UTAFITI, Vol. 7 No. 2, 2006–2009:81-104

Trade Policy and Agreements for Economic Growth And Development in Africa: Challenges & Opportunities.

Emmanuel A. Mwaigomole[*]

Abstract

This article addresses Africa's trade policy towards improving export performance and development. The article is organized into six sections. Section 1.0 provides introductory remarks on the limitations of the primary sector in the process of trade performance and development. Section 2.0 discusses the status of the primary sector in the economic structure of Africa, while Section 3.0 focuses on trade performance in manufactures and Africa's share in global trade. Section 4.0 points out the effects of such agreements as the African Growth and Opportunity Act (AGOA) and the Economic Partnership Agreement (EPA) on trade performance in Africa. Section 5.0 discusses the challenges and opportunities of trade performance in Africa, and Section 6.0 provides the conclusion and recapitulates the article.

1.0 Introduction

The greatest challenge confronting predominantly agrarian economies in sub-Saharan Africa (henceforth simply referred to as 'Africa') is how to break the vicious circle of reliance on primary products and low productivity. Primary products are subject to declining terms of trade. The demand for primary products is income inelastic and is therefore, not likely to increase proportionally as incomes rise. Primary products lead to unstable incomes because prices of most primary products fluctuate widely in international markets. Many countries in Africa are dependent on exports and imports, making them vulnerable to changes in international economic conditions. For instance, the oil shocks of the 1970s resulted in quadrupled oil prices which adversely affected the economies of Africa. African countries are plagued with balance of payment deficits especially in current accounts because exports are insufficient to finance import expenditures leading to borrowing and hence severe external debts.

Today's emphasis is shifting towards export of manufactures because they are subject to less price fluctuations than primary exports. Essentially, the demand and supply of manufactured goods are assumed to be more price elastic than primary products and that they are associated with steady incomes. The establishment of export promotion manufacturing enterprises is an assured way of generating foreign exchange and strengthening the balance of payment position in the long-run.

[*] Institute of Development Studies, University of Dar es Salaam

It has been increasingly realized that, given the small size of local markets and heavy dependence on imports of producer (intermediate and capital) goods, expansion of export capacity and improvement in global competition are important requirements for economic growth and development. By inference, a country's participation in global trade implies a country's integration in the global economy. In other words, trade is an economic activity that transcends all sectors. It stimulates growth and development of both directly productive and service sectors without which the level of economic activity remains commensurate with that of a typical subsistence economy. Trade is therefore the engine of growth that provides a momentum for wealth creation of countries. Between 2001 and 2005, world trade in goods and services expanded by over 55.8% in nominal US dollars from US dollars 4,300 billion to US dollars 6,700 billion. Transactions in trade services rose from 20% of total trade value in 2000 to 33% by 2006 (IMF, 2006; Stern, 2005).

2.0 Status of the Primary Sector in Economic Structure of Africa

About five decades ago, African economies were relegated to the production of primary (agricultural and mineral) commodities. They, by and large, missed the industrial expansion age. Dependence on primary commodities has several shortcomings. Statistical analysis of demand pattern for primary products confirms that demand for the products does not increase appreciably with incomes. For instance, one percent increase in income in industrialized countries can raise their import of foodstuffs by 0.6% and by 0.5% of import of agricultural raw materials (George, 2002). The demand responsiveness with regard to income increases even much lower for products such as tea, cocoa or bananas than for manufactured products. This implies that, incomes in individualized economies need to grow by fairly high margins in order to support growth of primary export products. Expansion of primary commodities production in Africa while demand grows less proportionately has often led to gluts in export markets and declining prices of the products. In the case of tea for instance, output has already outpaced demand, leading to a sharp decline in the world market price from 155 pence/kg to 115 pence/kg in 1996 (Madeley, 1996). For countries like Tanzania, Kenya and Malawi that grow and export a bulk of the crop in Africa, this trend has meant a drastic drop in the real income of the people in particular and the countries in general.

Dependence on such products for export earnings carries high risks and uncertainties. The products have also been severely affected by technological advances. A case in point is in the development of synthetic fiber as substitute for cotton and sisal. The supply of primary agricultural commodities is also unstable with the unpredictable vagaries of weather which can create havoc and uncertainty to producers and consumers any time. Table 1 shows Africa's export and import performance.

Table 1: Africa's Export and Import Performance (1997 - 2002)

	1997	1998	1999	2000	2001	2002
Real DP Growth Rate (%)	3.1	3.7	3.0	3.2	3.4	3.5
Real DP per Capita Growth Rate (%)	0.6	1.2	0.5	0.8	1.0	1.2
Inflation (%)	14.2	11.0	12.4	13.7	12.2	8.8
Investment Ratio (% of GDP)	19.3	20.9	20.8	20.2	20.8	22.5
Fiscal Balance (% of GDP)	-2.5	-3.6	-2.8	-1.7	-2.5	-2.8
Export Growth Volume (%)	4.7	3.1	2.2	6.0	2.3	0.1
Import Growth Volume (%)	7.7	6.3	2.5	3.9	3.5	2.1
Terms of Trade (%)	-0.2	-10.2	8.7	20.0	-5.4	-7.8
Trade Balance (US$ billion)	1.9	-17.5	-8.8	19.1	10.2	-3.8
Current Account (US$ trillion)	-5.6	-24.0	-16.5	6.9	-1.1	-15.3
Current Account (% of GDP)	-1.0	-4.4	-3.0	1.2	-0.2	-2.7
Debt Service (% of Exports)	19.6	20.3	19.0	16.1	15.9	17.7
National Savings (% of GDP)	17.6	17.1	15.8	16.6	20.0	19.5
Money Supply	16.7	15.0	18.1	17.2	15.0	11.2

