance to the developing states of Sub-Saharan Africa (Europa World Yearbook, 1992: 92; African Concord, 1988: 27).
The ADB was designed to wean African nations away from dependence upon foreign states and institutions such as the World Bank, whose conditions for loans impose unacceptable obligations on their priorities for development, considering that interest rates on the open market are punitively high and confront these states with insurmountable difficulties in servicing their debts (Naldi, 1989: 167).

The Bank's efforts in equity participation and institution building are based on the belief that only strong sub-regional and national institutions can play an important role in the mobilisation of domestic resources. Accordingly, the ADB's equity investments in other African institutions are a reflection of its aspirations for regional economic cooperation, to attract potential investors and mobilise resources within and outside Sub-Saharan Africa. It claims that the best type of development comes from within Africa, and a combination of the resources of various continental and sub-regional institutions creates the most effective type of economic collaboration (African Development Bank, 1992: 42).

The ADB states that the long-term pace of development will depend on the progress made toward regional economic and trade cooperation and integration along with the complementarity of African economies. One of the ways in which the Bank promotes regional economic cooperation is through multinational projects. In the three-year period between 1989 and 1991 the Bank increased its share of resources devoted to regional integration by over 2%. In particular, a large amount of funds is allocated to finance special studies for regional and sub-regional institutions. In future the ADB will emphasise greater regional integration through assistance to groupings, such as ECOWAS and SADC. Through policy dialogue the Bank also attempts to make the policy framework in member states more conducive to regional trade and economic integration. In 1990 the ADB Board approved a proposal establishing a unit intended to evolve into a complete Integration Division. Economic integration and the need for leading regional organisations to harmonise their activities in this area have been subject to discussion between the Organisation of African Unity and the ADB. The ultimate goal of the ADB is the establishment of an African Economic Community, and to this end the Economic Community Treaty was signed by its members in Nigeria in 1991 (African Development Bank, 1992: 45).

The ADB is an institution aiming at regional trade and economic cooperation and integration for the purpose of development in Africa. Yet, it has realised the importance of extra-regional financing and consequently allowed extra-
regional states into its ranks. Only the African states really benefit from their membership since financing is provided exclusively for them (ODI, 1992: 3). Hence, the ADB believes that whilst foreign capital is important for development, actual development policies should be implemented by African nations through regional and sub-regional economic cooperation and trade so as to be most effective. The ADB promotes regional economic cooperation on a continental level for development without economic dependence on industrial states.

2.2.2 The Economic Community of West African States

The harsh realities of gloomy economic prospects and the debate on the New International Economic Order have demonstrated the need to create and consolidate power in the South at sub-regional levels to African leaders, if the developed North is to be compelled to make some economic concessions. Additionally, the reproduction of contradictions within various economies, make the need for a form of collective self-reliance important and desirable. These ideas about development in Africa found practical expression in the formation of ECOWAS in 1974 (with 16 members including Benin, Burkina, Cape Verde, the Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo). According to Olanrejawu (1987: 521), this grouping demonstrates a prevailing sense of realism that many of the problems facing Africa cannot be solved by countries acting individually, but that sub-regional economic cooperation provides a more rational basis for reordering economic priorities and a more effective means of promoting economic and social development throughout the region.

ECOWAS is one of the most significant African sub-regional institutions, promoting economic integration which it claims can be achieved via the following: trade liberalisation and harmonisation, specifically through the elimination of all tariff and non-tariff restrictions among members and the establishment of a common customs tariff and commercial policy; the abolition of obstacles to the free movement of persons, services and capital between member states; and the harmonisation of the agricultural, infrastructural, industrial, economic and trade policies of member states (Naldi, 1989: 187).

Three other goals include: ensuring success in the struggle against economic domination by external powers through cooperation along with creating a strong economic base to make this resistance effective; the alleviation and eventual
elimination of poverty, which depends on a strong economy; and the limitation of national, rather than regional, economic development as the failure of most West African economies is partially due to the pattern of development in the sub-region being isolationist. It is assumed that a large community market will boost production (Shaw and Aluko, 1983: 95).

ECOWAS may be considered as fostering rapid and balanced development of the West African sub-region by provision of trade and economic cooperation among its members for the creation of a common market, thus reducing dependence on industrialised communities. Ways in which this may be achieved are by: providing compensation to members who suffer losses as a result of the operation of community enterprises and trade liberalisation within the community; financing development projects of member states; guaranteeing foreign investments in member states; and by promoting development projects in less developed member states of the community (Olanrejawu, 1987: 62).

Hence, ECOWAS considers sub-regional trade as vital for the development of the sub-region, by preventing dependence on industrialised states and achieving the most effective development. To this purpose the organisation propagates regional trade cooperation by providing incentives, since regional exchanges make up an important part of economic cooperation and development.

2.2.3 The Southern African Development Community

Southern Africa shares the belief in benefits reaped from close economic cooperation in the sub-region. This is manifested in the decision by the nine majority-ruled independent states of the sub-region to form SADCC in 1980 (Abegunrin, 1990: 18; Makoni, 1992: 16). This group, which has been known as the Southern African Development Community since August 1992, was established in part as response to the regional economic domination of South Africa. Today the membership of Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe, has been extended to include Namibia (AI Bulletin, 1993: 3).

SADC seeks to reduce its members' external economic dependence, mainly but not exclusively, on South Africa, and to promote the economic development of the sub-region. In 1986 SADCC announced plans of improving the regional physical infrastructure and emphasizing increased production of goods and stimulation of
intra-regional trade, which accounts for only approximately 4% of SADC total trade. A trade promotion programme was created including the possible formation of a regional export credit facility.

In 1989 a regional investment council was established with the aim of identifying and promoting opportunities for investment in member states. 1992 heralded a new five-year strategy for the promotion of mining schemes in the sub-region, investment in these schemes being encouraged by financial incentives to member states (Europa, 1993: 114).

The objective of collective self-reliance is little different from any proposal underlying regional economic cooperation. In essence it aims to generate higher levels of trade amongst members and reduce, for each member state, both the proportion of its import demand and the proportion of its exports to non-regional states. On another level, however, SADC's concern with 'dependence' gives an entirely dissimilar meaning to the concept of collective self-reliance. The Group wants structural changes to be sufficiently large to comprise its dependence-reduction objective (Ghent, 1991: 135).

Hence, SADC challenges all orthodox theories of regional cooperation. Firstly, with due cognisance of the poor record of African economic integration schemes, and after rejecting centralisation as unworkable within the diversity of African economies, members chose a highly decentralised model for coordination within a loose organisation. With each state executing projects in a sector, participation and exchange among members increase (Thompson, 1991: 138). Secondly, SADC has reversed priorities of regional cooperation by promoting production before trade; the goal being increased production, under the constraints of inadequate foreign exchange, machinery and repair skills, according to sector priority in the basic needs industry. If trade was coordinated, foreign firms could take advantage of the market and counter local economic priorities. Coordinating production allows members to plan growth, and increased production is aimed at increasing trade.

Before integration can occur, with the objective of increasing regional and international trade, the sub-region must be developed in such a way that members have products with which to trade competitively (Lee, 1989: 6; Leistner, 1992: 8).
Thirdly, Maasdorp (1992: 13) adds, the equitable distribution of benefits from economic cooperation has been made a priority and not left to chance, as growth in most developed states benefited only a few while the masses are impoverished. Production priorities, therefore, try to follow a basic needs agenda. SADC is committed to policies reducing the inequalities among their economies, because it is accepted that even the strongest economies cannot grow without supplies from their neighbours.

Whilst SADC is not unique in incorporating development planning in its strategy, it is unique in the sense that such planning is undertaken with the major objective, not of increasing regional trade, but regional development through regional structural transformation, which leads to an increase in sub-regional trade. Unlike other regional economic institutions in Sub-Saharan Africa, SADC does not consider regional trade as a means to the goal of development, but rather that development is a means to more successful sub-regional trade, which in turn promotes the prosperity of Southern Africa. SADC does recognise the necessity of sub-regional trade for the reduction of dependence on South Africa and the industrial states of the North.

All three organisations consider regional and sub-regional trade and economic cooperation to be the only way of lessening dependence on industrial states and generating development in Sub-Saharan Africa. This does not imply a total break with the North (as is reflected in the ADB's extra-regional membership of industrial states), since development in Africa requires foreign capital and technology. However, the emphasis lies on regional and sub-regional trade, with ECOWAS providing incentives in this direction, and SADC considering sub-regional trade as the ultimate sign of the success of regional development, even though this is not a goal in itself. Yet, most recorded African trade continues to be with the industrial states of the North.

2.3. Ideological Perspective on Regional African Trade

2.3.1 The Non-Aligned Movement

In contemporary international circumstances, non alignment, and its role and usefulness, has become a highly controversial issue. The Non-Aligned Movement (NAM) was created in 1961 in conditions of bloc division of the world into Eastern and Western powers. It was created with the purpose of realising the
interests and goals of states in the Third World in the interstices between the socialist East and the capitalist West (Shaw, 1989: 12). The end of the Cold War and the emergence of a unipolar world was considered to bring about the end of the NAM due to: firstly, the Eastern bloc and the Soviet Union have disintegrated, as have the principal political, economic and in some cases military supporters, who considered the Movement as a reserve of socialism and a natural ally of the Soviet Union; and secondly, the consistent uneasiness of the West towards the NAM was almost completely vindicated at the time of the West's triumph over the Eastern bloc (Petkovic, 1992: 7).

Petkovic (1992: 7) argues that this might have happened had the NAM primarily represented an ideological organisation or branch of the Eastern bloc. In essence, however, it was neither of the two and represents a framework and form of expressing the common interests of all developing states. Shaw (1989: 14) adds the growing resource shortages and depletion, affecting level and price of production in the First World. Further, the impact of the oil-crisis, the threat of protectionism and unilateralism in the North, and the increasing environmental vulnerability in the South, as underdevelopment and overpopulation erode ecological reserves, have also become fundamental issues. Impending changes in the international division of labour with the emergence of the group of Newly Industrialised States and the EC also feature. Hence, the NAM survived the end of the Cold War, since the root causes which led to its creation, namely the unequal and difficult economic situation the Third World finds itself in, have not disappeared.

The end of the Cold War substantially affected the NAM and its members, particularly in Sub-Saharan Africa. It has signified a cut in the flow of aid from former socialist states, as well as capital from the West. This capital, intended for Africa and the rest of the developing world, was redirected to Eastern Europe and Russia, due to their newly arisen development needs. This intensified the demand of nonaligned states to continue their action of protecting their legitimate interests and in this respect the NAM has become even more prominent than before (Kidwai, 1992: 22).

The principal objective of the NAM is to exercise independence in judgement and action in foreign affairs. It springs from the determination of developing states to safeguard their independence and create an international atmosphere more conducive to social and economic development. The NAM objective has moved from that of political freedom to that of economic independence. NAM states fear
that the greatest part of aid and development loans will be channeled to the East and no longer to themselves (Keesing's, 1992: 38937). Only by cooperation can they advance their national and regional interests. Non-alignment has come to be regarded mainly in economic terms, and is currently being conceived of as a doctrine of economic liberation and strategy enabling less developed states to loosen the ties which bind them to an exploitative economic order. The NAM has transformed itself into a collective economic movement of Third World states (Jazic, 1991: 20).

Economic and trade cooperation forms part of a three-fold strategy advocated by the NAM. The three parts of the strategy are: reliance on regional and sub-regional rather than foreign resources; the cultivation of cooperation among the nonaligned states; and the advancement of cooperation with industrial states, with the objective of promoting relations which would restrict exploitation and contribute to the resolution of problems in the world economy as a whole. Now the NAM insists on a transfer of part of the advanced states' funding to developing states. Its economic paradigm revolves around the notion of changing international economic relations through the liberalisation of foreign trade and increase of economic aid, and it is committed to changing the basis of North-South relations with a shift from anti-colonialism to anti-neocolonialism (Kidwai, 1992: 22).

Thus the NAM aims at eliminating the economic dependence of developing states on the industrialised countries. It gives priority to various forms of regional and sub-regional linkages in trade, as a collective economic movement in the Third World. To this end the NAM supports and encourages regional exchanges, giving the Third World greater bargaining power and preventing economic dependence in the world economy. Petkovic (1992: 7) affirms that this was clearly stated in the NAM meetings in Accra in 1991 and at the tenth Summit Conference in Jakarta in 1992. The group may become an important tool in the advancement of continental and sub-regional trade in future.

Authors on political economy, ideology and regional economic organisations in Sub-Saharan Africa agree that regional trade and economic cooperation is the only route to development. This form of cooperation is a means of limiting the economic dependence on the goods, services, technology and skills provided by the industrialised states of the North, which are imperative for effective growth and development in Africa. Through trade Africa's productive capacity may be improved in combination with industrial and technical progress. This could result
in the expansion of general trade, and greater bargaining power for developing states within the world economy. Experts on African trade postulate that close regional trade may attract foreign investment and capital, thus resolving African debt and development problems without resulting in dependency. Even though authors such as Mazrui and organisations like the ADB recognise the importance of continued cooperation with the North for the technology and finance industrial states can provide, the general consensus remains that only regional trade can result in effective and prosperous development in Sub-Saharan Africa.
CHAPTER 3
SELECTED CASE STUDIES: AFRICAN STATE TRADE PATTERNS

3.1 Background

Since 1960 considerable progress has been made towards the establishment of regional and sub-regional institutions for intra-African trade. Whilst most of these institutions embrace all possible sectors and sub-sectors of the Sub-Saharan member state economies, trade has been the centrepiece in the orientation of major organisations. Among these institutions are economic communities, customs unions, monetary unions, preferential trade areas and river basin unions. The motivation behind such joint efforts is to maximise development potential and increase intra-African exchanges. These groupings include SADC, ECOWAS and the ADB (Mutharika, 1991: 107).

Discussions on economic cooperation often begin with the presumption that increased regional trade is in the common interest of all people in Sub-Saharan Africa. This is potentially misleading as it does not automatically reflect the diverse range of socio-economic and political affinities within and between individual states. The distinction is critical for understanding one of the fundamental frailties of African regional economic groupings. The institution-building process in these organisations is heavily influenced by government officials and their goals. As representatives of states, whose revenues are primarily dependent on tariffs and extra-regional exports, these officials are unlikely to advocate economic liberation and self-reliance. In their existing weak position, African governments are forced to relinquish a growing proportion of their control over economic policy. Regional economic groupings are essentially government products, and thus subject to comparable economic crises. Hence, as institutions designed to promote African trade, they have become increasingly marginalised, thus forcing states principally to follow their own trade patterns (Barad, 1990: 102).

According to Abegunrin (1990: 9), despite the absence of success in most regional economic organisations in Sub-Saharan Africa, efforts towards closer economic and trade participation have not diminished, African nations having realised the importance of membership in these regional groupings as the most effective way to promote regional trade and development without economic dependence on the North.
Consideration should be given to the trade relations of the African states serving as case studies, not only individually, but also in the context of the various regional economic groupings to which they belong. This is essential as states operate in different ways, according to the grouping in which they function at any given time.

For example: Nigeria, Tanzania and Zimbabwe actively promote regional trade whilst Kenya, Senegal and the Ivory Coast favour extra-regional trade. Yet, Nigeria, Senegal and the Ivory Coast are part of ECOWAS, in addition to which Senegal and the Ivory Coast belong to the West African Economic Community. Moreover, Kenya, Tanzania and Zimbabwe are members of the PTA, with Kenya and Tanzania uniting in the former East African Economic Community. Further, Tanzania and Zimbabwe are dominant states in SADC. Hence, deliberations on regional trade are generally complex, since each state responds uniquely in the context of individual groupings.

3.1. Selected African States

The case studies include Nigeria, Tanzania and Zimbabwe as main proponents of regional trade in their sub-regions, along with Kenya, the Ivory Coast and Senegal, who openly pursue extra-regional trade. Nigeria is selected for its leading role in the creation of an African Economic Community and ECOWAS, whilst Tanzania is chosen for its resistance to extra-regional trade after acquiring independence. Zimbabwe maintains a leading role in the advancement of regional trade through SADC. In contrast, Senegal and the Ivory Coast are selected for their neutrality toward regional trade, whilst Kenya clearly supports trade with industrial nations. No united doctrine on the North-South debate is discernible in African ranks, as is evident in the lack of uniformity in alliances. This makes the endeavour for regional trade even more trying.

3.2.1 Nigeria

Nigeria is one of the 49 low-income nations in the world having a free market economy based on oil production and dominated by the military and the private sector. The development of the oil industry radically transformed Nigeria from an agriculturally based economy to a major oil exporter. It is the largest oil producer with the biggest Gross National Product and the largest population of the continent. With the decline of world petroleum prices in 1981, however, the Nigerian economy became increasingly strained, and the state accumulated a
large trade debt. The inability to obtain sufficient imported raw materials and spare parts, poor harvests and an overvalued currency, together with an increasing trade deficit compounded the problem. Yet, the petroleum and natural gas industries remain the dominant sector of the Nigerian economy, and to this extent Nigeria has been able to moderately influence developing nations' relations with the North by denial of trade: oil to the USA and imports from the UK. However, Nigeria's position is not strong enough to have a major impact on the world economic system, thus remaining dependent on it and industrialised First World communities for trade and development (Altschiller, 1988: 97).

ECOWAS, which is an experiment at regional economic cooperation, links Nigeria to the 15 other states in the sub-region, particularly in trade and industry. Nigeria plays a leading role in the organisation and contributes about a third to its annual budget (Akindele, 1988: 139). ECOWAS resulted in Nigeria investing in some African states, such as Guinea. Opportunities offered by the Nigerian Enterprises Promotion Decree encouraged some members of the West African Business Community to trade with Nigeria. Business opportunities in West Africa, created by the establishment of ECOWAS, precipitated a larger trade market along with enhancing profitability prospects and access to new technology including production processes (Esicmokhai, 1986: 265). This may expand into effective independent development, a goal of most African states including Nigeria.

The ultimate goal of Nigeria and ECOWAS is to work towards the creation of an African Economic Community, the highest form of regional economic cooperation (Keesing's, 1992: 38279). The African Economic Treaty establishing the African Economic Community was signed on 3 June 1991 and provided for: the establishment of a continental framework of developing resources; economic and trade cooperation between member states; the adoption of a common trade policy as regards states outside the continent, which is essential to Africa's survival in the light of its growing economic marginalisation in the world. The Community is not solely a trading agreement or mechanism for promoting regional cooperation in production, based on the creation of a common market, but concentrates on all aspects of economic cooperation, including financial and monetary matters. According to Ndulo (1992: 18), Nigeria indicates that the Community will lead to a bigger market for both primary and finished products, helping the continent meet international competition more effectively, especially now that there is a re-orientation of world trade and capital flows to the Newly Industrialised States, leaving Sub-Saharan Africa in the cold.
From these activities and its leading role in both the African Common Market and the African Economic Community, it would appear that Nigeria is deeply involved in the promotion and implementation of regional trade, as opposed to the dependence brought about by global trade. Yet its trade policies clearly do not reflect this, as they present a picture of extra-regional exchange predominance. Nnoli (1981: 243) postulates that prior to independence Nigeria placed an emphasis on British trade considerations. Subsequently, the state developed principally as a source of raw materials and as a market for the finished goods of British manufacturers. Moreover, all economic institutions were created to service this relationship (Smith, 1992:781-782). Today Britain remains Nigeria's main trading partner, but its share in Nigerian trade has gradually decreased and this has been paralleled by the European Economic Community (EEC).

Crude oil is the most significant revenue-yielding export commodity enabling Nigeria to show a favourable balance of trade well into the 1980's. However, the decline in world petroleum prices in 1981 strained the Nigerian economy as a result of which the state accumulated large trade debts.
in West Africa closest to Nigeria, are not complementary but competitive. Intra-ECOWAS trade is limited to a very narrow range of goods such as coal, livestock, mineral ores, crude oil, foodstuffs and nominal industrial products.

However, unrecorded cross-border trade must also be considered, since it constitutes a large part of African trade interaction (See Section 1.4.). According to Barad (1990: 104) most goods crossing borders in this way are poached animals, stolen livestock and mineral ores, and in West Africa unrecorded trade amounts to approximately five percent above the 2% recorded trade. The amount may be even higher, with levels varying in relation to relative prices and government policies.

Even with the inclusion of estimated unrecorded trade in West Africa, Nigeria's total regional trade is unlikely to exceed 7% of overall trade. Moreover, extra-regional trade with industrial states remains the main source of trade revenue and major direction of trade. This is due to the fact that Nigerian trade policy has been conditioned by the state's economic structure and the asymmetrical interdependence of North-South relations. In spite of being a leading force behind regional trade in Sub-Saharan Africa, Nigeria continues to emphasise extra-regional trade, perhaps more out of economic necessity than choice, as the First World can provide more development capital and technology than other African states. Though this might indicate a case of rhetoric as opposed to economic reality, Nigeria is theoretically dedicated to creating more regional and sub-regional trade, and in the process eliminating economic dependence on industrial states.

All actions in this direction should be an indication of its active concern with encouraging regional trade. Nigeria is one of the, if not the leader in promoting regional trade and economic cooperation in Sub-Saharan Africa, but it continues its most significant trade with industrial states. This suggests a state being forced into neglecting its goals out of economic necessity, since industrial states provide much larger markets for both Nigerian imports and exports, in addition to the finance and technology, than states in the region.

3.2.2 Tanzania

Over the past decade Tanzania struggled with a persistent economic crisis characterised by a severe shortage of foreign exchange, unsuitable balance of payments deficits, large budget deficits, high rates of inflation, low and at times
negative growth rates, and falling standards of living, as well as the deterioration of terms of trade. Tanzania's crisis is partially due to its predominant reliance on a few non-mineral primary product exports for the majority of its foreign exchange earnings (Cheru, 1989: 50).

Between 1970 and 1979 Tanzania's economic performance exceeded the Sub-Saharan African and low-income state average, with a GNP growth rate of nearly 5%. Between 1980 and 1989, however, GNP growth was only 0.8% (Berry, 1992: 863; Lee, 1989: 104). Since then it has continued to decline. The leading exports are coffee, beans, raw cotton, diamonds, tobacco and tea. Industrial exports comprise textiles, hides and spray-dried instant coffee. Coffee contributed 26% to the GNP in 1988, followed by cotton and manufactured goods. But fluctuating world prices have lead to wide variations in the share prices of coffee and manufactured goods, and this has generated trade deficits (Esterhuysen, 1992: 93).

Tanzanian terms of trade are estimated to have declined by 36% between 1972 and 1980 but subsequently began to level off. An encouraging feature is the success of small private exporters, who earned $62m in 1989 in response to trade liberalisation measures employed at the time. An Open General Licensing scheme was introduced in 1988 with International Development Assistance and UK aid, giving small importers access to foreign exchange for imported items on an approved list. The scheme was expanded and modified to allow most goods for import (Lipumba, 1990: 82).

Trade is directed at industrial states, in spite of Tanzania maintaining an anti-Western stance in the Cold War years. The state continues to engender a strategy of non-alignment. However, it has also come to realise the importance of aid and assistance from the industrial states for economic growth and development, therefore maintaining close economic ties with these states. According to Berry (1992: 863), in 1962 approximately 32% of all Tanzanian exports proceeded to the UK, but by 1990 the proportion had declined to about 8.8%, possibly as a result of a need to diversify trade partners and maintain closer trade ties with states in Sub-Saharan Africa. Germany was the main trading partner in 1990 with a share of 15.7% of the total Tanzanian trade followed by the USA and the UK.

On a regional level Tanzania has little noteworthy economic and commercial contact with other states. The only notable trade contact continues to be with
Kenya, to which coffee and cotton is exported and from which manufactured goods are imported. Until 1977 Tanzania enjoyed close economic links with both Uganda and Kenya, being partners in the East African Community (EAC). This was the successor to the East African Common Services Organisation and continued the long-established customs union and a range of public services operated on a collectively managed basis. These included the East African Development Bank, railways, airways, post and telegraphs, income tax and customs departments. However, early in the 1970's major economic tensions arose in connection with the EAC's operation, in addition to numerous political tensions between the EAC states which limited the work of the organisation. In spite of the investigation by a commission, the differences were irreconcilable, and in July 1977 the EAC was terminated. Subsequently, trade between Tanzania and its neighbours deteriorated. Trade in the sub-region gradually recovered after the assets of the organisation were divided, but even today a certain amount of mistrust prevails (Carroll, 1992: 569). As a result Tanzania concentrates on its outward trade, despite renewed meetings between Tanzania, Uganda and Kenya in February 1992 for the purpose of resuming and upgrading regional economic and social development in these states (Keesing's, 1992: 38755).

It would appear that Tanzania will continue dealing chiefly with countries in the First World, rather than increasing regional trade. Presently Tanzania and its neighbours are economically linked by the Preferential Trade Area for Eastern and Southern African States (PTA) and SADC (discussed in Section 4.2.3.). It is one of the front-runners of regional trade and economic cooperation in Africa, aiming to limit continued economic dependence on First World progression. However, Tanzania is one of the nations practising least what it preaches. It shows little initiative in encouraging regional trade, reflected in lack of leadership in any regional trade initiative such as SADC or the PTA, and is a good illustration of pure rhetoric when it comes to advancing trade cooperation in Sub-Saharan Africa. As in the case of Nigeria, this is probably due to economic necessity.

3.2.3 Zimbabwe

In spite of Mugabe's ideological preferences Zimbabwe maintains a free-market economy with a dominant private sector similar to those of Nigeria and Kenya. In 1980, with independence and the reinstatement of foreign aid donations, the economy began showing signs of recovery (Maasdorp, 1992: 8). Independence was effected amid high hopes of Zimbabwe breaking the mould of poor economic
performance in Africa, demonstrating the region's ability to compete with the economies of East Asia. Twelve years later, in 1992 Zimbabwe is being depicted as the Sub-Saharan African state most likely to make a success of structural adjustment. Nevertheless, Zimbabwe's economic progress has been disappointing, the economy being plagued by customary African difficulties including inappropriate economic policies, the marginalisation of Africa, which is reflected in declining exchange and investment by the rest of the world, and global recession, together with the far-reaching changes in the structure of the world economy (Hawkins, 1992: 1).

Mandaza (1988: 11) indicates that Zimbabwe belongs to a wide range of international organisations, such as the United Nations, the Commonwealth, the Organisation of African Unity, plus the Nonaligned Movement. Zimbabwe is also a major force behind various regional and sub-regional groupings, including the Front Line States, SADC, and the PTA. These three have distinct but overlapping memberships, each having a different area of concern. In the case of the FLS it is security and political issues; for SADC economic development and coordination; whilst PTA priority lies in trade (Barber, 1991: 11).

The PTA is the largest of these groups comprising 15 member states extending from Eastern to Southern Africa. Like SADC it was established as a trading bloc to reduce African states' dependence on both the West and South Africa. Harare is the clearing house for PTA transactions and the Zimbabwe government is an ardent advocate of the group, in addition to emphasising its political potential more than any of the other members. The PTA is linked to SADC as a means of extricating the members' economies from South African 'economic colonialism' and strengthening their independent position. There is no absence of ambition in the PTA, with a full economic and monetary union being its ultimate goal. Nonetheless, the grouping possesses certain impediments. Its greatest limitation is the fact that there is little trade between members on account of their underdeveloped economies and tendency to duplicate products. Most trade results with industrial nations. Furthermore, in 1986 only 6% of Zimbabwe's exports and 3.4% of imports included PTA states.

Yet, within the group Zimbabwe maintains a strong position by reason of possessing the largest, most broadly based economy, thus enjoying a balance of trade advantage, which may explain its enthusiasm for the organisation (Barber, 1991: 12).
Further, Zimbabwe played a leading role in the establishment of SADC, whose other members are Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania and Zambia. Its aim is to reduce the economic dependence on other states, notably South Africa. As postulated by Mandaza (1988: 11), its declared objectives are to foster greater self-reliance, reduce dependence, promote regional integration, together with mobilising and coordinating regional resources in addition to securing international cooperation for 'economic liberation'. SADC maintains a small secretariat in Gabarone, but policy decisions are made at the Heads of Government meetings. Each member has an economic sector for which it is responsible. In Zimbabwe's case this is food security: the overall coordination of food and agricultural policies. SADC was created as an answer to the presence of South Africa along its borders. Its programme of action concentrates on finding alternative transport routes, as land-locked members, including Zimbabwe, are obliged to rely on South African harbours as outlets. It has also made progress in the detailed arrangements facilitating barter, such as export revolving funds and guidelines on investment. Despite this, SADC has not been exceptionally prosperous, partially due to South Africa's belligerent trade policies and inefficiency within SADC. Hence, these states find themselves in an increasingly weak and dependent position. Exchanges with South Africa are much greater than amid SADC members. In the case of Zimbabwe 19% of its imports stemmed from South Africa, in 1988, whilst only 9% originated in diverse SADC states (Barber, 1991: 13).

In 1988 the Zimbabwean economy registered trade surpluses, the value of exports increasing from ZS 1.380m in 1984 to ZS 4.363m in 1990. Exports include 47% manufactures, tobacco and gold whilst imports comprise 40% machinery and transport equipment, basic manufactures, and petroleum products (van Buren, 1992: 1133; Esterhuysen, 1992: 93). Main export and import destinations in 1988 were the UK followed by South Africa and Germany. Except for South Africa, Zimbabwe's most noteworthy trading partners lie outside the African continent, in developed First World nations (van Buren, 1992: 1133; Esterhuysen, 1992: 93). Until recently South Africa was also excluded from the region: not being a democratic state, it was not regarded a part of Sub-Saharan Africa.

Member states of SADC and the PTA together account for less that 8% of Zimbabwe's trade, in both directions (van Buren, 1992: 1133). This signifies that the Zimbabwean effort at advancing regional trade and economic cooperation via
the PTA and SADC has generally failed. Ironically, Zimbabwe is one of the principal states concentrating on extra-regional trade. However, the amount of impetus and initiative by Zimbabwe in these organisations indicates that it takes its objective of promoting regional and sub-regional trade seriously, whilst, like Nigeria, making valiant attempts in this direction. It further indicates that Zimbabwe does not merely employ pro-African rhetoric for the sake of seeming to encourage regional trade, as is the case with Tanzania, but is genuinely determined to effect regional trade and economic cooperation.

Whilst all three nations claim to diligently advance regional trade and economic cooperation, only Nigeria and Zimbabwe are truly committed to ensuring its success. Tanzania utilises pro-regional rhetoric purely as a response to economic and political predicaments. Yet there are various states in Sub-Saharan Africa not actively seeking the advancement of regional trade. Despite the fact that they do not oppose regional trade, even recognising its merit in addition to partaking in it, these nations do not actively pursue this form of cooperation.

Unlike states like Nigeria, Tanzania and Zimbabwe, which claim that external trade is only a means to the end of economic independence, states such as Kenya, the Ivory Coast and Senegal recognise the prominence of extra-regional trade in its own right, and in combination with regional trade, as they argue that only exchanges on all levels can stimulate development.

3.2.4 Kenya

Following independence in 1963 Kenya attracted attention as one of the success stories in Sub-Saharan Africa, both politically and economically. In the 1970's, nevertheless, this image collapsed as real economic growth lost pace with the soaring population expansion resulting in a declining per capita GNP of the state. The main factors causing this stagnation in the economy were: a high priced, import-intensive industrial sector; low world prices for tea and coffee; and the rapidly increasing costs of manufactured imports. Declining export receipts along with high import dependence on industrial states contribute to chronic balance of payments deficits (Cheru, 1989: 72). Consequently, Kenya came to be recognised, by the UN in 1989, as one of the 45 states Most Seriously Affected by the adverse economic conditions. Some authors, including Cheru, suggest that the reason for Kenya's current position is its preference for external rather than regional trade (Europa World Yearbook, 1990: 1538; Carroll, 1992: 565).
Kenya's economy is primarily based on the production and processing of agricultural and pastoral products, with 79% of the labour force employed in this sphere. The principal cash crops are coffee, tea, sugar-cane, maize, wheat and cotton. It is also the most industrially developed state in East Africa, possessing a good infrastructure, extensive transport facilities and considerable private sector activity. The trade patterns are not unlike those of the other states in Sub-Saharan Africa, the main trading partners being First World industrialised states. The major outlet for Kenya's exports is Europe. The UK is the most important trading partner, accounting for 18% of Kenyan exports and 14% of its imports in 1989. This is followed by Germany, together with Japan. Other major trading partners include France, the Netherlands, the US and Uganda (Carroll, 1992: 567; Esterhuysen, 1992: 92).

Uganda is Kenya's major regional trading partner, receiving 9% of its exports in 1989. Although regional trade is prominent in Kenyan trade relations, maintaining a favourable trade balance with its neighbours, to which petroleum products, food and basic manufactures are exported, extra-regional trade continues to play a leading role. The main reason for this may be the closure of the Kenya-Tanzania border in 1977, affecting trade not only with Tanzania, but also with Zambia (Kenyan exports to this state move through Tanzania). The border was closed as a result of various economic and political disputes amongst the neighbouring states which lead to the collapse of the East African Community (section 4.2.2.). The reopening of the border in late 1983, together with the agreement on the distribution of EAC assets, was expected to provide some opportunities for Kenyan exporters, although these would have been limited by Tanzania's lack of foreign exchange.

Trade with Uganda has been restricted since the 1970's due to its domestic problems. Subsequently, various trade agreements were signed, but in early 1987 a trade dispute unfolded between the two states, centring on the decision by Uganda to use rail trade routes instead of road routes, thereby reducing the earnings of Kenyan trucking firms. Even though cross-border traffic has resumed, a certain degree of tension remains, resulting in a decline of bilateral trade to virtual non-existence (Carroll, 1992: 568).

Kenyan participation in the PTA (section 4.2.3) was envisaged to revive trade relations within the region. The introduction of PTA travellers' cheques in 1988 should have facilitated travel within the region, thereby benefiting Kenya's tourism
and business sectors. Tourism is the most important source of earnings for Kenya since the decline in receipts from exports of tea and coffee due to the drop in world prices in 1987 (Europa World Yearbook, 1990: 1539). Despite this, the increase in regional tourism was not noteworthy and European and US tourists continue to make up most of Kenya's tourist revenue. In addition, Leistner (1992: 10) points out that the PTA is plagued by weak communication and transport links, disparities between the more industrialised members including Zimbabwe and Kenya, on the one hand, and the remaining nations, where industrialisation has barely taken root. Another factor is the acute shortage of foreign exchange. These factors inhibit Kenya's successful regional trade.