Source: ADB Statistics Division in MF, 2002

Table 1 shows that in 2000 Africa's economy grew moderately with real GDP growth rate of 3.2% compared to 3.5% in 2002. The economic growth in 2001 was constrained by a slowdown in the global economy which was partly exacerbated by the September 11, 2001 attacks in the United States (ADB, 2002). Global demand weakened most of the primary commodity exports resulting in 8.0% decline in prices of non-oil (energy) commodities and a fall by over 12% in the prices of the continent's leading exports (ADB, 2003). Since the majority of African countries are heavily dependent on export of primary commodities, they incurred severe terms of trade losses with adverse impact on trade balance (Table1). Countries like Tanzania, Kenya, and Uganda where tourism is one of the significant sources of foreign exchange earnings were hard hit.

On the other hand, economic fundamentals continued to strengthen in 2001, reflecting the commitment of many African countries to prudent fiscal monetary and exchange rate policies. Remarkably, in the face of deteriorating external accounts (including the terms of trade, the trade balance and current account balance), money supply growth slowed down, inflation subsided and fiscal balances improved. Further, in spite of the hostile environment, the investment-to-GDP ratio increased from 19.3% in 1997 to 20.8% in 1999, and to 22.5% in 2002. In that hostile global environment, export performance declined to 2.3% in 2001 from 6.0% in 2000, while imports declined marginally to 3.5% from 3.9% over the same period. Consequently, Africa's current account balance as a percentage of Gross Domestic Product (GDP) worsened from a surplus of 1.2% in 2000 to a deficit of 0.2% in 2001 (Table 1).

Mining is another primary sector on which African countries depend for export earnings. In Botswana, diamonds contribute 30% to GDP, 50% to tax revenue and

over 70% to foreign exchange earnings. In Namibia, diamonds account for 25% of export earnings while gold is the largest foreign exchange earner for Ghana. In Zambia, copper exports provide about 80% of foreign exchange earnings (World Bank, 2003). Despite this importance, it has long been accepted that Africa's mining output falls short of its real potential. While Africa has over 50% of known world bauxite reserves, it exports less than 15% of the world bauxite output. Similarly, with 53% of world's manganese reserves, it produces only 23% of the manganese sold in the world market (World Bank, 2004). On average, the significance of minerals seems to be diminishing. In 1986, Africa accounted for 61% of gold output in the world, but by 2000 its share dropped to 21%. South Africa, which is the leading gold producer in Africa, saw its share of gold world output fall to 18.5%. While Ghana the second Africa's largest gold producer accounts for only 3.0% of world output. Zimbabwe exports only 1% of its gold output. Gold output in all these countries is nowhere near the levels of 1980s.

Similar decline in copper production is evident. The Democratic Republic of Congo (DRC) and Zambia are currently producing 30,000 tones and 260,000 tones respectively, down from 350,000 tones and 500,000 tones 25 years ago with the largest reserves untapped. In the year 2000, developments in global prices for metals varied considerably. Countries that depend on gold, e.g. South Africa, Ghana, Zimbabwe, Tanzania and Mali suffered as a result of price variations. Table 2 illustrates price variations for selected primary commodities.

Table 2: Price Variation for Selected Primary Export Commodities 2005 and 2006 (US$)

Commodity	Unit	2005	2006
Agriculture:			
Cotton	Cents/kg	130.2	105.8
Tea	Cents/kg	187.6	159.8
Coffee	Cents/kg	192.0	137.3
Sugar	Cents/kg	18.4	19.1
Cocoa	Cents/kg	105.6	96.7
Metal & Minerals:			
Aluminium	$/mt	1,549	1,444
Copper	$/mt	1,813	1,578
Nickel	$/mt	8,638	5,945
Gold	$/tz	279	271
Silver	cents/tz	499.9	438.6
Iron Ore, Carajas	cents/dmtu	28.8	30.0
Lead	cents/dmtu	45.4	47.6
Tin	cents/kg	543.6	448.4
Zinc	cents/kg	112.8	88.6

Source: World Bank, Economic Policy and Prospects in African Development 2007

As shown in Table 2, the prices of primary commodities demonstrate a clear declining trend. With the exception of sugar, all other agricultural commodities displayed declining prices per unit of commodity export. A similar trend can be observed in price variations for metals and minerals. The products show marked decline in prices per unit with the exception of iron ore which registered a marginal increase from 28.8 to 30.0 cents/dmtu. More specifically, the share of primary commodities in exports in selected countries is depicted in Table 3.

Table 3: Share of Primary Commodities in Total Export, in Selected Countries – 2004

	Primary Commodities % of Exports	Selected Primary Commodities as % of Total Exports
Angola	95.4	Oil (86%), Coffee (4%), Diamond (1.6%)
Botswana	98.0	Diamonds (88.2%), Copper/Nickel (7.5%)
Malawi	93.4	Tobacco (7.6%), Sugar (6.1%)
Mozambique	76.3	Fish (27.0)
Namibia	95.0	Diamonds (40.0%)
Tanzania	79.3	Coffee (24.8%), Cotton (22.9%)
Zambia	90.0	Copper (84.0)

Source: Gregory, K. (2005). *Civil Society and Global Trade in Southern Africa.* Centre for Development Co-operation Stockholm, Sweden.