Kenya claims to have achieved its level of development through close links with the First World, in spite of having to pay high prices for First World imports and receiving low prices for the primary commodities it exports. Mosley (1991: 273) argues that the fact that this state has such close ties with industrial nations, particularly of Western Europe, has resulted in sustained growth of foreign investment in Kenya, notwithstanding the decline of its economy. As foreign investment is one of the driving forces behind economic growth, this is a position desirable to the state and would explain Kenya's preference for extra-regional trade.

Despite recognising the importance of regional trade for development and independence, Kenya has become somewhat despondent with the failure of the EAC and the inability of the PTA to bring about more effective, profitable trade. Since the Kenyan economy depends on tourism, and the First World provides most tourists, besides the technical knowledge fundamental to development, Kenya will continue its predominant trade with industrial states until such time as regional trade becomes more effective and profitable.

3.2.5 The Ivory Coast

Formerly a province of French West Africa, the Ivory Coast attained independence in 1958. It is considered to be one of the few states in Sub-Saharan Africa with viable growth prospects in future, its GNP expanding by 0.9% in the period 1989-1990 whilst increasing in real terms by an annual average of 1.2% (Europa World Yearbook, 1992: 835-836).
Agriculture contributes 49% of the GNP and employs roughly 57% of the labour force. This state is the world's leading cocoa producer, cocoa and related products contributing 29.6% to total export earnings. In 1990 this nation was the fourth largest coffee producer. Other cash crops include cotton, timber, palm kernels and rubber. Industry, including mining, manufacturing and construction, contribute approximately 24% to the GDP whilst the manufacturing sector contributes about 10% (Williams, 1993: 4).

In 1990 the Ivory Coast recorded a visible trade surplus of approximately US$ 1,418.8m although there was a deficit of US$ 1,103.8m on the current account of the balance of payments. The state developed a programme to reduce the dependence on imported energy in 1989, by developing indigenous resources of natural gas, as fuel products accounted for 13.9% of the value of previous imports. Yet, France remains the principal source of imports with a recorded 33% in 1989. Other main suppliers include Nigeria, the USA and the Netherlands. France also provides the principal market for exports followed by the USA, Italy and the Netherlands (Europa World Yearbook, 1992: 837; Esterhuysen, 1992: 92). Consequently, the Ivory Coast's major trading partners, with the exception of Nigeria, are industrialised nations of the First World.

The Ivory Coast is not markedly involved in advancing regional trade cooperation, and freely admits to conducting most trade with developed states. There may be two reasons for this. Firstly, according to Owosekun (1985: 94), events in West Africa are still predominantly decided in Europe, and collaboration between the Anglophone and Francophone states in the sub-region cannot thrive without the 'blessing' of the former colonial powers. Therefore West Africa's colonial history is an important constraint on the ascendancy of sub-regional trade in ECOWAS.

Nnoli (1981: 229) supports this by affirming that former French African states such as Ivory Coast and Senegal have maintained close relationships with their former metropole, especially in monetary matters. The most significant feature of their continued relationship with France, in this respect, is the fact that their foreign exchange reserves are still pooled in France, and their respective monetary policies, exchange controls and duty policies must operate within the framework of this central allocation by France. Hence, the Ivory Coast's trade relations naturally favour France overwhelmingly.
Secondly, Shaw (1989: 99) claims that unlike the majority of Third and Fourth World states, the minority, including the Ivory Coast, have been upwardly mobile. For them counter-penetration and close interaction with developed nations are viable options because of their attraction to trans-national interests, which benefit both groups of states. This is in direct opposition to the dependency theory postulated by Nigeria, Tanzania and Zimbabwe. Consequently, these dual sets of factors allow the Ivory Coast to trade freely with developed nations, making the promotion of sub-regional and regional trade seem redundant.

Nonetheless, it is interesting to note the large amount of sub-regional cooperative efforts the Ivory Coast belongs to. The state recognises the importance of sub-regional participation as a tool for making demands in the world economy. Individually, the developing nations of Sub-Saharan Africa have little impact on world economic trends. Only by uniting their objectives can they achieve some measure of success. Hence, the Ivory Coast is a member of various bilateral and multilateral groupings in the West African sub-region, including ECOWAS, the West African Clearing House, the West African Economic Community, the West African Monetary Union and the West African Development Bank, as well as certain continental or regional groupings such as the African Development Bank and the OAU.

Even though the Ivory Coast trades predominantly with industrialised states, and openly acknowledges this, it also recognises the importance of regional and sub-regional trade and cooperation. It does not do this so much for individual relations, as it lacks the influence to accomplish this unaided, but for the realization of its trade and economic goals. Consequently the Ivory Coast does not advance but supports regional trade cooperation.

3.2.6 Senegal

Senegal was a French colony, achieving independence in 1960. Despite overall economic difficulties, the level of investment increased steadily from 9% of GDP in 1961 to 17% in 1971, a level maintained in recent years. A reason for this may be that Senegal benefited from the consistent support of Western donors, who have been eager to support the state's relatively stable governments. Consequently, trade relations with industrialised nations have prospered (Onwuka, 1989: 64; Englebert, 1993: 712).
Senegal's foreign trade consistently manifests deficit, the value of exports currently being half that of imports. The drastic rise in imports in the early 1980's, coinciding with petroleum price rises, the widening food deficit and purchasing power maintained through foreign borrowing, which resulted in these trade deficits. The 1985-1992 adjustment programme, aimed at increasing export earnings by 12.9% annually via exports of fish and chemical products, did little to alleviate the trade deficit (Englebert, 1993: 712). Thus, Senegal turned to industrialised nations for development aid and export receipts, to this end supporting extra-regional trade.

In 1989 27% of Senegalese exports were fish products, followed by groundnuts and phosphates. Imports include fuels, machinery and manufactured goods. Presently, the main export markets are France followed by Italy and the Ivory Coast. The main imports came from France, the USA and the Ivory Coast (Esterhuysen, 1992: 92). Its main trading partners are France, followed by the USA and Italy. However, Senegal also has significant trade links inside its sub-region, the Ivory Coast being its main trading partner there.

For a state so clearly in favour of extra-regional barter and development aid for progress and reducing trade deficits, Senegal has fairly extensive trade links within the sub-region. According to Owosekun (1985: 98), Senegal belongs to a number of sub-regional collaboration institutions, including ECOWAS, the West African Economic Community, the West African Monetary Union, the West African Clearing House, the West African Development Bank and the Organisation for the Development of the Senegal River. Yet the state has opted to maintain a low profile in these organisations as it considers them, and particularly ECOWAS, as just another channel through which Nigeria extends its influence over Sub-Saharan Africa, in its role as protector of regional and African interests. Senegal regards this as being comparable to the colonialism formerly practised by Western nations.

This, together with the fact that these states are the only ones capable of providing the capital essential for the alleviation of Senegal's trade deficit problems, resulted in Senegal's continued emphasis on external trade. There is a clear disparity between the nations actively promoting regional and sub-regional trade, and those favouring extra-regional trade. The main trading partners of all case studies are industrialised states. This is doubtlessly out of financial and development necessity. Nevertheless, no one state directs its trade exclusively in one direction.
Williams (1993: 3) argues that it is noteworthy that states publicly favouring extra-regional trade, such as Kenya and the Ivory Coast, have the highest estimates of economic growth in Sub-Saharan Africa, whilst various states, including Tanzania, which actively support regional trade, predominantly recorded economic stagnation and decline.

This may be the reason for the bulk of African trade continuing with industrial nations, despite designs of economic independence and self-reliance. Hence the claims by most of the countries that they promote regional and sub-regional trade in Sub-Saharan Africa remain pure rhetoric. This is not a consequence of a reluctance by African states to implement this effectively, but arises solely out of the economic necessity originating from limited development and economically fragile positions.
CHAPTER 4
FACTORS CONSTRAINING AND FACILITATING REGIONAL TRADE

Measured against the traditional trade patterns of the pre- and early post-independence era, trade in Sub-Saharan Africa remains virtually unchanged, most emphasis being placed on exchanges with industrial nations of the First World, including ex-colonial powers. When considering the factors facilitating and inhibiting regional and sub-regional trade, it is not difficult to determine why this is the case. At present there are more factors hindering than furthering regional barter, and these are used by most African states to justify reduced trade levels. This occurs in spite of open advancement of regional commerce by these states in institutions such as the ADB and the OAU. Mulat (1990: 153) argues that the members of the OAU have committed themselves to the establishment of an African Common Market by the year 2000, the ultimate aim being the creation of an African Economic Community, ensuring the economic, social and cultural integration of the continent, initiating collective, accelerated, self-reliant and self-sustained development of member states. As yet no active steps have been taken in this direction, the impeding factors on regional trade explaining this disparity between the rhetoric and reality of African trade patterns.

4.1 Constraints on Intra-regional Trade Cooperation

Preconditions to trade include a considerable diversity of the export base of states at regional and sub-regional levels together with substantial complementarity of supply and demand conditions. According to Roelofsen (1990: 3) existing constraints on trade relating to both policy and market failures are abundant. The author claims that the intra-African marketing environment is characterised by a lack of transparency and openness, as well as by the absence of sufficient trade information accessible to potential trading partners. A mechanism for the identification and dissemination of information on trade opportunities at a sub-regional level has until recently been non-existent, and data on regional level has been somewhat restricted. Whilst these constraints are important in hindering regional and sub-regional barter, there are other factors inhibiting Africa which call for consideration as elements determining the trade policies of Sub-Saharan nations.
4.1.1 Inadequate Economic Infrastructures

Ndulo (1992: 19) stipulates that there is an inadequacy of the economic infrastructure in Sub-Saharan Africa. One of the major curbs on the growth and development of intra-regional trade is the limited payment and financial systems obtainable. Increased African trade requires finance and financial instruments such as banking networks providing letters of credit, export credits and other financial services. There are also diverse currency exchange regimes and payment restrictions. Regional trade will demand the adoption of collective policy measures to facilitate the liberalisation of payment and exchange restrictions to enhance the convertibility of national currencies.

Inefficient highway, airline, railway, shipping and telecommunications services act as barriers to regional trade and contribute to the high cost of managing business in Sub-Saharan Africa. Most of the infrastructure has been designed to serve the export and import demands of each state in external trade (World Bank, 1991: 153). Various steps have been taken towards enhancing the transport and communication services to increase regional trade. Usually administrative barriers are tackled first, followed by the improvement of the infrastructure in response to growth in trade generated by policy reforms. Regional transport and communications programmes should focus on providing efficient and reliable services. This is particularly important for transport to inland regions and landlocked states. Overland transit costs are inflated by cumbersome and outdated customs procedures, poor operational coordination between different modes of transport, and weak harmonisation of regulations. Furthermore, controls imposed by landlocked states with respect to reserve cargo rights for national carriers and foreign exchange allocations for transit expenditures also contribute to high costs (Amin, 1987: 176; World Bank, 1991: 153).

A lack of information, resulting from inadequate communication systems, is a further obstacle to increased regional and sub-regional trade. The World Bank (1991: 160) adds that certain African states are ignorant of the fact that other African nations could replace non-African suppliers as providers of certain basic commodities. Cape Verde, for example, seems unaware that Cameroon is able to provide the aluminium discs currently imported from Portugal for making cooking utensils. The Bank claims that private sector manufacturers should help spread
information as African producers, both industrial and agricultural, necessitate a more vigorous role in marketing and competition.

Another major insufficiency in the region's infrastructure is the source of energy and water supply. Over 92% of energy consumed in Sub-Saharan Africa is from bio-mass, mainly fuel-wood and charcoal. As populations increase, deforestation reduces the availability of fuel-wood, and this leads to erosion which in turn reduces the productivity of the land. Natural gas and oil have been used in some states, including Nigeria. However, not all are fortunate enough to have their own energy supplies (Lipumba, 1990: 93). Suitable and cost-efficient alternative energy sources need to be found and utilised. Similarly, inadequate irrigation and sewage systems inhibit production and limit regionally exchangeable goods.

Hence, transportation, electric power, banking, insurance and communications are vital, their unsuitableness being part of the reason for the limited trade amongst states on the continent. Finer integrated markets and improved transport links would reduce the costs of inputs and distributing products, making them more competitive in African and world markets. Enhanced telecommunications may fulfill vital needs by lowering transaction costs, substituting for more expensive transport, plus improving market efficiency by making information more readily available (World Bank, 1991: 154).

There is another important part of African state infrastructure which deserves consideration, and this is labour. In order to be competitive in the export market, African states require skilled labour. Acquiring technical skills is costly and no African state can afford all of the higher-level institutions required for training, research and development. The World Bank (1991: 154) notes that centres of excellence are needed, and they can only be effectively established on a regional basis. Because technical training and research are specialised, regional participation is the most effective way of achieving this. Quality is enhanced because regional institutions can achieve operative staffing and facilities. One such institution is the Inter-African Electrical Engineering College in the Ivory Coast, which caters for the training needs of African power utilities.

Yet there is an insufficient number of institutions to educate the masses. The continent is plagued by illiteracy and lack of primary and secondary education. Consequently, most labour is unskilled, and this has a great effect on industry, which can only support a small sector of manufacturing goods, due to the lack of
skills in the work-force required for this process. Thus, most African nations focus on the export of primary commodities, and the duplication of these goods inhibits productive regional trade. As a result, both physical and human infrastructure is required to make regional trade more effective. As yet Sub-Saharan Africa does not possess sufficient amounts of either.

4.1.2 Constricting Economies

The vision of pan-African economic cooperation demanded by most states is one of high hopes: the integration of national markets to attain faster economic growth and higher standards of living. The most direct way to greater regional economic integration is via enlarging markets. This can be accomplished through regional trade (Loxton, 1992: 22). However, most African economies are somewhat constricted, and this impedes regional integration and development. The World Bank (1991: 158) indicates that this is primarily due to macro-economic policies - overvalued exchange rates, distorted credit allocation, and heavy domestic market production - stimulating the growth in Africa's parallel markets. It is estimated that today up to $5 billion of imports from the rest of the world could be supplied by diverse African states already exporting similar products outside the region.

Ironically, in stead of complementing each others products, African states are in competition with one another, making regional trade all the more difficult. Other problems discouraging regional trade include the fact that African economies are customarily export based, yet have a weak production and distribution structure. According to Amin (1987: 177), a major vulnerability in export-based manufacturing is the absence of linkage to other producers. In many cases neither local production of the required inputs nor a local market for processed intermediate goods exists. Where they do, the established ties are frequently to outside products. For example, in Tanzanian radiator manufacturing, copper and steel are imported from Sweden, even though Zambia and Zimbabwe are large regional producers of the same metals. In addition, African production and distribution structures are designed for external exports (Mulat, 1991: 33). Yet, these states seem to continue serving the purposes of the industrial states.

Closely associated is the production method employed. Most African nations trade primary commodities, bringing them into competition with each other for markets, as mentioned above, rather complementing each other by manufacturing and producing a range of products covering the requirements of all. Hawkins (1992:
12) postulates that current low commodity prices together with the droughts of 1988 and 1992 adversely affected especially agricultural exports and accordingly African states are anxious to protect their own markets, a situation not advantageous to regional trade. This is worsened by African economies not having undergone sufficient structural change and continuing to be chiefly reliant on agricultural exports for revenue. These economies are too rigid, and this results in their continuous decline. They are also inept in adapting to changing needs, and this makes regional trade very trying.

The size of African economies also demands attention. It is elementary to say that states should diversify their range of products. However, most regional economies are not nearly extensive enough to make diversification in any way profitable, and this restricts the product base.

A further restriction on regional trade is the inequality of income distribution, perpetuating already existing colonial trade bias in favour of a few consumers possessing financial power. Thus many wealthier consumers have distinct preferences for imported merchandise. Inevitably, locally produced goods periodically suffer from quality and marketing problems which are frequently the outcome of factors including poor management, inadequately trained labour, variations in the quality of inputs, scarce supplies and irregularities in production. Competition against more established brand names may become difficult (Amin, 1987: 177). Consequently, regional trade becomes more arduous to uphold when there is no market for regionally produced goods.

The institutional aspects of trade promotion are commonly responsible for frustrating regional trade. This can be clearly identified in the PTA 'Rules of Origin'. Amin (1987: 177) finds them to be exceedingly stringent considering the underdeveloped nature and availability of indigenous capital, technology and entrepreneurship and Africa cannot develop without substantial inflows of private foreign capital. These rules should be deferred until Sub-Saharan Africa has developed viable indigenous technological, investment and entrepreneurial capacities. Indeed, even though these Rules are designed to promote regional trade by restraining states from which goods may be purchased, they actually limit regional trade as the capital and technology from industrial states is required to manufacture productively. Hence, it is safe to say that the economies in themselves work to constrict regional and sub-regional trade, and this is a consequence of their policies and lack of adaptation to, and insight into, the needs of African people. If
it were not for these economic policies, regional trade would maintain a much stronger position in overall African trade practices.