Apart from dependence on primary commodities for export earnings, many countries in Africa have a limited range of primary commodities (Table 3). The countries depend on two or three primary commodities for over 80% of their foreign exchange earnings. This structure confirms their vulnerability to global market fluctuations compared to countries dependent on manufactured exports.

3.0 Trade Performance in Manufactures and the Share in Global Trade

The current position of Africa in world trade is characterized by two main features. First, trade is low in volume and its share in world trade is declining; second, it is largely confined to primary exports, with low intra-African trade. Africa's share in world trade varied from 4.1% to 4.9% during the 1960 to 1969 period. It fluctuated to around 4.5% during the 1970s and declined persistently to 2.5% in the 1990s. The share of Africa in world exports declined from 4.7% in 1975 to 2.0% in 1990 (UNIDO, 1993). Manufactured exports declined from 5.2% in 1985 to 3% in 1995 (UNIDO, 2003). During the last six years, the share of manufactured exports of sub-Saharan Africa remained constant at a low level of 0.3% with only textiles and apparels gaining a share from 0.4% to 0.9% (UNIDO, 2005).

A preliminary study reveals that Africa lost its share with the European market despite the preferential market access accorded to Africa through the Lome Convention (UNCTAD, 2006). These trends suggest that either Africa has lagged

behind in competitiveness relative to other regions, probably due to trade restrictions imposed by the export markets to protect their industries and hence employment. With respect to intra-Africa trade, the recorded trade has been quite low. Table 4 illustrates Africa's share in world trade and intra-African trade.

Table 4: Africa's Share in World Trade and Intra-African Trade, 1905 - 2005

	The World			South Africa			Countries excl. South Africa		
	1995	2000	2005	1995	2000	2005	1995	2000	2005
Exports									
All food items	10.6	13.5	16.0	32.5	23.9	27.3	25.9	21.7	19.1
Agriculture raw materials	3.1	4.3	5.4	14.2	8.8	13.6	3.7	10.1	11.9
Ores and minerals	5.9	5.0	5.4	20.9	8.4	7.3	5.6	4.0	3.4
Fuels and lubricants	75.6	61.3	53.5	0.0	0.2	1.9	40.9	30.2	31.6
Manufactured goods	4.0	15.5	19.1	32.1	57.2	49.4	18.9	32.8	31.9
Total value (US$ mill)	94.942	81.022	82.322	302	523	633	2.978	4.763	5.818
Total*	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
% of total exports of Africa to the World	100.0	100.0	100.0	0.0	0.6	0.8	3.1	5.9	7.1
Imports									
All food items	15.8	16.1	17.0	22.0	15.4	14.6	25.9	21.7	19.1
Agriculture raw materials	2.0	3.2	3.0	3.4	1.7	1.1	3.7	10.1	11.9
Ores and minerals	1.5	2.2	1.7	3.9	4.2	1.9	5.6	4.0	3.4
Fuels and lubricants	9.3	6.8	5.9	0.0	1.0	11.1	40.9	20.2	31.6
Manufactured goods	69.3	70.2	70.8	69.5	77.7	71.3	18.9	32.8	31.9
Total value (US$ mill)	84.367	81.252	91.835	1.408	2.162	3.520	2.978	4.763	5.818
Total*	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
% of total imports of Africa from the World	100.0	100.0	100.0	1.7	2.7	3.8	3.5	5.9	6.3

Note: * = due to rounding up error, the figures do not add up to 100 exactly.

It has generally been argued that the reason for the low intra-African trade is that Africa countries, on the one hand produce raw materials with no market assurance in the neighbouring countries; and on the other hand, they produce the same basic consumer goods as their neighbours so that there is no basis for trade. Of course this is true, but at the same time the import-substitution policies which dominated African countries in most of the period since independence did little to promote intra-African trade. Over-valued currencies made exports unprofitable for the enterprises. Their main incentive to export was to earn hard currencies. But as most African countries had non-convertible currencies there was nothing to be gained from trade amongst them.

Further, agricultural pricing policies tended to hamper intra-African trade. Agricultural producer prices were determined by a combination of producer taxation and consumer subsidies rather than by production costs and market forces. Trade therefore had to be monopolized by parastatal organizations. Since the 1960s, attempts to increase intra-African trade through formation of trade groupings such as the EAC, SADC, COMESA appear to have had limited effects. The intra-Africa trade as a percent of total export of the group within the most import groupings is neither bigger nor more growing than trade among the African countries as a whole. Table 5 shows intra-group trade of different African trade groups.

Table 5: Intra-Group Trade as % of Total Exports of the Trade Groups, 1985 – 2005

Year	Total African Trade	SADC	COMESA	ECOWAS
1985	3.1	0.5	12.1	10.2
1995	n.a	1.5	5.5	5.3
2000	5.9	2.8	7.6	7.9
2005	7.1	7.9	9.3	11.4

Source: UNCTAD (2005)

As shown in Table 5, since the 1980s, trade among African countries has been growing, though at a low rate. From 3.1% in 1985, it grew to 5.9% in 2000 and to 7.1% in 2005. These figures seem to under-estimate the importance of the intra-African trade, for two basic reasons. One, there is a considerable but unrecorded trade especially between neighbouring countries. Two, the figures are low because one country, Nigeria, which is responsible for almost one third of all African exports sells only 3.0% of its exports to Africa (Ackello-Oguttu, 2007). At the same time, it is increasingly recognized that although African countries tend to produce the same products as their neighbours, there are often seasonal and climatic differences in the production cycles which give rise to considerable unused opportunities for regional trade in food and possibilities for increased food security (Park, 1993; Weeks, 1996). For manufactured products, there may also be better opportunities for regional trade than for export out of a region because high transport costs may offer regional producers some protection from outside imports at the same time as product qualities and market structures tend to be similar.

Therefore, the intra-African trade tends to be more important than indicated by its size because a relatively large part of it consists of manufactured goods. While manufactured goods in 1995 were made up of 31.9% of the total export from African countries, nearly one third of trade among the African countries consisted of manufactured goods (Table 4). But, even this appears to be an under-estimation

of the importance of manufactured goods in intra-Africa trade, because it does not comprise processed foods and beverages which made up a large share of agricultural export to other African countries than to the rest of the world.

Even if there is growing intra-African trade, Africa's share of primary commodities in export has been costly in terms of trade losses because of declining real commodity prices. Commodity prices have had negative impact on external indebtedness and investment hampering income growth and development (UNCTAD, 2005). In other words, Africa must move beyond primary commodity production. According to IMF (2001), non-oil exporting African countries suffered cumulative terms of trade between 1985 and 2000 of almost 120% of GDP offsetting the benefits of increased aid flows. Even oil producing countries such as Angola, Gabon and Nigeria have registered little gains despite terms of trade increases. Oil has not brought economic diversification and the countries have therefore not achieved sustainable economic growth.

Structural adjustment programmes were aimed at increasing openness of African economies to trade. The economies are now quite open through massive trade liberalization undertaken in the 1990s. But Africa's performance in world trade reflects the continent's small GDP rather than lack of openness *per se*. While the volume of trade is important, the share of manufactured goods in total export is a more important determinant factor of economic success than the share of primary exports. Fosu (2002) stresses also that manufacturing is one of the main vehicles for technological development and innovation. Economies with high share of manufacturing in total value added are less vulnerable to price fluctuation and climatic shocks.

Table 6: Manufactures as % of Export Trade in Selected African Countries

Country/Year	1980	1990	2000
Algeria	0.3	2.6	2.3
Angola	12.0	0.1	n.a
Benin	3.4	n.a	6.2
Cameroon	3.8	8.5	4.7
Comoros	23.8	n.a	8.2
Egypt	10.9	42.5	32.7
Ghana	0.9	n.a	15.8
South Africa	18.2	21.9	59.4
Tunisia	35.7	69.1	77.0
Kenya	12.1	29.2	20.8
Mauritius	27.4	65.8	74.2
Morocco	23.5	52.3	64.1
Nigeria	0.3	n.a	0.2
Uganda	0.7	n.a	6.9
Zambia	6.0	n.a	12.7
Zimbabwe	35.0	30.9	28.1

Source: UNCTAD (2003)

Looking at Table 6, only a few countries such a Tunisia, Mauritius, Morocco, South Africa and Zimbabwe displayed a marked share of manufactures in total exports, in 1980. They also registered increased share of manufactures in total exports in 2000 with the exception of Zimbabwe. Africa is, in general, making gradual progress towards export diversification. At the same time countries like Kenya and Uganda have moved into non-traditional exports especially flowers, vegetables and fruits (ECA, 2004). This trend implies that trade liberalization alone is unlikely to lead to manufactured export capacity. A strong supply side coupled with relevant infrastructure is necessary. The ensuing section discusses trade performance through US/AGOA and EU/EPA.

4.0 Trade Performance in Africa and the US/AGOA and EU/EPA

Under the UNCTAD framework, it was agreed that increased earnings through trade would increase the purchasing power of developing countries and raise their imports from industrialized countries. With this in mind, economic growth and participation in world trade by developing countries was to be encouraged. Various commodity agreements were adopted all aimed at enhancing growth by boosting access to foreign markets. The African Growth and Opportunity Act 2000 (of the United States) is a framework for determining the structure and nature of future economic and trade agreement between the US and Africa. In enacting AGOA, the US Congress observed among other issues that:

- It is in the interest of the United States and African countries to promote stable and sustainable economic growth and development in Africa.
- Africa is a region of enormous economic potential and of enduring political significance to the US.
- Trade and investment can represent powerful tools for both economic development and political process in which freedom could flourish.
- Increased trade flows have the greatest impact on economic environment in which trading partners eliminate barriers to trade and capital flows and in that way encourage the development of vibrant private sector that offers individual African citizens the freedom to expand economic opportunities.
- Certain countries in Africa have increased their economic growth rates after taking steps towards liberalization of their economies and made progress towards regional economic integrations.
- Offering enhanced trade preference would encourage both high levels of trade and political developments in Africa.
- Encouraging the reciprocal reduction of trade and investment barriers in Africa would enhance the benefits of trade and investment for the region as well as enhance commercial ties between the US and Africa.