4.1.3 Foreign Exchange Constraints

Investment and foreign exchange were binding constraints on economic growth during the 1980's. The two are closely inter-linked; a weak export performance together with high debt-servicing obligations, restricted the availability of foreign currency for imports. The result has been depressed levels of income due to price instability, deteriorating terms of trade and competition from synthetic and other substitutes made possible by the technological advances of industrial states (Hawkins, 1992: 10). Hence the amount of foreign exchange flowing into Sub-Saharan Africa has progressively decreased.

Whilst there is no real evidence that foreign exchange constraints are the main obstacle to higher investment levels, casual observation suggests that, had it been possible to increase foreign currency allocations earlier, investment would have reached far higher levels, in spite of the un-inviting regulatory environment. There is no single explanation for weak export performance, though exchange-rate policies play an influential role (World Bank, 1991: 25; Hawkins, 1992: 11). These foreign exchange constraints have a debilitating effect on regional trade, as absence of foreign income affects the buying-power of states. Only via the inflow of foreign capital can import occur. Without this, general and regional trade suffers as it requires capital input. With little foreign exchange, African nations have few means of buying from each other, and instead purchasing from industrialised states, who have more technology and are largely tolerant of debt, at the same time providing developing states with foreign aid. Consequently, trade with industrialised states has more to offer the African states striving to pay their bills, as they are more likely to write off debts, a luxury other developing states cannot afford in their struggle for economic survival.

4.1.4 Tariff and Non-Tariff Trade Barriers

Ndulo (1992: 17) describes another constraint to regional trade as trade barriers. These are either tariff barriers, such as import and customs duties, or non-tariff barriers, such as the Rules of Origin, which many African nations employ to limit the numbers and types of goods imported from certain areas. Even though these Rules, as seen in Section 4.1.2., apply mainly to extra-regional states, there are
some active within Africa. These trade barriers are upheld because of competition. African states challenge each other for international markets. Thus, regional trade is ineffective as most states produce similar products, and hence do not require trade in these product areas. These products actually compete for a place in the international market, resulting in trade barriers against other states in the region to safeguard merchandises and markets, causing a decline in regional and sub-regional trade in Sub-Saharan Africa.

4.1.5 Conflicting Regional Interests

Discussions on economic integration typically begin by presuming increased regional and sub-regional trade to be in the common interest of all African states. This presumption is misleading as it does not reflect the diverse range of socio-economic and political affinities within and amidst populations. This distinction is critical in understanding one of the fundamental weaknesses of African regional trade and economic organisation (Barad, 1990: 102).

African states have contrasting economic and political interests, and thus divergent goals for regional trade. Langhammer (1992: 3) affirms that past experiences in flourishing regional trade and market integration, of Western-style economies, suggest homogeneity, national economic performance and political commitment as three major factors shaping successful regional trade, free-trade areas and customs unions, these components being privileges Sub-Saharan Africa has never enjoyed.

Langhammer (1992: 3) adds, that economic homogeneity is the absence of strong sub-regional disparities preventing distributional conflicts in the early stages of implementation. Sustained economic growth on national level helps contain domestic resistance against exposing local industries to regional competition. It facilitates structural adjustment and discloses a way of expanding and diversifying agricultural and industrial production, providing opportunity for two-way intra-regional flows. Yet, the continent is plagued by heterogeneity, both in terms of per capita income differences and resource allocation, via the role of the state, property rights, centralism, and the reliance on pricing and non-pricing policies. Economic performance is subject to vulnerability from external economic shocks, such as the fall in commodity prices along with mismanagement and institutional decay.
Rossen (1985: 283) adds the lack of complementary regional economic structures to these inhibiting factors. Therefore, there is a duplication of activities and institutions in Sub-Saharan Africa resulting in wastage of scarce resources which could be more skillfully utilised.

As Africa's regional economic organisations are essentially government creations, designed to promote official intra-African trade, they have become increasingly marginalised. Traders operating along many borders having worked out their own unofficial means of effecting liberalised trade. Although the goods bartered may not be those envisaged by regional economic institutions or states, these flows exert increasing pressure on governments to integrate their economic policies and make regional trade more effective (Barad, 1990: 103).

In the realm of political interests there are also conflicting interests inhibiting regional trade responsiveness. Langhammer (1992: 3) argues that political commitment, in a legally binding way, underlines the irreversibility of regional liberalisation, making economic cooperation and integration plausible. Sub-Saharan Africa is plagued by political antagonism. These rivalries are generally deep-seated and long-standing, being rooted in the conception that national economic development in a group of developing states is a zero-sum situation. The contentions and conceptions are undoubtedly connected to the historical patterns of development created under colonialism.

Langhammer (1992: 3) goes on to argue that this is not irrational, as often claimed (e.g. UNCTAD, South-South Trade and Finance, Strengthening the Weakest Link, New York, 1986: 14), but is based on a fear of loss of sovereignty, inherent in economic integration. Disorganized domestic industries might be out-competed by the more advanced suppliers of industrial states, without offering a chance of penetration with alternative goods and services into these states. Factor movements (both capital and labour) from the periphery (Third World) to the center (First World) may occur, restricting less dynamic resources to the sluggish developing states. Such polarisation effects could seriously weaken the tax base of these states, leaving political leaders with insufficient resources to pay for subsidies. These fears are very real to African leaders, making political rivalry one of the major obstacles to preferential trading arrangements, free-trade areas and customs unions, which are part of active trade interaction.
In addition to conventional rivalries there are other political factors hampering regional and sub-regional trade. These include idiosyncrasies in language, political systems, and legal and administrative systems. There is also the problem of national economic programmes taking priority over regional programmes in terms of support and finance by influential international institutions, including the World Bank and the IMF. Subsequently, domestic considerations take precedence over regional deliberations. The existence of border conflicts, linguistic rivalries (principally English and French), compounded by racial suspicion, particularly between black Africans and Arab Africans, add to the absence of adequate regional trade. Sub-Saharan Africa lacks an acclaimed integration leader, with impeccable credentials, possessing a domestic economic track record of monetary and financial stability, diligent implementation of regional programmes, and a volition to assume responsibilities and dominance in regional trade and finance (Ndulo, 1992: 19).

Political instability and antagonism prevail in most of Africa. Institutional decay is widespread, characterised by corruption, oppression and nepotism. Instability and the combination of domestic and regional rivalries, are not constructive in advancing regional trade, the combination of political and economic conflict being one of the major binding factors.

4.1.6 Involuntary Economic Relations

Closely associated with conflicting regional interests is the issue of involuntary economic relations. This type of relation typically occurs in the context of larger economic powers inside the continent, such as Nigeria or South Africa. Nations most affected are landlocked states including Niger, Zimbabwe, Zambia and Tanzania, who are dependent on transport routes to harbours for export. In this respect economic association is involuntary due to economic necessity. This causes particular difficulties in those instances were states such as Zimbabwe are dependent on South African harbours, but reject that state's political policies. The non-existence of alternative transport infrastructures obliges certain states into economic relations with other states, forcing them into a dependency situation, and allowing little room for exchanges with other African nations (Ghent, 1991: 132). The lack of alternative transport infrastructure has detracted from general regional and sub-regional trade.
4.1.7 Commitment Deficiencies

The AI Bulletin (1993: 3) specifies that the lack of commitment by Sub-Saharan states in upholding and promoting regional trade is another intrinsic problem. Nations lack the commitment to enact regional trade competently. National policies do not reflect the economic participation of African states in the context of the regional and sub-regional organisations they belong to. In spite of their claims, these states have failed to dismantle tariff and non-tariff barriers to intra-regional trade, such as licensing requirements, transport regulations and monetary restrictions. Little has been done to devise an enabling environment for the private sector and foreign investment. Ndulo (1992: 3) argues that this absence of commitment is manifested in the chronic non-observance of liabilities undertaken within the respective agreements, as well as in the inadequate utilisation of instruments formulated by the agreements in regional and sub-regional economic and trade organisations.

The deficit in engagement to the elevation of regional trade probably originates from the weak economic position of most Sub-Saharan African states. National interests take precedence over regional and sub-regional interests, therefore obstructing true commitment to regional trade as nations are primarily concerned with individual development goals.

4.1.8 External Constraints

In addition to the large number of domestic constraints, there are also a number of external constraints to African trade, including weak world commodity prices of African merchandise, the fluctuations in international interest rates, and inadequate or inappropriate aid provision. Owosekun (1985: 134) points out that foreign aid is an instrument for the external manipulation of African behaviour, tying clients economically to donor states by creating new dependencies, thereby preventing lateral relations with other African states. Kaunda (1987: 45) adds that in the world economy generated by protectionism and manipulation of commodity prices and exchange rates, a wake of Third World debt has brought increased poverty and underdevelopment. The myth that recovery in leading Western nations will spread to the Third World and revive these economies was shattered in 1984, with declines in GDP by more than 30%. Hence First World protectionism has forced African capital to flow to developed states, in a bid to keep up with development and technological advances of the world system.
4.1.9 Miscellaneous Constraints

There are disparate other constraints to regional and sub-regional trade. These include financial constraints, customs constraints and contrasting standards. Increased intra-regional trade is dependent on the availability of finance and financial instruments, covering banking networks for the provision of credit, export credits, and other financial services to traders and firms. Even if African suppliers could compete in price and quality with the international community, inadequate financial support places them at a disadvantage as regards non-African competitors.

According to the World Bank (1991: 159), the most trying issues of financing regional trade arise at the macro-economic level, where imbalances in the flow of trade between members are inevitable. Sub-regional clearing-houses have been established to settle balances between states, but given the shortage of convertible currencies in Sub-Saharan Africa, these currencies are employed instead for purchases from non-African states, rather than for settling accounts with neighbouring nations. Additionally, Amin (1987: 176) claims that the lack of adequate transport systems makes regional transport more costly than its international counterpart. Regional organisations, including SADC, experience problems in their payment regimes. Clearing houses are not available everywhere in Sub-Saharan Africa, and this places even more strain on financing regional trade.

Customs procedures also have a restraining effect on regional trade. These procedures differ drastically, making extra-regional trade less problematic than regional trade. There are difficulties with the transportation, documentation and insurance of goods in transit, and unnecessary documentation frustrates traders. The countless regulatory and procedural barriers should be abridged or eliminated, including quota and licensing arrangements. Simplified procedures, embracing the PTA Road Transit Customs Arrangement, need to be imposed. At present, border checks and complex transit procedures cause long waiting periods reducing regional exchanges and contributing to the exorbitant cost of Sub-Saharan trade. Up to 70 administrative steps may be involved in moving goods legally across borders. In states such as Zaire and Tanzania there are up to 39 steps for exports and 30 for imports, including signatures, validations, licenses and authorisations from various administrators, all collecting an official 'fee', in turn contributing to the costs of intra-regional trade (Amiri, 1987: 176; World Bank, 1991: 160).
Closely linked to this is the issue of standardisation. Uniform standards and specifications for products are essential, and yet the metric system is not universal in Africa. Beyond this there is a common perception that product specifications are more comfortably verifiable, First World suppliers quality controls and reliability of delivery being superior. For example, a Nigerian bicycle manufacturer was increasingly successful with customers in neighbouring states when the goods were sent to the UK for re-export, than when they were exported directly to these customers (World Bank, 1991: 161). All of these factors contribute to domestic elements restricting the amount of regional trade in Sub-Saharan Africa.

All above factors have played a role in inhibiting regional and sub-regional trade to a greater or lesser extent, making the extension of intra-African trade exceedingly troublesome. The constraint pulling all of these factors together is the fact that all states do not benefit equally from regional trade. Most regional trade promotion initiatives benefit the commanding African economies, creating an intra-African dependency situation. The dominant African states such as Nigeria, Zimbabwe and Kenya have most to gain, as they ordinarily enjoy the more extensive infrastructures and majority of commodities. Yet, what they attempt to prevent through regional trade, namely dependence on industrial states, is in essence repeated on a smaller scale within Africa Until there is more equality among African nations trade appears to be a fundamental, yet no-win situation for weaker states, who are either dependent on industrial states or the larger African economies, for their development assets and technology, and in most cases on both. However, dependence on another African state may be perceived as one step up from international dependence, thus making African trade a goal continually striven for, if not automatically accomplished.

4.2 Facilitative Regional Trade Factors

There are a multitude of elements inhibiting increased regional trade in Sub-Saharan Africa. There are also various reasons why this type of economic interaction should be promoted. According to Mbogoro (in O'Meara, 1991: 4), regional economic cooperation and integration is a powerful means of encouraging economic development, as well as peace and security. Together with trade it is credited with facilitating industrial development and technical progress, leading to the improved use of existing productive capacities, greater bargaining power in negotiations and an improvement of political relations among states. It also helps attract foreign capital, which is essential to overcome foreign exchange constraints.
Even though this scenario does not address the problem of domination within the regional context, it does make some valid points relating to factors which promote regional trade. These are the points African leaders emphasise in their rhetoric on regional trade and economic integration.

4.2.1 Shifting Global Conditions

The shift of global political and economic conditions in recent years favours increased regional trade in Sub-Saharan Africa. These changes have altered trade and investment patterns in general, and those specifically related to the interaction between developed and developing states. One important factor leading to decreased trade and investment is a general economic slow-down within industrial states. This slow-down, combined with the breakdown of the Bretton Woods system of fixed international currency exchange rates, and the rising global inflation and interest rates, have heightened uncertainty and perceptions of risk on the part of numerous business managers. These perceptions are accompanied by the growing tendencies in firms to minimise the risk of exposing long-term investment capital, and to maximise their leverage on the capital they do invest. This has resulted in decreased, more conscientious global investment (Grimwade, 1989: 218).

Trade and investment in Africa is considered risky, because profits are not always guaranteed. Furthermore, many African nations insist on controlling the conditions of investments and trade agreements, and this results in decreased interaction. Subsequently, states have been forced to look within regional boundaries for trade and investment, as an alternative to extra-regional participation.

Another reason for changing trade and investment patterns is the rapid growth and extended bargaining power of some developing states in South East Asia and Latin America. This power may be attributed to the size and dynamism of these developing state markets. It has resulted in First World-based firms seeking profitable trade and investment opportunities in these regions, rather than in Sub-Saharan Africa, which is regarded a high risk area largely dependent on foreign aid. It is incapable of paying for imports in addition to having poor investment potential, due to continuous internal strife (Grimwade, 1989: 218). Sub-Saharan Africa has mostly been written off by developed market economies as a poor trading partner with a weak investment climate. In order to survive and develop economically African states must seek trade and investment from within.
4.2.2 Initiatives in Economic Growth and Development

Regional trade may facilitate increased complementary and sustained development in African states by reinforcing regional infrastructure, creating a more competent system of payment for imports, providing greater access to credit and creating a greater mutual awareness of economic needs, together with increased development and integration of the productive sectors (Ndulo, 1992: 17).

The reason regional trade may improve development and promote economic growth is that African states will be guided into greater economic complementarity. Currently, most trade is manifested extra-regionally, the productive sectors being designed for this purpose, and this results in competition between nations to gain foreign markets for their limited number of exports. Nevertheless, due to the changing global economic structure and growing disenchantment of the First World with Africa's inability to pay for imports and alleviate its foreign debt, these states will have to contemplate each other as potential trading partners. This could result in development via more complementary economic structures and production.

The World Bank (1991: 158) postulates that the most direct way to regional economic participation and integration would be by enlarging regional markets through trade. Some nations produce surplus meat (Ethiopia, Mali, Niger, Somalia and Sudan), whilst others, including the Ivory Coast, Mozambique and Senegal, supply extra fish, and yet others, such as Zimbabwe and Kenya contribute excess cereals. Nigeria, the Ivory Coast and Liberia produce more rubber, and Kenya, Malawi and Tanzania provide excess tea. Large quantities of cocoa are manufactured by the Ivory Coast, Ghana and Nigeria, with sugar coming from Mauritius, Swaziland and Zimbabwe. Some possess spare hydro-power (Ethiopia, Ghana, Zambia and Zaire) whilst others (Angola and Nigeria) hold oil and energy sources. Several states, including Cameroon, the Ivory Coast, Ethiopia, Kenya, Mauritius, Nigeria, Tanzania and Zimbabwe, have already developed modern industrial capacity in consumer and intermediate goods, whilst others such as Senegal have not been as fortunate.

These products and services could be bartered amongst states rather than with industrial states, hence encouraging economic development. Yet the absence of capital is a very real inhibiting factor to regional trade, as producers cannot be sure
of remuneration for their goods. Initially trade in the region could occur on an exchange basis, whereby states exchange some of their surpluses for wares they require, but are auxiliary in other African nations. In this way an increasingly even distribution of resources and development can be ensured. When a certain level of development is achieved the monetary system of transaction can be restored. Trade would be more operative as states would pay less for products traditionally imported from industrialised states at great cost. Prices could be reduced and states could focus on development and growth rather than having to recover the financial resources required for technology and imports.

Mutharika (1991: 112) points out that African trade is a valuable mechanism for creating enhancing collective self-reliance and self-sustaining growth. Regional trade may alleviate mass poverty and provide a correct and important response to the adverse effects of the international trading system on African economies by providing the required diversification of the production and marketing base. Thus, regional trade can strengthen the collective bargaining position of these states. In the long term, regional and sub-regional trade may promote growth and economic development by establishing more complementary African economies, facilitating agricultural and non-agricultural commodity exchanges and decreasing the developmental gap between states, whilst strengthening the collective bargaining power of the continent as a whole in the world economy.

4.2.3 Trade Liberalisation

Closely associated to economic growth and development is trade liberalisation. Increased regional trade can help liberalise trade policies in African. Trade liberalisation implies reducing government intervention in economic management. Hawkins (1992: 14) affirms that it entails the phasing out of quantitative import controls in favour of an open general import license system together with a restructuring of external tariffs. Ashiabor (1990: 96) suggests that raising the returns from regional trade and market integration requires extending market liberalisation from selective tariff cuts on selected products, to goods and services. The aim is to create market incentives encouraging the private sector to engage in wealth-creating exchanges across neighbouring borders, thus promoting regional trade. Onwuka (1989: 32) adds that as long as Africa cultivates its economic fields with the hoe of others, without being able to manufacture, the continent is alienating itself. Africa will liberate itself and progress provided that manufactures the hoe. This statement is the essence of trade liberalisation.
Trade within Sub-Saharan Africa stimulates economic growth because it permits the exchange of complementary commodities and services, whilst trade between states producing similar goods is beneficial as it helps increase the efficiency of firms and raises quality standards against alternative sources of supply. Increased competition may provide an incentive for productivity, lower costs, and remove policy distortions. Yet, the internal markets for many African products are so small that there is no room for competing firms, and hence competition comes from imported goods. Liberalising markets could help encourage competition amongst producers, thereby stimulating adeptness and economic growth as well as regional and sub-regional trade (Ashiabor, 1990: 97).

The World Bank (1991: 158) claims that trade liberalisation demands to be part of the effort of restructuring African economies. Up until now, it has not been very effective, reflecting the tribulations African producers face in competing world markets, and the opposition of interest groups which have benefited from trade restrictions (e.g., governments who fear the political costs of lost employment and output). Yet, regional trade liberalisation permits a phased approach, allowing for a competitive environment. More rapid regional liberalisation, parallel to overall trade liberalisation, may accelerate trade within Sub-Saharan Africa and secure benefits not procured via unilateral liberalisation. The most pronounced benefits may originate in a combination of an overall trade liberalisation programme together with the dismantling of barriers to free flow of goods, services, capital and labour.

By limiting preferences, trade liberalisation ensures increased regional trade rather than diverting it. The more extensive and rapid the liberalisation, the less the likelihood of new resources being misdirected to produce non-competitive products for a regional market (World Bank, 1991: 159). Hence, it can increase local trade by replacing less efficient national production and expensive external with regional imports, thus promoting regional trade, growth and development, as the creation of complementary production sectors is encouraged.

4.2.4 Foreign Investment Control

Also favouring regional trade is the ability of states to control the amount and nature of investment by foreign companies. According to Hawkins (1992: 15-16) the globalisation of business has changed the rules of foreign investment in the
1990's. The 'colonial empire' model of foreign investment is being replaced by
global integration. Multinational corporations seek to exploit modern high-skill
technologies, thus securing scale economies and experience effects by integrating
their operations, such as research and development, manufacture, together with
marketing and finance, across national borders. In this 'borderless world'
corporations break up the value-added chain not on the basis of
independent subsidiaries in states such as Kenya and Zimbabwe, but in terms of
what each plant can deliver (e.g. market access, productive efficiency, admission
to cheap materials and labour and a skill or research capability). This implies that
speculation takes place where value can be added more productively and not where
it is required.

Large proportions of African economies are run by Multinational Corporations
(MNC's) which exploit the natural and human resources for their own resolve and
those of the industrial states, without generating the development and growth, as
they claim to. Yet, most African leaders have come to realise their own needs for
these resources, for their development, before they are completely diminished.
However, the close trade ties Africa maintains with industrial states, reluctantly
forces it into close ventures with these same states. Only by increased regional
trade can local investment grow and extra-regional speculation be phased out or
contained. Thus, regional trade is vital in constraining foreign exploitation and
should hence be stimulated.

Asante (1986: 21-23) points out that African leaders are no longer content with
enjoying symbols of sovereignty whilst the control of vital resources remain with
MNC's. There has been an enactment of new foreign investment regulations, the
adoption of new economic policies regarding foreign investments, and the creation
of new bureaucratic structures to administer these policies. The measures range
from acquisition of majority interests in local subsidiaries of MNC's to
unconditional expropriation or nationalisation. This implies maintaining control of
foreign investments and decreasing their overall participation in local economies,
whilst increasing the host state's shares of economic rewards, without neglecting to
attract foreign capital, technology and skills for national development.

Actual attempts at managing MNC's through these measures alternate from state to
state and from industry to industry, depending on variations in economic policies,
foreign investment behaviour and prevailing ideologies. Accordingly, whilst Zaire,
for example, nationalised the copper and other mining interests of Katanga in
1967, Nigeria first acquired 55% of all its petroleum concerns, nationalising all British Petroleum interests in 1979. However, results have not always been favourable, since they are inadequate indicators of increased African control. Nor do they indicate vast changes in the asymmetrical relations between Africa and the Industrial World.

Important constraints on the capacity of African nations to manage MNC's remain, as most of the measures require relatively sophisticated apparatus adept at formulating, implementing and overseeing an intricate array of procedures, criteria and rules, via organisations with access to worldwide resources and ability. It is mainly this capability which Africa does not have. On the whole government efforts at dealing with MNC's are highly fragmented and African states do not possess the basic skills inherent to the management and operation of these firms (Asante, 1986: 24).

The most effective form of MNC control is by reducing the potential for competition among states in the region for foreign direct investment, via participation on a regional level. The only manner in which foreign control of regional resources may be curbed is by promoting regional and sub-regional trade, which in turn will generate more investment, thus eliminating the need to compete for foreign investment. Once competition is cut out, there is less demand for investment by foreign firms, thus largely eroding their power base, and making them much more susceptible to control. In addition, regional trade boosts speculation, which is less costly and exploitative than foreign investment, though exploitation by economically stronger states in the area may never be entirely eradicated. Hence, regional trade initiates investment, which in turn generates more trade, by controlling the nature and extent of foreign investment.

4.2.5 Industrial Development

Currently, industrialisation in Sub-Saharan Africa is chiefly dependent on the finance and technology of First World states. It is this dependency which African nations regard as the root cause of their persistent diffident position in the international community. Instead of stimulating independence, it generates further economic dependence. Only through regionally initiated industrialisation can active development take place.
Mutharika (1991: 114-115) indicates that the basic objective of industrialisation is optimising the utilisation of domestic natural resources, including minerals and agricultural products, completed in an orderly, planned expansion of industrial production capacities. Notably, regional industrialisation engenders the process of domestic market restructuring which increases opportunities for trade in manufactured goods, agricultural processed goods and raw materials. The author proposes industrialisation via the market integration of African economies.

For example, within the PTA, Zimbabwe is the most industrialised nation preceding Kenya. Industrialisation could take place through a selection of the best industrial package by establishment of enterprises enabling the entire area to progress economically. This type of industrialisation may consist of industrial licensing policies, ensuring that factory locations and sizes create a regional balance. This would incorporate the pricing of sub-regional goods, structure and protection for infant industries, import substitution policies and tax incentives.

Increased industrialisation implies increasing productivity via import substitution, and a reduction of dependence on primary commodity exports. Intra-African industrialisation involves both trade creation and trade diversification, combined in a protected market environment. This is accomplished through import substitution in which some nations, such as Nigeria, the Ivory Coast, Kenya and Zimbabwe are able to take advantage of regional and sub-regional markets, especially in manufactured goods such as textiles, food, dairy products and plastics. Main manufactured merchandise, sensitive to sub-regional market structures, include cement, fertilisers, plastics, food and textiles. The broadened production base, in addition to the diversity in manufacturing industries, provide extended opportunities for intra-African trade (Mutharika, 1991: 115). Consequently, regional and sub-regional trade are advanced as industrialisation discourages dependence on industrial states for methods of development.

Most African states export primary commodities and import finished goods, resulting in a dependence on manufactured goods provided by the First World. Only through industrialisation can this dependence be diminished and the product base for trade within Africa extended. Domestic and regional production relations must be expanded to reduce the reliance on primary commodities as main exports (Masire, 1987: 33). Thus, industrialisation may alleviate dependence on primary commodity exports, assisting intra-African trade via an extended, more varied base
of products. A more diversified range of products implies broader industrial development, encouraging greater regional trade.

Ndongko (1985: 295-296) cites five pre-requisites for African industrialisation. Firstly, communities must draw extensively on their domestic financial resources, coordination between states being possible and desirable. Secondly, collaboration between societies and the subsequent division of labour may facilitate research into national manpower requirements and problems, which are essential in the coordination of development plans. Thirdly, a broader market resulting from economic cooperation may get rid of product surpluses in neighbouring states. Fourth, as many small nations have only modest natural resource endowments, a limitation should be imposed on the extent of self-sustained growth within these economies. Finally, various communities find it difficult to build viable economies within the confines of their own (often artificial) national borders. Thus, the long-term economic interests of each Sub-Saharan state demand continental collaboration of some kind.

There are abundant factors facilitating intra-African trade despite the many factors frustrating it. Trade patterns remain largely unchanged, directed at industrial First World countries. Presently Sub-Saharan Africa finds itself in a severe economic crisis, most communities in the region being confronted by comparable problems of economic decline and stagnation, as well as dependence on the finance and technology provided by developed states. Yet their common colonial heritage binds these nations together with common socio-cultural and political superstructures and fragmentary capitalist economic systems, which contribute to their economically backward position. Therefore, regional trade and economic cooperation may uphold a powerful position in the joint heritage and communal economic problems confronting the continent, since it may be the only real solution to dependency and subordination.

Despite the constraints outweighing facilitative factors, regional trade could be the answer to African dependence and subjugation in the global system, though it does not propose to be a solution for intra-African dependence. Ultimately the decision must rest with individual states, whether they want to maintain their current position in the global economy, or whether they prefer to rise above the position dictated to them. In spite of its restrictive qualities regional trade seems to be the only real way forward.
CHAPTER 5
METHODS OF ENHANCING REGIONAL TRADE

The Industrial Revolution created almost two centuries of increasing abundance of goods and services for human consumption. This growth, based on more sophisticated exploitation of resources, has never been uniform or linear across time and space. High mass consumption, the most advanced stage of modernisation models, began to falter as oil prices increased drastically in 1973-4, sending shock-waves through the industrialised North. 'Scarcity' became a contentious issue, being the root of the North/South debate. Chapter 6 reflects what the aims and activities of African nations express about the North-South debate. It also provides methods of initiating and enhancing regional trade as a catalyst for economic growth and development.

5.1. Regional Trade and the North-South Debate

An important dimension of the North-South debate centres around the issue of: 'Does the world face a period of growing scarcity of mineral resources?'; 'In what way does the problem of First World access to Third World mineral resources arise?'; and 'Do Third World demands on the future use of their resources conflict with the general objective of world economic expansion (Miljan, 1992: 1286-1288)?' Indeed, these issues have become increasingly important in the determination of relations between the industrial states of the North and the developing, natural resource endowed nations of the South.

According to Shaw (1989: 104), whilst the supply of the most important industrial minerals seems almost inexhaustible, the problem for the North is its increasing dependence on imported non-fuel minerals, predominantly found in developing regions, particularly Sub-Saharan Africa. The concentration of resources in certain geographical areas is part of the conflict between industrial and African communities. The other is the gross inequality of resource consumption patterns in the world. Whilst the average Tanzanian or Sudanese makes a negligible demand on the world store of resources, every North American or European requires 20,000 kg of minerals a year to maintain his/her standard of living.
So-called critical minerals have been identified as important to the security of developed states. They are limited in supply, and located in such volatile areas of the world that they are classified as strategic minerals. The North imports these minerals in large quantities from Africa, the issue of scarcity of natural resources having become important in North-South relations due to the close link between resource availability and economic growth. This is a crucial consideration for both the developed states, which need to maintain economic growth, and the developing countries of Africa, which are attempting to increase and expand their economic potential (Shaw, 1989: 104).

Miljan (1992: 1296) suggests that this relationship gives rise to what may be termed 'lateral pressure'. Growth demands resources; once domestic resources have been exhausted growth creates lateral pressure to obtain them from other sources. Responses to this can be either benevolent, in the form of trade, or malevolent, through war, conquest or colonisation. (Both apply to Sub-Saharan Africa to some extent). This results in the interdependence of the world system. Yet, this relationship also causes difficulties in the interaction between the North and the South. The North is unwilling to share its abundance with the South, all claims of interdependence notwithstanding. At the same time, the South, in its attempts to economic progress, exploits its own natural resources with reckless abandon. Thus, the economic inequalities between the North and South are not decreasing. The uneven social and economic development characteristic of any developing community, and exacerbated by the increasing decline in terms of trade for the Third World, actually increases the gap. The North buys African natural resources at nominal rates in return for development aid. African states claim that the only way to gain foreign capital and investment is by selling their resources to the North. Their inability to process these resources forces them to export raw materials inexpensively, whilst having to purchase costly processed imports. In this manner Sub-Saharan Africa is exploited as it practices dependent trade and development policies. The question arises: Why do African states continue primary trade with the North if they are aware of this exploitation?

Shaw (1992: 1181) asserts that Africa is not only the most marginal of the Southern continents, but is becoming increasingly so. It has the lowest levels of GDP, being the least industrialised, with plummeting investment and savings. Despite this, African countries have not changed the colonial commodity character of their exports significantly since independence.
A reason for the unchanged character of African trade may be the hardships encountered with regional and sub-regional trade (See Chapter 4). However, it can not be truthfully claimed that these states have made a concerted effort at making it work. The real reason must lie in the assumption that development can only occur through the provision of technology and finance from extra-regional trade with the North. This attitude has a twofold reflection on the North-South debate. Firstly, the rigidity of African trade patterns encourages industrial states to continue their exploitative trade methods, and not switch to the restructuring of the global economic system that Africa would like to see. Secondly, the unchallenged trade patterns of Sub-Saharan states are a reflection of the inability or unwillingness of governments to initiate growth and development, rather enriching themselves than working pro-actively towards prosperity in the region. This is a serious blow to the legitimacy of African governments, and the absence of credibility reflects poorly on the North/South debate, as regional development efforts cannot be taken seriously. Hence, little purpose is perceived in resolving the conflict over resource allocation.

African communities still do not seem to be sufficiently concerned to actively change their trading patterns and challenge the global economic structure. A time may come when the South will require the utilisation of its resources for local development. At this point Africa may want to withhold reserves from the industrial states, this being an ineffective solution as the North, with the technology at its disposal, may be able to create synthetic or other alternatives, thus taking away the export market for African supplies. Though it is unlikely to occur soon, due to the excessive costs of devising alternatives, this may be one of the most important reasons that Africa challenged the current North-South debate sufficiently, yet it is also one of the vital reasons for Sub-Saharan Africa making a concerted effort at encouraging and implementing operative regional and sub-regional trade, instead of using it as pro-African rhetoric.

It would be dangerous to assume the continued presence of industrial states as primary trading partners of Africa. The North is still concerned with the South because it requires the natural resources the region can provide, but with industrial nations finding alternatives to these natural resources the Third World is becoming no more than a peripheral issue, spelling the end of the North-South debate, to the detriment of Sub-Saharan Africa. Therefore, it is vital for the continent to promptly formulate methods of promoting and implementing effective regional trade as a catalyst to economic survival.
5.2. Methods of Initiating Regional Trade

In Africa the demand for regional economic and trade cooperation has become increasingly evident in the spheres of industrial, financial, commercial, fiscal and monetary policies. Although this type of collaboration, both as ideology and in practice is not entirely new to African leaders, a need for increasing trade in the region is evident. The desire for regional economic and trade participation arose from the domestic and external factors of regional economic situations and relations. There is an awareness of the relatively small size of national economies and their low levels of industrial activity, including negligible exports of manufactured goods. This is exacerbated by the small percentage of African trade, resulting from the inconvertibility of some national currencies, the absence of an adequate intra-African payment system, the rapid decline of foreign exchange derived from primary commodity exports and the high cost of imports and consumer goods from developed nations (Ndongko, 1985: 288).

These factors discourage active regional trade and economic cooperation. There is no universal path to economic prosperity. Africa must find its own strategy for development, without looking to the industrial states, as the most credible development comes from within.

As a rule, African trade and economic cooperation are considered a failure, comprising a low level of intra-regional trade, a limited range of tradable commodities and an inadequate transport and communication infrastructure. For these reasons Roelofsen (1990: 1) asserts that it is more sensible to consider intra-African trade via its potential at sub-regional rather than regional level. This has two justifications: the gradual introduction of trade liberalisation programmes by sub-regional economic groupings, and the existence of 'natural' or 'logical' trade partners within a sub-region.

This appears to be a sensible approach to raising and initiating regional trade, as sub-regional economic groupings have had more success in this sphere than regional groupings (for example SADC has been able to generate more trade amongst its members than the ADB). Another reason is that states in a sub-region customarily share more economic commonalities than on continental level. In addition, transport and communication are generally more effective sub-regionally.
Hence, it may be practical to initially spawn regional trade on a sub-regional basis, and then to extend it by connecting sub-regions into a continental trade apparatus.