The US Congress in its policy statement on AGOA, spelt out the following benefits that would accrue from the arrangement: i) reduction of tariffs and non-tariff barriers between the US and Africa, ii) encouragement of trade and investment between the US and Africa, iii) negotiation of reciprocal and mutually beneficial trade areas that can serve the interests of both the US and Africa, iv) establishment of trade and economic forum between the US and Africa, and v) accession of African countries to the Organization for Economic Cooperation and Development (OECD) convention on combating bribery and corruption.

As noted above, AGOA is not a trade agreement, but a framework that provides some opportunities for African countries preferential access to the US market especially in textile and apparels. Therefore, African countries should position themselves to have advantage of the trade opportunity offered under AGOA. However, AGOA does not provide automatic access to the US market for products from Africa. There are both economic and political eligibility requirements that must be fulfilled. One of such eligibility requirements is the establishment or achievement of some progress towards establishing the following:

- A market-based economy that protects private property rights. It should incorporate an open rules-based trading system and minimize government interference in the economy through measures such as price control, subsidies and government ownership of economic assets.
- Credible rule of law and judicial system, as well as democratic political process.
- Elimination of barriers to US trade and investment.
- Economic policies to reduce poverty, increase availability of heath care and educational opportunities, expand physical infrastructure, promote the development of private enterprise and encourage the formation of capital markets through micro-credits and other programmes.
- A system of combating corruption and bribery such as the signing of and implementing the OECD convention on combating bribery and corruption.
- Protection of internationally recognized workers' nights and acceptable conditions of work and occupational safety and health.

The second requirement of AGOA is non-engagement in activities that undermine US national security on foreign policy interests. The third requirement is non-engagement in gross violations of internationally recognized human rights; non-support for acts of international terrorism, as well as non-participation or cooperation in international terrorism; and co-operation in international efforts to eliminate human rights violations.

In fact, these eligibility requirements stipulated for African countries interested in taking up the trade opportunities provided under AGOA seem to be quite onerous to a good number of African countries. It is particularly on political criteria where most of the African countries may fail the qualifying test due to civil strife, lack of credible rule of law and independent judiciaries, human rights abuse and the absence of democratic processes and institutions. Nonetheless, reasonable progress towards attainment of the set conditions/requirements may provide such countries with opportunity to participate in AGOA. The participating countries need also to take note that besides the stringent eligibility criteria, AGOA concessions are not meant to be permanent. The duty and quota free benefits for African exporters were only to be effective up to 2008. Not only that, up to now, the leading export commodities from Africa with their shares in parentheses include oil (79.8%), platinum (3.7%), woven knit and apparel (2.9%) and cocoa (1.4%). These commodities originate from just a few countries namely Nigeria, Angola, Gabon, South Africa and Ivory Coast. Based on this structure, it appears, the main interest of the US through AGOA is oil rather than textiles and other commodities.

The US is not alone in the pursuit of free trade agreements (FTAs) with Africa. The European Union (EU) has also established such an agreement known as the Economic Partnership Agreement (EPA) under the Cotonou Agreement. The European Union trade relationship with African countries dates as far back as to the Yaoundé Agreement (1963-1974), followed by Lome Convention (1975-2000) and then the Cotonou Agreement (2000). The Cotonou Agreement provides for a progressive removal of restrictive trade barriers. It covers a period of twenty five years with revisions after every five years. The agreement is based on five inter-dependent pillars which combine a perspective that traverses politics, trade and development; these are: i) comprehensive political dimensions, ii) participatory approaches, iii) focus on poverty reduction, iv) new frameworks for economic and trade cooperation, and v) reformed financial cooperation. The Agreement further insists on two elements in the partnership – respect of human rights, democratic principles and the rule of law, and commitment to good governance with specific procedures to be launched in serious cases of corruption.

The thrust of the Cotonou Agreement lies in its emphasis on:

- improving the policy framework for trade and investment;
- enhancing co-operation in all areas which are important to trade including linkage between trade and the environment;
- creating an investment climate (facility) to support the development of the private sector;

- rationalizing trade instruments and introducing new systems of allowing the community and the beneficiaries (countries) to adjust regularly their co-operation;
- decentralizing administrative and financial responsibilities to local levels;
- involving civil society in the reform processes and policy programmes dialogue to be supported by the European Union;
- focusing development policies on poverty reduction;
- basing the allocation of funds not only on assessment of each country's needs but also on its policy performance; and
- addressing corruption problems, enhancing political dimension and broad-based economic participation.

In my view, the idea of the European Union for creating FTAs with African countries was a response to AGOA and the prospective US Free Trade Agreements with African countries. It therefore appears that EU through EPA and the United States (US) through AGOA are truly engaged in trade rivalry over access to resources and markets in Africa. AGOA has been deemed to be an overwhelming success by the US Government for in 2001, it reported an increase of 47.0% in US imports, from AGOA eligible countries. But according to Lee (2003), the reality is that of the US$ 8.0 billion worth of goods imported through AGOA, the majority were energy products including US$ 4.0 billion in liquid natural gas, US$ 3.0 billion in crude oil and US$ 0.3 billion in refined petroleum products. Less than 10% of the imports were accounted for by other products.