5.2.1 The Comprehensive Approach

The World Bank (1991: 152) proposes a comprehensive step-by-step approach, based on common economic interests, as offering the best prospects for increased regional trade and eventual economic integration. All states must, however, be convinced of the benefits and be genuinely committed to a programme of implementation. Given the current fragmentation and pervasive jealousies and mistrust between African states, this initial step is likely to be the most trying. Sub-groups of two or more states, should be encouraged to increase responsiveness more rapidly than others, wherever they perceive mutual benefits. This approach should not involve further proliferation of organisations, consisting of bilateral agreements between governments accepting benefits from mutual liberalisation of product and factor markets. The Bank claims that any approach must contain mutually reinforcing and complimentary measures.

Without policy reforms to increase the demand for goods and services, improved regional infrastructure is of little value to regional trade. Policy adaptation is useless unless physical and human infrastructure is reformed. Therefore, the World Bank (1991: 153) supports phased programmes addressing critical barriers to regional and sub-regional trade. Each phase should include advances in harmonising policy and progressing infrastructure. Regional organisations need to be rationalised, by reforming and consolidating them into lean, credible institutions with a clear mandate and capacity for making decisions. They would be able to direct the creation of a physical, technical and legal infrastructure, supporting regional exchanges in goods, services, labour and capital.

Cheru (1989: 161) shares this opinion, claiming that African regional trade involves a set of inter-related policies, mechanisms and institutions designed to implement new forms of joint action within the wider framework of Third World cooperation. This collaboration should concentrate on trade expansion and participation in production, through the establishment of trade promotion councils together with credit and insurance systems, development banks to finance production, the creation of preferential economic agreements and a continental or sub-regional investment code.
5.2.2 Foundation and Adaptation of Bureaucratic Structures

One of the primary steps in advancing and originating regional is the establishment and adaptation of bureaucratic structures to the requirements of this type of exchange. In Africa there are more than 200 organisations concerned with regional cooperation, of which 160 are inter-governmental and the rest non-governmental (World Bank, 1990: 149). Despite this large number, none of these has been able to upgrade intra-African trade, the main reasons being top-heavy designs, politicised appointments, the reluctance to give power to regional executives and the majority failure of African states to give priority to regional concerns. This is the main cause of reduced activity at the level of regional economic foundations. Institutions, mechanisms and measures facilitating and developing intra-African trade have to be devised.

Mutharika (1991: 112) points out that these include agricultural and non-agricultural commodity exchanges, specialised marketing organisations for major export commodities, African associations of state trading organisations, national chambers of commerce and the Federation of African Chambers of Commerce, expanding the activities of the Association of African Trade Promotion Organisations, sub-regional trade and development banks, African multinational marketing enterprises, multinational shipping lines upgrading intra-African trade and the free movement of persons.

This assessment is shared by Hazlewood and Owosekun. Hazlewood (1985: 201) mentions the inception of African multinational production corporations and joint ventures, given the large potential for trade creation existing within the region. Priority should be given to investment in the production sector as a first step towards intra-African trade expansion. Further, the author claims, that co-ordination in the processing of domestically available raw materials should be encouraged through the foundation of joint or multinational corporations, whilst countries should conclude long-term purchase and supply contracts as a means of advancing mutual trade.

Owosekun (1985: 295) claims by contrast that the time is long overdue for African states to coordinate investments, research and specialised education efforts through some type of inter-governmental agency, of the OECD type. The establishment of a supranational organ seems appropriate as it may be necessary to dismantle diverse existing regional economic groupings. In the absence of conflicting
interests between entrenched national industries, an equitable distribution of new industry and infrastructure investments, for a balanced continental development programme, may be worked out. Whilst it is unlikely that all existing regional economic institutions can be eliminated, as proposed by the author, the ones that do exist will be required to adapt to the changing needs of African societies and their demands on intra-regional trade.

Reliable examples of this type of action are provided by Mutharika (1991: 120), who postulates that regional trade can be effected by linking the activities of existing sub-regional institutions with policies directed at improving distribution mechanisms, through the participation of sub-regional trade advancement institutions in the implementation of trade policies. This should entail dealing with problems of; un-reliability of African supply sources, particularly in trade with other African states; the accelerated construction of transport and communication networks linking Africa; the establishment and/or strengthening of transit arrangements backed by multinational guarantees; the advancement of long-term purchasing and counter purchasing systems including multinational marketing enterprises and state trading organisations which can generate new distribution networks; along with the creation of trade financing mechanisms including export credit facilities and integrated intra-African networks of commercial banks. Hence, regional and sub-regional bureaucratic structures and institutions must be formulated or adapted to the needs of African development and regional trade, even though this alone will not ensure effective trade and economic growth on the continent.

5.2.3 The Reduction or Elimination of Trade Barriers

The reduction or removal of trade barriers is another important method of spawning regional trade in Sub-Saharan Africa. These can take the form of tariff and non-tariff barriers (Section 4.1.4) and are a major deterrent on trade and economic cooperation. Hazlewood (1985: 198) asserts, that African states should commence negotiations with a view to composing appropriate preferential trade areas or similar institutions, thus steadily reducing these barriers. Existing economic integration groupings, having moved beyond preferential agreements, should be assisted in attaining more advanced cooperation arrangements, whilst the reduction and eventual elimination of trade barriers should place particular emphasis on the exchange of fundamental goods, whilst ensuring that no undue advantage is taken of the liberalisation process. African nations should grant each
other favoured nation treatment, whereby all customs duties applied on regional exchanges (in cereals, coffee, pulses, sugar, meat, maize, fish, sorghum, tea and vegetable oils) are substantially reduced. In addition, the machinery for negotiating further tariff cuts should be established at regional level. All food products originating in Sub-Saharan states should be exempted from the application of regulatory non-tariff barriers, excepting health requirements. These points constitute part of the Lagos Plan of 1980, which has not been successfully implemented as yet. The main reason for this may be the magnitude of African market protectionism. An enabling environment for regional trade needs to be formulated before trade barriers can be effectively abolished. This may be achieved by creating mechanisms and measures expediting the development of intra-African trade, market integration, the cultivating of agricultural productivity and industrialisation, fostering entrepreneurs, compensating for unequal benefits, and by promoting a Pan-African identity amongst Sub-Saharan communities.

5.2.4 Devices and Measures Facilitating and Developing Trade

Hazlewood (1985: 199) remarks that Africa should employ certain mechanisms and measures which develop trade within the region. To minimise the use of foreign exchange and advance intra-African trade, studies must be undertaken by economic groupings, on the demand and supply of major African commodities, with a view to originating agricultural and non-agricultural commodity exchange arrangements at sub-regional and regional levels. Specialised marketing organisations should be established for major exports and imports, creating regional and sub-regional councils of buyers and sellers for each commodity. The author adds that considering the need to promote foreign trade in general and intra-African trade in particular, all states should endeavour to design councils responsible for the creation of trade promotion centres, thus expanding the activities of the Association of African Trade Promotion Organisations. This may reduce the costs of trade initiation whilst conducting market surveys, disseminating trade information and training experts. Africa must identify goods largely consumed in rural areas with a view to sustaining large-scale production, and making these goods available for intra-African trade. This can be accomplished by establishing distribution enterprises and storage facilities for exchangeable commodities.

Mutharika (1991: 120) confirms that a structural re-orientation in goods and services, via the creation of an intensive 'Buy African Goods' campaign is required,
so that the trend towards external source demand may be reduced. African governments should consider sub-regional markets before searching for other markets. This implies: the re-orientation of sub-regional production policies and plans giving priority to the processing of raw materials, thus creating inter-sector linkages and connecting demand and supply; the promotion of productive investment through appropriate incentives to both local and foreign investors; the formation of capital mobilisation mechanisms, including the re-orientation of existing banking systems towards financing indigenous production and reinforcing intra and inter-regional collaboration in investment financing; the harmonisation of quality and technical standards within the continent; and the training of skilled manpower, including technicians and managers. To this end Hazlewood (1985: 199) advises participation in the African Regional Organisation for Standardisation and various trade fairs to encourage the consumption of African merchandise.

This is an important and frequently disregarded factor. African trade cannot increase purely on the basis of increased production and exchanges, but is primarily dependent on consumer behaviour. Consumers must be taught to buy African goods and acquire a liking for them. Only then will African trade become more operative.

An equally important device of increasing intra-African trade relates to production and pricing policies. Currently, these policies not only distort trade flows but make African goods far less competitive than they could be. This is aggravated by exchange-rate adjustment policies in industrial states, which may lower rates of imports via domestically produced wares. Pricing policy is the fixing or manipulation of the costs on certain goods and services, to attain predetermined objectives. This takes into account the outlays on factor inputs, market constraints and local absorption capacity. The problem of pricing policies in many African states is that they are often out of alignment with the real market constraints. Regional trade is hampered by the uncompetitiveness of products, which is a result of high production expenses, inappropriate pricing, lack of quality control, and inadequate advertising. Costs of African products, especially manufactured goods, tend to be much higher that those of equivalent imports (Mutharika, 1991: 122). Consequently, pricing and production policies need to be adapted to make African exports more internationally competitive.

The current absence of intra-African trade can also be alleviated by liberalising trade policies, embracing the expansion of markets, building industrial capacities,
unlocking natural resources, and creating preferential tariffs. The World Bank (1990: 9) confirms that industry should be developed in response to market opportunities, and sustained industrial growth will depend in part on a broadly based expansion of domestic demand for locally manufactured goods. The key is to take advantage of supply and demand linkages between agriculture and industry, aiming for complementary growth in both. Higher agricultural incomes raise the demand for consumer goods, creating increased surpluses for processing, whilst the availability of appropriate, low-cost manufactured goods stimulates farmers to invest, hence raising income and output. The diminutive size of most African markets has a double implication. Small-scale producers are important in meeting local demand and providing competition, yet rapid growth in industry depends on penetrating external markets. African leaders have correctly considered the enlargement of markets, through regional participation and integration, to be a priority. Yet progress has been too slow, and domestic trade not yet productive. By enlarging regional markets, trade could be satisfactorily stimulated and help the continent's producers become globally competitive.

The World Bank (1990: 9-10) contends that African peoples need to be more determined in using exchange-rate policy, undertaking infrastructure investments and creating incentives to raise productivity if they wish to compete internationally. This may be accomplished through the creation of an enabling industrial environment and by building industrial capacities. Besides lowering the costs of business by investing in infrastructure, administrative rates have to be reduced, as well as the financial risks of private investment. This implies shifting from a controlling to an expediting approach, from protecting existing business to generating competition. Regulations and controls should be removed unless they are absolutely essential.

Okolo (1986: 305) argues that industrialisation in Africa still incorporates too little indigenous technological development to be self-sufficient, and has too few management and labour skills to initiate productivity. The core of a future industrial transformation strategy for African industry is established by acquiring the essential entrepreneurial, managerial and technical skills, tertiary education being aimed at furnishing the work force with technical and commercial skills.

By uniting resources and skills, links can be built between industries, and the transfer of these skills and resources can competently produce industrial capacities, in turn promoting increased regional exchanges. The World Bank (1990: 8) cites
agriculture to be the primary foundation for growth and trade. The reason for this is that 66% of the labour force and 40% of all African exports originate from this industry. An average of 4% growth rate in the agricultural sector is essential for effective regional trade, an ambitious but not unattainable rate. Cameroon, the Ivory Coast, Kenya, Malawi and Rwanda all achieved or exceeded this over an extended period of time. Yet few others are likely to reach this target considering present trade policies.

Raising agricultural production is vital for intra-African trade, since it requires a variety of competitive goods and services to generate economic growth. The continent has an abundance of mineral and other natural resources, of which only a fraction has been prospected. Onwuka (1985: 149) asserts that large revenues received by African governments have often disrupted rather than inspired real change in this sector. The exploration of mines and oil wells can only advance regional trade and long-term growth if governments exercise tight financial discipline, rigorously appraise new investment and prevent exchange rates from becoming over-valued. Little mineral exploration by African companies has occurred in the region, the main exploration being managed by MNC's based in industrial nations. This is mainly due to African financing and technology deficits. Yet they should assist in exploring natural resources for trade. This would imply that states on the continent could exchange indigenous resources, instead of importing expensive reserves from outside the region.

A final device Sub-Saharan governments could employ to initiate regional trade is by composing preferential tariffs for each other's exports. This would enable them to harmonise the long-term development possibilities and profit opportunities of their economies. Technical and financial assistance could be rationalised and African communities could progress to self-sustaining and accelerated growth (Owosekun, 1985: 298). Providing preferential tariffs for indigenous merchandise and services can help decrease the expenses of local production, thus diminishing the need for expensive imports. This is vital to the growth of intra-African trade.

5.2.5 Fostering African Entrepreneurship

Although the public enterprise sector has expanded the industrial capacity of many African states, it is plagued by poor management, political interference, and weak financing. The private sector holds the key to both industrial growth and trade expansion. A stable political and economic environment is essential to attract
private enterprise, and governments need to support private enterprise by establishing a well functioning judicial system that can be relied on to protect property and enforce contracts. As yet the capacity of small and micro-enterprises as creators of industry and jobs remains limited by restrictive business environments, along with inadequate formal market linkages. Governments can help these enterprises grow in several ways: by improving the business environment through specific actions including regularising the legal status of enterprises in the informal sector; by eliminating unnecessary taxes and removing excessive regulatory constraints; expanding access to credit; by encouraging self-sustaining services as trade and professional associations are often better equipped to deliver services and technical assistance than government agencies; and by stimulating local markets (World Bank, 1990: 9-10).

All of this can advance intra-African dealings by designing new products and expanding markets, in areas which large industrial firms cannot always reach. Entrepreneurship creates greater industrial capacity which in turn aids development and trade. The more enterprises can be constructed the greater competition becomes and the further markets can extend, whilst the quality of products improves.

5.2.6 Compensation for Unequal Benefits

The World Bank (1991: 161) claims that without benefit-sharing amongst African states regional trade is likely to encounter wide political obstruction. Experience from flourishing common markets, such as the EEC, suggests that formulating larger economic units and closer economic cooperation increases specialisation, improving overall economic efficiency. African regional barter should enhance resource allocation, raising absolute incomes. Yet it may also raise the incomes of some states faster than others, with new centres of industrialisation emerging.

Therefore, there is a need for compensatory devices, such as a direct transfer to the budget of weaker economies. Any compensatory mechanism that is not automatic runs the risk of failure, as participating countries may withhold payment during economic crises. Compensation should provide direct benefits to private agents as well as the state. The Bank reveals that due to scarce foreign exchange and constrained budgets, the temptation to renege on regional responsibilities may be great. Donors offering compensation can help in this respect.
Although compensation might be an effective method of generating increased regional trade within Sub-Saharan Africa, it is unlikely to be lucrative. Whilst the World Bank recognises the fact that the richer African states may be unwilling to transfer funds to the poorer states in times of economic hardship, it appears to fail to recognise the desperate circumstances these nations frequently find themselves in. For most African societies there are no periods of economic hardship, economic crisis being an integral part of existence. Hence, it is unlikely that any of these states would be prepared to simply transfer any amount to poorer African nations.

A system should rather be employed whereby trade relations in Africa are graded: for example, more prolific African states are obliged to deal with a specified number of the neediest, middle-income and wealthier (in African terms) nations, so that there is a more even exchange distribution throughout the continent. Thus, wealthier states could not only bargain with other wealthy states or communities, thereby providing essential resources, but are obliged to conduct a certain percentage of their trade with the seemingly irrelevant African states. In this manner more impoverished states could be compensated for lacking resources without richer states feeling obliged to provide pure capital input, a position they may be unwilling to fulfill in the trying economic climate.

5.2.7 Containing Underground Economies

Barad (1990: 106) remarks that many African underground economies appear to have more popular legitimacy than the formal sector. In some countries, including Tanzania, the state's control of the economy has progressively deteriorated to such low levels that underground activities are more complementary than parallel. Even active formal sector participants take part in unofficial trade to supplement incomes, acquire inputs and market their production. Under these conditions unrecorded trade flows can be monopolised by high volume 'professionals' tending to drive out their small-scale competitors. Not all unrecorded trade has adverse effects on African states. By providing employment and access to scarce resources, the underground economy actually releases some social tensions threatening political stability. Whilst underground activities become a critical means of survival for a growing proportion of African populations, and governments experience increased pressure to re-orientate their economic policies accommodating these changes, they continue to resist opening their economic policy-making process to maintain the illusion that the government has sole control over the most important aspects of the economy.
Even though African states should open their economic policies to mass demands and not attempt to monopolise economic life, unrecorded trade should also be controlled. Recorded barter could prosper if African societies limited bureaucratic inhibitors, taxation and pricing policies. Consequently, intra-African trade could expand above the law. Recorded exchanges are essential as they impose certain quality constraints, as well as keeping prices acceptable and generating competition amongst producers, something unrecorded trade does not do. Underground economies habitually lead to the enrichment of a few, whilst recorded trade helps people in general, creating economic growth and development. At present more than half of all transactions in Africa are unrecorded, and need to be officiated to aid the economic prosperity of the region. However, this can only take place once African governments give up their monopoly on the economies, and make official barter more acceptable to the population, as well as more productive than unrecorded trade.

5.2.8 Generating Funding and Savings for Development

For trade to take place within Sub-Saharan Africa funding and savings have to be generated. A significant effort is required to initiate public as well as private savings by both raising revenues and controlling expenditures in a manner consistent with the priorities of future development. As far as is workable, trade taxes - on producers, notably exporters - should be replaced by taxes on consumers. For example, higher tariffs could be charged for utility services and fees collected for certain social services. Revenue measures could be matched by much stricter financial discipline, limiting waste, so that spending reflects development priorities, and effects a better balance between expenditure on wages and materials. Africa's traditions of sharing and community-based development also provide an avenue for mobilising private savings. Yet saving is difficult and reforms in government policy are urgently called for to bring about market-determined interest rates and credit allocation, more bank supervision and adequate prudential ratios (World Bank, 1990: 13).

The creation of funding and savings is cardinal for trade within Africa, as it depends on consumption, and consumption can only take place when there are sufficient resources to purchase products. If there is a solid base of funds, exchanges can increase. At present intra-African trade is impaired as states demand merchandise but cannot pay for it, an unacceptable position for exporters.
The same is not the case with industrial states, who have both the resources to pay for imports and are willing to write off payment on exports to Africa as development assistance. However, this cannot be an indefinite process, economic survival forcing Africa into trade interdependence.

5.2.9 Provision of Trade Information

Providing trade information is another intra-African trade promotion device. Roelofsen (1990: 4) affirms that an effective programme for the advancement and expansion of African trade requires a multilateral approach, structured as follows:

It requires a trade-flow analysis at regional level, or for a selected number of states sharing conditions conducive to trade. In consultation with the business community and government institutions in the states concerned, a number of products must be selected on which trade promotion efforts are to be concentrated. After this, detailed supply and demand surveys in the countries identified as potential exporters and importers must be done, and buyers/sellers meetings should be organised with the participation of enterprises and individuals involved in the production and/or barter of the product concerned by providing a facility to initiate negotiations: Further, the participants in these meetings should be encouraged to report on existing obstacles in trade expansion on the product group and formulate proposals for follow-up action, whilst recommendations for the removal of obstacles may be submitted to the sub-regional grouping concerned: Finally follow-up can be provided in the form of marketing missions and sectoral trade fairs.

Roelofsen (1990: 4) maintains that effective regional trade is dependent on a trade information network. This would provide presently unavailable information, related specifically to the marketing environment, and would provide a device for the dissemination of this information. The network should link national trade promotion offices and similar organisations, responsible with updating the databases. Such initiatives are currently being undertaken by ECOWAS and the PTA.

Whilst the provision of trade information and the undertaking of other trade stimulation activities is not sufficient to sustain the expansion of regional and
5.2.10 Increased Share of World Markets

Foreign capital is required to pay for essential imports, in order to expand African economies. It is vital that they increase their share of world markets, as prospects for significant increases in world prices for most primary commodities are poor. Higher export earnings must come from increased output, diversification into new commodities and a more aggressive export drive outside Sub-Saharan Africa.

The World Bank (1990: 13) proposes a growth scenario in which the ratio of exports to GDP is targeted to rise from 19% in 1986/1987 to approximately 24% by 2000, and to 28% by 2020. To compensate for the compression, occurring over the past decade, imports in the early 1990's need to extend significantly faster than overall GDP. While average per capita income will increase by less than 1% during the 1990's, with overall per capita consumption stagnating, the impact across income groups will vary. The top 5% of income earners, belonging to the modern sector, will contribute most to increased public savings, their consumption being compressed, whilst the rest of the population, particularly in rural areas, will enjoy an extended level of consumption. Though admitting that this scenario is somewhat ambitious, the Bank considers it plausible if key parameters of investment, savings and incremental capital output ratios are realized.

Although the scenario proposed by the World Bank is somewhat ambitious, much merit lies in Africa increasing its share of World Markets. As presented, primary commodity prices are unlikely to increase substantially, and the only way to increase export earnings is by expanding output and production. By extending the trade share in world markets, Africa is in an economically stronger position to make more demands on the world economic system. This would benefit African regional barter, as increased output implies larger quantities of exchangeable goods, and thus more trade interaction.
5.2.11 Stimulating a Pan-African Identity

Another stimulating device is the initiation of a pan-African identity amongst the continent's population. The media, educational and cultural institutions must be mobilised to advance the concept of collaboration as catalyst for progress in all African societies. A systematic approach could include organising seminars, workshops and exchange visits for African journalists, establishing a regional information center for the distribution of information on African economics, politics and culture, particularly on post-graduate levels. In addition, travel restrictions and residence requirements should be moderated, as regional interaction cannot take place from above, but has to develop from the foundations of society. More access to information on other African states, increased exposure to them, and additional education about them are vital for productive participation, trade and eventual integration. Africa must be taught that self-reliance does not simply imply looking inward and depending exclusively on national resources, but that it can incorporate competition with neighbouring states and other sections of the continent. It implies making the most of national assets and compensating for frailties by concurring with neighbours, thus recognising that no state, particularly the poorest in Sub-Saharan Africa, can stand isolated (World Bank, 1990: 161).

A feeling of unity must be cultivated, to make intra-regional trade and economic cooperation effective. Africa has been plagued by so many ethnic and cultural peculiarities often leading to wars, that the population have to be shown their commonalities, especially in their economic situations. By raising a pan-African identity, Sub-Saharan Africa can unite in its economic struggle for survival, and hence, devising more productive regional trade.

5.2.12 Market Integration

Finally, intra-African trade may be stimulated through market integration. All other instruments converge on this ultimate form of trade cooperation. African leaders have realised that the diminutive size of their economies inhibits the creation of economies of scale or specialisation without trade, their firms being too new and inexperienced to compete with established overseas exporters without some type of market protection (Ravenhill, 1986: 205).
Various forms of protection may be employed, for markets and goods, by uniting economic power. Integration proceeds in the following steps: Free-trade areas, whereby trade barriers are removed between member states, each country maintaining its separate national barriers against extra-continental trade; Customs unions, in which all trade barriers between members are removed and a common set of external barriers is adopted; Common markets, whereby all goods and factors of production (labour and capital) may move more freely throughout the market; and finally full economic union, by which member states unify all their economic policies, including monetary, fiscal and welfare policies, as well as schemes regarding trade and factor movements. The approach followed should be gradual and geared towards economic and political realities to be successful (Leistner, 1992: 11).

Market integration is the ultimate form of regional trade participation, being the most fastidious method of achieving increased exchanges in Sub-Saharan Africa. When competently employed it may be the most productive source of regional bargaining, leading to eventual self-reliance of African states in the world economic system. In this respect it may be one of the most important trade reinforcing mechanisms.

The above devices are directed at enhancing and generating regional and sub-regional trade in Sub-Saharan Africa. Some are more plausible than others, typically giving a dependable notion of the direction exchanges must take to eliminate, or at least decrease, the dependence on industrial states for products, markets and technology. For economic survival the continent must be able to interact in the world system without being exploited by it. Only via drastically increasing the amount and adeptness of intra-African trade can this occur, as this will reduce a large part of the control industrial states are presently exerting. Whilst it is ineffectual to deny the demand for international as well as regional trade of any state, regional transactions are the stepping-stone to reduced exploitation and intensified economic development. Consideration should nonetheless be given to the fact that, despite most African states committing themselves to one or more trade-generating design, the matter of viability and implementation remains a problem. As yet no regional trade promotion method has been truly successful; ultimately states advance individual interests before regional ones. Yet, considering their poor economic position and the increasing absence of world confidence in Africa (expressed in the consistent decline of aid and foreign assistance provision), states on the continent may soon be forced to re-evaluate
their position in the regional context. Regional trade, merged with a certain amount of extra-regional exchanges, is the only viable hope Sub-Saharan Africa has of economic recovery and survival.
CHAPTER 6
EVALUATION OF THE FUTURE OF INTRA-AFRICAN TRADE

Chapter 6 considers the relevance of intra-African trade and an evaluation of the possibility of it taking the place of extra-regional exchange as the main source of revenue for Sub-Saharan states. This is based on current commerce patterns, international attitudes, and positions on regional trade.

6.1. Considerations on the Relevance of Intra-African Trade

Shaw (1989: 99) notes that regional trade and economic cooperation is not new to Africa. Actually, the large number of regional and sub-regional organisations testify to the intensive efforts made to elaborate regional barter for development. As elsewhere, results have proven unimpressive, causing disenchantment amongst theorists and in the First World alike. Fundamental forces will shape the context of Africa's growth in the years ahead. The world is on the brink of a new technological age in which high-speed, low-cost information processing and communications are transforming the global economic system. To curtail further marginalisation Sub-Saharan Africa must improve its science and technology training and aim for the highest standards of production, whilst enhancing its trade structure (including range of goods and markets). The continent has to deal with the dual crises of population expansion and environmental degradation. Both have domestic and international dimensions, which, unless arrested, threaten Africa's productive base. The challenge remains, to countermand present economic decline by tapping into its potential, found in vast, poorly exploited land, oil, mineral and gas resources along with an under-utilised labour force (World Bank, 1990: 4). Sub-Saharan Africa needs to employ new development strategies, including a redirection towards intra-African trade.

The commitment to the Lagos Plan is itself an optimistic sign of African states' willingness to promote and initiate regional trade. More commitments are preferable, even though most of them can be evaded if this becomes necessary. It is a sensible approach to development, as more is known about Africa's economic problems than in the past, issues having been more distinctly diagnosed. According to Hazlewood (1985: 208) there is a general awareness, that a simple departure from intra-African trade barriers and the establishment of preferential agreements are inadequate in initiating regional trade successfully. Positive measures, which
make an integrated African market feasible and offset dis-equalising influences, are acknowledged as fundamental. The political will to initiate trade advancement is stronger than ever, due to the increasing disenchantment of the First World with Africa. Any lack of political will must be overcome for profitable trade, thus preventing the recurrence of past failures.

Hazlewood (1985: 208) contends that one reason for the limited success of intra-African trade is that costs of switching trade from customary suppliers to regional partners is exorbitant. A large preference and high tariff which affects outside suppliers is required. Transport routes are designed to serve international rather than regional barter. Furthermore, the price and quality of African products, contrary to their Northern counterparts, is questioned.

Ashiabor (1990: 99) adds that in spite of substantial potential, intra-African trade consistently diminished over the past decades, being at its lowest in the 1980's. Thereafter a modest upturn has been observed. There are significant contrasts in respect of the proportion of intra-African trade to total trade: Southern and West Africa have the most prominent ratios, followed by East and Central Africa. West African states appear to be the most engrossed in African dealings with comparatively high ratios. It is noteworthy that land-locked states, such as Burkina Faso, Burundi, Mali, Niger, Uganda and Zimbabwe, also have higher ratios of regional trade to the total, chiefly due to geographical factors. Ratios are highest amongst states of the same sub-region.

Indisputable achievements have been made in disseminating and initiating regional and sub-regional trade in Sub-Saharan Africa. So far these are not clearly indicative of the importance of intra-African trade for economic progression. The accomplishments are still primarily theoretical, not yet being effectively implemented in practice. They denote more of a realisation and awareness that regional barter will be vital to the economic survival of the continent, reducing dependence on the First World and creating economic expansion. Currently, most African and world leaders accept that intra-regional trade is an essential step towards development and reducing dependence, but the accomplishments made have been too small-scale, and without adequate competence, to disclose any clear, indicative results. Hence, the question arises as to what prospects intra-African trade has, and more specifically, what the possibility is of it taking the place of extra-regional trade as the main source of development capital and technology.
6.2 The Prospects of Intra-African Trade

Shaw (1989: 99) points out that, in spite of all the adversities and constraints, remarkable progress has been made in laying the foundations for meaningful economic collaboration in Africa. Although there is no tangible success, it is imperative for Sub-Saharan nations to strengthen their solidarity, and stress unifying rather than dividing factors.

The continuous desire for trade cooperation has arisen from internal as well as external factors, and the continental economic situation and relations. With respect to domestic considerations, perhaps the most important one is the African states' awareness of the relatively small size of their economies, limited markets and existing disparities in resource distribution, inhibiting economic and social evolution and development. For Africa to achieve self-sustained development and raise its standard of living in the long term, cooperation in production and distribution of basic necessities and strategic goods and services is cardinal. Mulat (1990: 163) suggests that in the long-term, changes in the level and commodity structure of intra-African trade will come about as a result of innovations in the sphere of production. The advancement of border areas and communication and transport, as well as other services should be jointly implemented with the general economic transformation.

Africa can exchange only the goods and services it produces, and unless there is measurable progress, it is unrealistic to expect significant stable and permanent changes in the import and export structure. Ndongko (1985: 289) shares this opinion, declaring that the level of industrial activity in most of Sub-Saharan Africa is extremely low with negligible exports in manufactured goods, despite the existence of excess capacity in many national industries. There are few or no linkages between manufacturing and other sectors, so that intermediate, capital and even some primary commodities are imported from outside the region. For this reason the author argues that regional participation is essential for the effective allocation of industrial activity, production capacity, competent use of local raw materials, and to reduce dependence on foreign capital and consumer goods.

Shaw (1989: 100) remarks, that Africa's reluctant recognition of unsatisfactory or negative rates of development include: a belated appreciation that global recovery would not necessarily help Africa, and that many external agencies have only
temporary continental development interest; a recognition that international recommendations are not always appropriate, so Africa has to design its own strategy; an agreement that continental balkanisation must be overcome to provide the basis for sustained recovery; the insistence that indigenous interests, exchange and policies should be of such as nature that both South-South and South-North negotiations can proceed from a position of cohesion rather than division; and consensus that Africa needs self-confidence as well as self-reliance to advance towards a continental unit by the end of the century.

These are essential exchange-generating components, yet difficult to implement as most African states resources are meagre, and the technology to uphold such activities is not typically present. Excessive openness and external dependence are also detrimental to national and collective self-reliance. The problem is one of motivating states into regional barter. Yet they have to little to share and lack the resources or capacity to force each other into long-term collaborative ventures, making the formation of extensive regional trade extremely arduous.

Mulat (1990: 163) claims that there are, however, certain short-term possibilities for expanding the scope of intra-African trade. Dismantling barriers to trade and implementing promotional measures agreed to by OAU member states could increase the level of commodity exchanges between African states (see methods proposed in Section 5.2.). The common problem with local trade is, that many institutional and policy measures designed to encourage it have either not been introduced timely, or implemented ineffectively.

Mulat (1990: 164) argues that the African Monetary Fund, the PTA for North Africa, and the lacking elimination or significant reduction in tariff and non-tariff barriers, are all examples of futile steps made to date. The author continues that another important area is the proper management of unrecorded border trade, particularly smuggling. It is essential to counter this, introducing as well as implementing appropriate measures, to substitute recorded for unrecorded trade. Some short-term gains in intra-African trade may also be made via 'trade-switching'. This implies than African imports of a specific commodity may never exceed exports of the same commodity. If African states export a certain commodity and others import the same commodity from outside the region, the smaller of the two amounts sets the limits of intra-African trade in that commodity. If more is produced locally, export markets must be found. Only when local production cannot meet local demands may the commodity be imported from
elsewhere. Existing regional statistics may be employed to this purpose (Mulat, 1990: 164). More simply put, this is a formula for extending the possibilities in African trade, designed to make maximum use of local commodities, and necessitating the least amount of foreign imports.

Du Pisani (1992: 20) claims that one of the most compelling and immediate tasks for Sub-Saharan Africa is to arrest the drift toward political and economic marginalisation. Perhaps the only way to do this is by restructuring each economy, and within the region as a whole. A prerequisite for regional restructuring is the establishment of cooperative economic and trade relations. These will depend on the progress made towards political emancipation and the elimination of dictatorships. Regional efforts are required to improve physical infrastructure in communications and transportation. Cooperation in science and technology are also important to stimulate research and development, mining, mineral benefaction, marine matters, labour-intensive manufacturing, education and tourism. Some research and technology will have to be globally competitive, but should mostly meet the demands for appropriate technology.

Another way to manage this is via regional economic integration. This may be considered as the ultimate form of intra-African trade and economic collaboration. The area of trade integration, according to Nabe (1992: 9), is a complex one and needs much investigation before implementation. It must cover such areas as monetary, fiscal, tariff, exchange regimes and non-tariff exchange barriers. Nations in Sub-Saharan Africa have such diverse monetary and fiscal policies that any attempt to harmonise them requires careful examination. Trade integration must enhance present economic activities at all cost, and avoid being disruptive.

Ndulo (1992: 19) declares that if Africa fails to integrate, economies will continue to deteriorate and the continent will become increasingly irrelevant in the global scheme. The relative flexibility afforded states by the world system, as well as the collapse of communism as an ideology and system of government, have made the idea of an African Economic Community tempting and permanent. This system includes the liberalisation of Eastern Europe, the disintegration of the former Soviet Union, and the imminent realisation of an European Economic Community. Similarly, the current global trend towards the creation of regional economic groupings (the EU) have made African attempts in this direction appear rather outdated.
There are various implications for an African Economic Community. One political implication is the necessity for regular and intensified consultation and cooperation between African governments, together with inter-governmental institutions and agencies. The entire success of such a Community is reliant on this interaction (Ndulo, 1992, 20).