Consequently, the net effect of AGOA will likely be small, with no significant increase in Africa's access to the US market except for just a handful oil producing countries in Africa. It is because of this reality that we are inclined to argue that although both the EU/EPA and US/AGOA point out that their main objective in creating FTAs in Africa is to enhance trade and development and incorporate African countries into the global economy and trade policies, to date, these two world economic hegemonies contradict this objective.

5.0 Challenges and Opportunities

There is abundant literature on the challenges and opportunities concerning trade performance and economic growth in Africa. We highlight on a few of them focusing on transport infrastructure, product substitutes (replacements), and energy supply. These are critical determinants of trade competitiveness.

On transport and trade performance, price competitiveness can be determined by the export price of a country relative to the export price of competitors selling the same product. A country whose export price is higher than that of another country

is said to be uncompetitive and will definitely lose the market share. Table 7 shows the average internal transport costs for exports from three selected landlocked countries in East Africa – Uganda, Burundi and Rwanda.

Table 7: Internal Transport Costs: Uganda, Burundi and Rwanda (% of CIF Prices)

	Uganda		Burundi		Rwanda	
	BB	CNT	BB	CNT	BB	CNT
Imports						
Mombasa						
Road	16.5	9.3	27.0	13.8	26.2	n.a.
Rail	11.9	7.5	n.a.	n.a.	n.a.	n.a.
Dar es Salaam						
Road	18.7	8.6	22.8	10.5	22.8	n.a.
Rail	23.0	5.3	13.4	6.5	n.a.	n.a.
Exports						
Mombasa						
Road	10.6	9.6	17.4	13.6	16.3	12.9
Rail	10.3	8.8	n.a.	n.a.	n.a.	n.a.
Dar es Salaam						
Road	8.1	9.0	25.8	11.3	9.8	10.7
Rail	10.2	10.5	10.7	11.7	10.0	10.9

Key: BB = break-bulk, CNT = Containerized shipment, n.a. = not available

Source: World Bank (2006)

The effects of transport costs on competitiveness are illustrated in Table 7. Transport costs are given as percentage components of total costs measured by CIF prices. The costs vary depending on whether break-bulk (BB) on containerized shipment (CNT) are possible with the latter usually cheaper due to economies of scale.

In the case of Burundi, for instance, road transportation of its exports to the port of Mombasa using containerized shipment constitutes 13.6 (14.0%) of total export price while in the case of Rwanda, it constitutes 12.9 (13.0%). If the product being exported by the two countries is the same, the product from Burundi will be less competitive than a similar product from Rwanda. Further, Uganda's export by road to Dar es Salaam port by containerized shipment constitutes 9.0% of total export price while export from Rwanda constitutes 10.7 (11.0%). If the product is the same, Uganda's product will be more price competitive than the Rwandan counterpart. In terms of international trade, Africa's performance has been unsatisfactory. Table 8 shows the extent of Africa's loss of traditional markets.

Table 8: Africa's Loss of Traditional Markets

Commodity	Africa			Asia		
	2000	2005	% change	2000	2005	% change
Cocoa	80.3	61.1	-20.2	0.4	20.0	19.6
Coffee	24.6	14.3	-10.3	4.9	10.9	6.0
Cotton	30.7	17.2	-13.5	16.6	35.6	19.0
Rubber	7.4	5.6	-1.8	89.1	90.8	1.7
Timber	134	73	-61	43.3	52.5	92

Source: IMF. Direction of Trade (various issues)

Table 8 provides an example of how Africa lost its market share in traditional products. For coffee, Africa's share declined from 24.6 (25.0%) to 14.3 (14.0%); cotton from 30.7 (31.0%) to 17.2 (17.0%); cocoa beans from 80.3 (80.0%) to 61.1 (61.0%); and timber from 13.4 (13.0%) to 7.3 (7.0%). The loss of Africa's market share was mainly to Asian countries (Table 8).

Competition in regional and international market is especially dependent on the availability of adequate and efficient infrastructure. Infrastructure is one of the determinants of price and non-price competitiveness in global markets. Viewing infrastructure services such as intermediate inputs, low cost and high quality of any form of infrastructure service will tend to improve price competitiveness. Also, by improving communication between exporters and importers allowing timely and safe delivery of goods transport infrastructure can improve non-price competitiveness.

Non-price competitiveness encompasses all factors, other than price, that affect a country's market share. These factors are normally categorized into two - marketing or selling, and product quality (sophistication) or the income-dimension of global competition. The latter relates to the ability of the export commodity to capture a higher proportion of world income growth. The quality and quantity of infrastructure services are important determinants of both aspects. Marketing (selling) relies on the improvement of packaging, foreign contacts, the speed of delivery of commodities and the provision of after-sale services, in the case of durable goods. These aspects are determined, in part, by the availability of transport and export-servicing facilities such as seaports, airports and communication which provide faster, safer and more reliable movement of goods in order to make it possible for more trade to take place. The issue is, even if the African exports are price competitive, the inadequate elements pertaining to good marketing could drastically reduce their ability to complete. According to Rudaneranwa (1998), transporting goods between Kampala and Mombasa took 40 days in 1997 with further 20 days for transit to European ports. With a three-month time lag between order and delivery, an importer from Europe would be inclined

to look for alternative suppliers. The ADB (1995) revealed that about 75% of the decline in Africa's international market share was attributed to this aspect of non-price competitiveness.