Barad (1990: 107) notes that some economic implications are that a sequence of price adjustments repeated across Africa may facilitate harmonisation of monetary and fiscal policies, whilst eliminating some of the policy distortions responsible for the large amount of unrecorded trade. In the long term, increased economic activity may also provide new financial resources for intrinsic public expenditures, without imposing the heavy burden of high import tariffs and low producer prices. Under these conditions African consumer demand would have a greater influence on production composition. The resulting extension in local trade could continue to encourage economic expansion in border areas not currently benefiting from extra-regional trade. The author does, however, add that such a situation will not occur automatically and might not lead to greater opportunities for intra-African exchanges between producers and consumers. Concerted action, at political levels, shall be required to ensure growing beneficial aspects of regional economic integration.

However, neither of these authors considers the implementation of an African Economic Community. Both realise that a great deal of political and economic will is required for its success, but they do not consider it to be the root of the problem of intra-African trade. Currently, African communities have great trouble in working together in any form. Diverse monetary and fiscal policies, varying economic and social ambitions and simple economic survival are some of the primary inhibitors to regional trade. The issue of creating efficient regional economic cooperation must precede any ideas of regional integration, as integration is constructed on a strong basis of regional economic collaboration.

In order to encourage and popularize regional trade, the root of the problem, namely insufficient economic cooperation amongst Sub-Saharan African countries, must be addressed. This must be tackled before regional integration can become lucrative in anyway.

Leistner (1992: 11) suggests that African states can follow numerous structures of economic and trade cooperation at random, from free trade areas to full economic
The choice has to be made by African leaders. The author continues, that a realistic regional policy does not demand a choice between trade and economic cooperation, in addition to market integration, but should encompass both, with due appreciation of their respective roles and demands.

Yet, such a combination only leads to confusion over development goals. Regional cooperation should indeed follow a natural path, from free-trade areas to full economic union. However, only when one step has been successfully employed can states effectively proceed to the next. It is rather unrealistic to contemplate full market integration, when African nations are unable to agree on some basic trade policies and still compete against each other for product markets and the attentions of foreign multinational companies. Currently a combination of cooperation and integration appears somewhat unfeasible. Only once a certain level of trade and economic cooperation (e.g. beyond the customs unions) has been attained may full market integration be considered as a plausible means of complete regional trade and economic cooperation in Sub-Saharan Africa.

Presently, regional economic cooperation appears to be the only viable possibility of extending and effecting African trade. Langhammer (1992: 5) notes that regional economic cooperation must not be confused with regional integration. Integration aims at removing internal barriers to trade in goods, services and factor movements, whilst economic collaboration includes concerted actions lessening discrimination in established areas of common interest, and economising on scarce supra-national mobile resources.

The author shares the opinion that economic cooperation is much more relevant in Sub-Saharan Africa than integration, naming two aspects which indicate this. Firstly, African economies are disproportionately fragmented and small. For many goods and services, technical indivisibilities oppose viable production at domestic market level. Joint supra-national production, with burden-sharing arrangements, could help African states attain minimum output. Yet there is strong evidence from numerous failures within Africa, Asia and Latin America that governments should refrain from extending cooperation to producing private goods, such as capital-intensive manufactured goods. In Africa, there are the discouraging examples of CIMA0 in Togo (launched as a regional project of Togo, Ivory Coast and Ghana with financial support from the World Bank and the German KfW), and the old obscure oil refinery in Gabon. The author continues that private goods should only be supplied by private investors, whilst there is
scope for regional cooperation in public goods and services, preferably physical and human infrastructure and resource management such as energy, education and telecommunications, or the harmonisation of minimum standards.

A regional industrialisation policy is required to maximise compatibility and exchange, yet this cannot be realised until decisions made by foreign companies are transcended. This requires a degree of autonomy only attained through collective action. Langhammer (1992: 5) argues that national production causes negative cross-border externalities. This means that the welfare of state A is affected either by production, or method of production in state B, or by the consuming products from state B. Environmental pollution crossing borders, over-fishing or waste of river water, causing shortages in down-stream neighbouring countries, are a few examples of these negative externalities. Whilst this is an international phenomenon, it mostly influences small economies. Today most serious challenges are cross-border problems requiring cross-border coordination and solutions.

Apart from internal participation, African countries have options agreeing on common views and claims, in negotiations with third parties. The ASEAN, with its Dialogue Partner System, is a good example of how external cooperation can lead to concrete benefits (e.g. market accessibility), not accomplished by individual states (Langhammer, 1992: 5).

Ideas and priorities must be coordinated. Broad areas of cooperation may include coordinating macro-economic policies, dismantling restrictions against factor mobility, and economising on regionally mobile resources, thus sharing the financial burden in large infrastructure projects of common interest. Truly supra-national project-orientated collaboration and public goods are also significant. Environment, energy and education are scarce resources, and should be treated as such. Fields of mutual consultation are expected to have a direct or indirect impact upon state economies and may cause counter-balancing reactions, including development planning, fiscal policies, exchange rate regimes and labour legislation. The idea behind consultation is to stabilise expectations by announcement, ruling out deliberate 'beggar-my-neighbour' policies, without automatically resulting in concerted actions or even policy harmonisation. Competition between economic policies should not be suppressed by stabilised expectations but could be established on a more rational basis. This assessment is shared by Langhammer (1992: 5-6) and Ravenhill (1985: 211-212).
Nabe (1992: 8) adds that there are a number of issues and problems which can be solved without economic integration. These include transport and communications. It is easier to standardise and harmonise transport and communications systems without formally integrating African economies. Operators should be provided with a forum where they can discuss ways of concuring with minimum government involvement. To harmonise the functioning of this system such forums, including railway managers conferences or Post and Telecommunications managers conferences, may be valuable. Similar models could be adopted in the areas of energy provision and tourism.

Regional trade outweighs economic integration as an activity advancing development in Sub-Saharan Africa. Though the implementation of trade policies must be carefully considered, the main problem confronting African economies is not a shortage of theories and policies on generating more intra-African trade and economic growth, but rather the inability to implement them effectively and correctly. Leaders require more incentives and motivation to make extended African trade worthwhile. Presently this is sadly lacking.

There is potential for a much higher level of regional trade than is being recognised. According to Ashiabor (1990: 100) several policy orientations are required to move the levels of African production and exchange up the scale. The author suggests that current reform programs need to be pursued and intensified. They provide an important prerequisite in the form of an appropriate internal policy environment for entrepreneurial initiative. This does not imply the exclusion of the public sector, but the bad experiences with state enterprises must not be forgotten. The policy environment in states undertaking adjustment programs provides a good basis for regional production and trade. More flexible pricing and exchange-rate schemes and a move toward deregulation of prices make collaboration easier, provided political and regulatory barriers are not imposed between states. The objective of internationalising African production and consumption must be followed critically. In this regard, the coordination of industrialisation programmes should be undertaken with due regard to comparative advantage, factor endowments, market size, and equity. Consideration should also be given to introducing a real development context in adjustment programmes. The term 'structural adjustment', in its present context, is misleading as programmes are fundamentally oriented towards policy reforms. They have not tried to change the structures of production and trade, unlike the Lagos Plan of Action.
Individual policy reforms are essential for structural change but are not sufficient to encourage such reform. Policies should comprise improvement of an industrial base as well as the development of appropriate human resources, at all levels, to support change and expansion. It is elementary to say what African nations should do, and how they should approach regional trade and development, yet it is not as easy to implement these ideas. A reliable starting point is economic policy adaptation and adjustment enhancing regional trade, and greater private sector involvement in production and manufacturing.

More emphasis needs to be placed on research and technology, in order to build a sound African infrastructure and manufacturing basis. This has to be done for the expansion and diversification of the manufacturing and production foundation of African states, so that they have a wider range of tradable products. There is a demand for greater regional service and manufacturing efforts, yet the majority of African people rely on agriculture for their survival.

Hence, African states find themselves in a difficult position. Greater manufacturing and research efforts imply long-term economic growth through an expansion of regional and extra-regional trade, whilst creating short-term hardship for the people. A maintenance of present economic and trade policies, however, implies less difficulties in the short-term, but even greater economic dilemmas and possible economic collapse in the long-run, since the decreasing interest of the First World in Africa's developing states presupposes that these states have to become more self-reliant in the future, and this can only be achieved by the creation of a sound manufacturing and trade basis.

When deliberating whether regional trade can take the place of extra-regional trade as the main source of Sub-Saharan income and development, the answer, as desirable as this may appear, must be that it is highly unlikely, in the near future. Currently, trade patterns clearly indicate an extra-regional tendency, and shall remain so for some time to come. This is due to various restrictive factors mentioned in the course of this paper, including confining measures within exchange policies and the generally fierce competition between African producers for international markets. In addition, African nations do not make good bargaining partners, as they simply do not have the capital resources to pay for imports. Developed states have disregarded this in the past, by providing capital in the form of foreign aid, for these countries to pay for their imports, or by writing them off.
as foreign assistance. Other African communities, however, cannot afford to be so generous, contending their own struggle for economic survival. Hence, trade primarily continues with the developed economies.

Industrial nations have become increasingly disenchanted with Sub-Saharan Africa for its lack of economic performance, despite the large amounts of assistance the region has received, and are at present decreasing their technological and financial input into the area. Eventually more productive regional trade will become the cornerstone of Sub-Saharan economic survival. Much must still be done in this respect. Initially, a system of commodity exchanges (proposed in section 5.2.4.) may be a viable starting point for initiating this form of barter, simultaneously reducing competition between African manufacturers. Only once states have been able to create effective regional and sub-regional trade, can it be contemplated as a major source of income and development for African states.
CHAPTER 7
CONCLUSION

The continuing continental crisis of underdevelopment, rather than drought and famine, highlights the distance between rhetoric and reality in African trade relations. The 1990's are a time of profound changes in Sub-Saharan Africa. It would be naive to assume that economic problems will be swept away by the emergence of more responsive, politically liberal societies, which recognise their economic shortcomings. Arnold (1991: 22) argues that democratic capitalism will not immediately overcome the continent's drought, famine and AIDS problems. Nor will it be able to adequately address the issues of environmental degradation and rapid population expansion.

However, in conjunction with increased, effective regional and sub-regional trade, capitalism may stabilise Africa by internally induced growth, and provide hope at a time when the industrial world, suffering from donor fatigue, is prepared to give up on the continent, no longer supporting all of its development demands. With a degree of stability and realistic views of eventual sustainable growth, Africa may take its rightful place in the world economy, as a productive, competitive and vital region, and become prominent in the global arena, a sentiment supported by Arnold (1991: 22).

Shaw (1989: 111) suggests that if regionalism and regional trade were difficult to achieve in previous decades, it is likely to be even more so in the 1990's, because of interrelated changes in the global and continental divisions of labour and economic priorities. Until the mid 1970's international prosperity was sufficiently large for the marginal redistribution of surplus and opportunity, from the centre to the periphery to be neither impossible nor controversial. However, in the 1980's, with the world economy in recession and experiencing inflation, attempting to live with fluctuating exchange and interest rates, with unstable higher prices for energy, Third World development at the expense of metropolitan expansion, became highly improbable.

With the declining interest of the world in Sub-Saharan Africa, its only hope for economic expansion and survival is via local trading and the reduction of extra-regional trade, which breeds dependence through the exploitation of resources by industrial market economies. African communities need to trade
amongst each other to prevent an outflow of capital and natural resources from the region, as these are vital to economic progress. The current exodus of resources must be redirected towards an inflow of capital and technology. This can only occur through domestic trade, as it implies a redistribution of resources throughout the region, and not an outflow, as is the case with external exchanges. Standing united rather than attempting to gain recognition globally, on an individual basis, also gives African states more political and economic clout. Their weak economic position renders such attempts futile. United, African states have greater bargaining power, which allows for limited commodity price regulation. These prices are presently being suppressed, to the benefit of industrial economies purchasing from developing African nations. Effective regional trade will also prepare the continent for competent global trade, in which it may become an equal rather than a subservient trading partner. Hence, this type of exchange is vital for economic growth, survival and later effective international trade.

Roelofsen (1990: 5) claims that the potential for trade expansion at a regional and sub-regional level in Sub-Saharan Africa is considerable and exceeds current flows, several times over. Existing opportunities can be identified, and should be communicated to potential trading partners. The existing potential may be strikingly utilised through regional and sub-regional trade promotion programming, consisting of a systematic series of activities, at the product and enterprise level, enhanced by trade information networks. Trade liberalisation programmes can further stimulate sub-regional exchanges, but long-term trade expansion requires major adjustments, or increases in production capacities, to achieve balanced demand and supply conditions.

Successful African trade also relies on the efficient implementation of trade policies and a reduction in state intervention in the economy, as well as increased participation of the private sector in the workings of a community. The basis of modified regional barter requires a change in the attitude of African leaders towards the economic situation of their states, enabling these nations to survive changing global economic patterns. A move away from a short-term orientation is required, as this is to the detriment of economic growth in the long-run.

Currently, economic and trade policies are directed extra-regionally, these having been moderately successful in the past. It will, however, be to the detriment of African states in the future, due to the change of global economic policies. That is not to say that extra-regional trade should be completely disregarded, as this
would also be somewhat counterproductive (African developing states still demand the technology the industrial world can offer), but rather that there should be a balance in the amount of either exchanges, and not on an exploitative basis, as is presently the case.

Yet Sub-Saharan Africa must realise that the tide and economic sentiment in the global system is gradually turning against it. Developed nations are fatigued with providing foreign aid and assistance to the continent, with little or no results to show for it. Necessarily, the amount of aid and assistance is steadily being curtailed. If Africa maintains its present trade patterns, this may result in the economic collapse of the entire region. African leaders must consider long-term solutions for their economic predicaments. Whilst the position of most communities is indeed undesirable, the stance of leaders has been to take the easy way out, namely to trade their commodities cheaply with the industrial states, whilst being provided with almost endless amounts of foreign aid and assistance. No real attempts were made to create industry and infrastructure, as Africa is being encouraged, by developed nations, to barter primary commodities, not necessitating any veritable structure of production or manufacturing. The First World is at least as much to blame for Africa's precarious economic position as the states on the continent.

Leaders have shied away from actively increasing it in the past, because this implies extensive short-term hardships, including a decrease in foreign capital inflows. Most economies are so volatile and unstable, that they might not survive even the slightest reduction in income, resulting from decreased external trade with wealthy developed nations. Africa is pre-programmed for economic collapse, if it continues dependent commodity exchanges. The harsh reality is that industrial economies are purely interested in the continent until its resources run dry and their supply demands are met. Later, Africa will become exhausted of exchangeable commodities, as the region lacks the technology to manufacture goods competitive with those from the First World.

The dilemma of short-term economic growth versus long-term economic survival is not an easy issue, and this has been reflected throughout this paper. It has attempted to illustrate the importance of the interaction between trade and development. It has also examined current global economic trends, covering an increased marginalisation of developing states and redirection of industrial state firms to lower risk investments (particularly in the new Eastern European sector),
and their reductions in aid and investment in Sub-Saharan Africa, due to a lack of its profitability. Yet, ironically, it has been largely First World economic policies that toppled the continent into its currently grave economic position.

In this light African notions on intra-regional trade were discussed. The perspectives of authors, regional African economic organisations and ideological perspectives were provided. To a greater or lesser extent all of these outlooks agree on the importance of intra-African trade in the future of the continent. Most experts concur on what should be done to formulate development and growth in the region. Yet in practice it is not easy, to abruptly change years of exchange patterns, particularly when this will imply short-term hardship. The dilemma is clearly expressed in the discrepancy between what most experts speculate should be done and what has essentially materialised. Whilst it is generally accepted that extended intra-African trade is beneficial to the continent, the case studies appraised in this paper indicate that African trade remains predominantly externally orientated.

Other aspects that have been discussed are factors facilitating and constraining regional and sub-regional trade in Africa. Currently, the impeding aspects far outweigh expediting factors, possibly a reason for the absence of real efforts towards upgrading local trade. Hence, some methods of enhancing African barter are presented and an evaluation of the future of intra-African trade provided. Whilst the prognosis for regional exchanges is not very optimistic, an expansion of this type of trade is both viable and necessary. Change is not easy, is nonetheless critical for the economic survival of the region. Economic and trade cooperation between African nations can take on any structure, from bilateral to multilateral collaboration, depending on the type of problem being dealt with.

Cheru (1989: 163) points out that states in Sub-Saharan Africa are inclined to follow 'Quick Fix' methods of dealing with their economic predicaments, whereby technical solutions are favoured above structural changes. Development is regarded as an input-output issue accomplished only through the work of outsiders, rather than as a process based on local knowledge and resources. Therefore, development so far has been a complete farce, and only Africa is really able to remedy its current economic position.
African leaders must take an unshakable standpoint on the issue of development, which is dependent on efficient trade. Whilst extra-regional trade is prominent in advancement, it has become crucial for Africa to forsake some of its short-term trade objectives for long-term growth and development. Only by actively implementing intra-African trade does the continent stand a chance of economic survival and equitable international economic participation.
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