The application of information technology will also make it possible for export producers to conduct their transactions directly with importers or export markets without passing through middlemen, thereby increasing their profitability and incentives to produce. Equipping national and regional trading communities with efficient information and communication technology systems that can provide them with accurate and relevant information and exchange mechanisms could be developed to become a major means of enhancing the growth of inter-African trade in the continent too. Adequate flow of trade information is one of the important determinants of market outcomes. In fact trade and commercial activities record their best performance when producers, exporters and consumers are made to be aware of each other's products, product quality, and supply and demand capacities. Traditionally, these functions are performed by trade exhibitions, trade promotion organizations, and contacts through phones or facsimiles.

E-commerce is also important in this regard. It is explained as the production, advertisement, sale and distribution of products via telecommunication networks (WTO, 2004). It encompasses all forms of transactions in commercial activities based upon processing and transmission of digitized data, including text, sound and visual images. E-commerce involves products such as consumer goods, services such as information, financial and legal services, heath-care and education, and new activities such as virtual malls. It is both a tradable service with cross-border services and an emerging efficient communication media for the stimulation and facilitation of economic activity including trade transactions (MIT, 2003). Besides transport and price competitiveness, the development of close substitutes for products in which African countries have comparative export advantage contributes to the decline of Africa's international market share.

On product substitutes and trade performance, technological advancement has great impact on export performance of several products in Africa. It is most felt in products such as copper, iron and steel and pyrethrum (UNCTAD, 2006). Developments in material sciences and engineering are resulting in new types of synthetic products and materials ranging from sugar replacement products to high-performance ceramics, reinforced plastics and composite materials. These developments are having significant impact in several fields. For instance, there has been substantial substitution of sugar by both caloric and non-caloric sweeteners such as starch-based high fructose corn syrup, cyclamates and aspartame. Certain studies estimate that high fructose corn syrup may replace

sugar, especially for canning and soft drinks to the extent of 50%. Combined with the impact of non-caloric sweeteners such as aspartame, demand for sugar for food industries is likely to drop up to 70% (Joel, 1996). This development in terms of both substitution and usage intensity is likely to have a major impact on sugar exports from Africa.

In the mineral sector, the reduced intensity in the use of mineral products combined with the substitution of several of these products by new materials, polymers and composites is likely to result in reduced demand for mineral exports from Africa. The replacement of copper by optical fibres for telecommunication cables, for instance, is bound to have a significant effect on copper-producing countries in African countries such as the Democratic Republic of Congo (DRC) and Zambia particularly if such substitution is extended to other uses of copper. Copper communication wires may be replaced by about 10% and this proportion may increase substantially in future with increased use of optical fibres (UNCTAD, 2005). In fact, a gradual substitution of the use of other non-ferrous materials such as chromium, cobalt and nickel may take place.

The iron and steel sector is another area where the impact of material replacement may be quite significant. Steel content in automobiles and transport equipment, for example, has decreased considerably because of both the decreased use of special steels and increased use of composites and other new materials. There are also considerable reductions of metal loss through processes such as powder metallurgy for shaping metals. Economization by the use of new materials is also likely to take place in capital goods production and in the construction industries. New materials may also affect other commodity exports from Africa. The production and export of pyrethrum by Tanzania and Kenya, for instance, could be adversely affected by the synthetic replacement. Commodities such as cotton, natural rubber, sisal and wood are already facing reduced global demand because of substitution, economization and reduction in the intensity of material use. This trend is likely to become increasingly forceful. Therefore, there must be adequate awareness and consciousness for Africa of such developments in export substitutes well in advance so that exporting countries can undertake suitable alternative programmes for their exports.

Africa's reliance on primary commodities export, coupled with the development of substitutes for commodities on which most of African countries have comparative advantage in global markets have led and will continue to lead to a shrinking market share of Africa in the world market. Because of that reality it is suggested that "over a long-term, Africa must move its way up the chain of commodities export into the world wide networks of manufacturing that may account for a growing share of the global market" (Asahi Shimbun, 2007).

The current share of primary commodity exports in the world market seems to be negligible compared to the expected future price decline of primary commodity exports consequent upon the maturing of global information economy. As the quotation above suggests, African countries should aim at moving into the worldwide networks of manufacturing and participating in the globalized information-driven economy in which the global market is promising. Among the strategies should be first, to allow firms to participate in the growing internet global service economy; second, to get prepared for future participation in regional and global networks manufacturing; and third, to control the current web-based operation and management of market information. At present, for instance, international tour and travel agencies management already control what is a promising tourism industry in Africa. Even agricultural and mineral products constituting the bulk of Africa's exports are increasingly dependent on the management of information on international operations.

Emphasis on information driven-economy can even reduce in the long-run costs of converting solar energy down to levels where they might be competing with fuel-generated energy. Richardson (2002) points out that Equatorial Africa is set to become the energy hotpot of the 21st century. As electricity cannot be transported over long distances, solar electricity can be transported over long distances and offer advantages for energy intensive production. There is even a suggestion that Equatorial Africa could become a preferred location for laser-guided commercial satellite launch pads (Richardson, (2002).

Bio-medicine is another example. Transgenic technologies now enable pharmaceutical companies to extract the bio-diversity of the planet by taking infinitesimal samples of plants and soil to laboratories and produce a variety of drugs and cosmetics. These are later patented for exclusive production and distribution. According to UNIDO (2003), Africa has the biggest genetic resources on the planet. There are more mineable species of generic resources per square meter than anywhere else. The challenge to African governments is to mobilize and encourage their scientists to set up internet panels in collaboration with international scientific community in general. It is primarily up to African governments to put in place an enabling framework for dynamic industrial and trade competitiveness. Given the prevailing level of development and capabilities, governments may pursue a policy of resource driven industrialization in which increased agricultural productivity aims to improve rural incomes to stimulate local demand for local industrial goods, preferably embedded within a wider policy framework for regional cooperation. At the same time, governments have to engage in strategic interventions to foster export competitiveness for those dynamic products for which international trade is, or in future will be growing faster than the average for other products.

Within the current globalized economy, it is generally understood that it is firms and not countries or governments that compete. But this does not deny the essential role of a government in providing the structural preconditions for international competitiveness. There is, these days, ample evidence that governments have an enhanced role in developing human infrastructure skills and business infrastructure that will allow them to compete in the global market. Monetary and fiscal policies must be fine-tuned to ensure export commodities competitiveness at the global market.

Energy is another important challenge to trade performance in Africa. Regarding the contribution of energy on trade performance, Africa is known for its unreliability and high costs. It is a constraint on production efficiency and trade competitiveness. According to UNIDO (2001), for instance, high electricity costs are among the major impediments in product competitiveness in Tanzania. Also a survey of a few firms in Ghana in the 1990s cited power outages as the top constraint affecting business in that country (Steel and Webster, 1991). A study of manufacturing firms in Nigeria revealed that total expenditure on all types of infrastructure averaged 9.0% of the variable costs, electric power claiming half of that average (Lee and Anas, 1992). In fact unreliable power supply leads to production interruption, loss of perishable goods, damage to sensitive equipment and loss of orders. To contain these constraints some firms tend to invest in their own power supply facilities in the form of generators. But the purchase of generators implies additional cost to the firms regardless their scale of production, as this tends to raise capital requirements, and reduce production capacity leading to reduced product competitiveness. But according to WEC (2003), Africa has a wide range of energy potential, as depicted in Table 9 below.

Table 9: Africa's Energy Potential (%)

Energy Resource	Total	% of Global reserve
Oil reserves	10,122 million tones	7.1
Gas reserves	11.4 trillion tones	7.5
Bituminous coal reserves	55,000 million tones	10.6
Uranium reserves	613 kilotones	18.7
Hydroelectric (HEP) capacity		33.0
HEP Technically exploitable	over 1888 TWh/yr	13.0

Note: 1 TeraWatt = 1 Million megawatts

Source: World Energy Council (2003)

Table 9 indicates that the exploitable hydropower capacity in Africa is massive with over 1,888 Terawatts per year (Twh/yr). The region has an estimated 10,122 million tones of petroleum, 11.4 trillion cubic meters of proven natural gas reserves, and over 55 billion tones of bituminous coal (WEC, 2003). Despite the

abundant energy reserves, less than 30% of Africans have access to electricity. This is a low figure compared to other developing regions (Karekezi and Kimani, 2002). Africa generated about 479.8 Twh of electricity in 2001 representing about 3.1% of the world's electric power production. Much needs to be done to address the backlog of challenges in the power sector. A number of constraints have limited the capacity of the sector to power Africa's export trade drive. For the sake of this section, these constraints can briefly be summarized as follows: power transmission losses, mismanagement of tariffs, climatic fluctuations, and poor technical and financial performance.

With power transmission and distribution losses, there are those that occur in transmission between sources of supply and points of distribution. Some of the power systems in Africa record total system losses sometimes over 30%, while the international standard is between 10 and 12% (World Bank, 2003a). It is pointed out that when a line is too thin, energy is lost in terms of heat because of high pressure and this is referred to as technical loss. But the bulk of the loss at transmission and distribution levels in Africa are said to be non-technical. They are usually due to illicit connections, metre tampering and faulty metres (*ibid*). High investment in up-grading and reinforcement of transmission and distribution networks, and retrofitting of plants with efficient auxiliary devices are key to minimizing the inefficiencies.

On mismanagement of tariffs, most African governments have subscribed to tariff mismanagement through the view that low-priced electricity can contribute to achieving economic and social development. Consequently, electricity tariffs in some African countries tend to reflect a political will (agenda) rather than an economically sound management policy. As a result, tariffs are often below marginal costs, requiring high levels of subsidies to keep the utilities afloat. On the other hand, some countries seem to record very high tariffs to the extent that they could have detrimental impact on low-income consumers (Karekezi and Kimani, 2002).

One of the promising challenges is the pricing of electricity through regulatory processes. Such processes can reduce monopoly pricing and protect the interests of end-users as well as provide a fair return to network owners. Climatic fluctuations are also attendant to unsustainable supply of electricity especially to African countries that are not endowed with fossil fuels. During times of drought, countries experience power shortages because of insufficient hydropower generation. Climatic conditions can thus contribute to the costs of electricity supply and generation and to the overall economy especially to the manufacturing enterprises. The World Bank (2003a), for example, points out that Zimbabwe's 1992 drought caused electricity shortages that cost the country US$235 million loss in export earnings, equivalent to nearly 3.5% of the country's GDP. In Kenya, where

hydropower accounts for about 80% of power production, low dam reservoir levels in 1999 and 2000 led to reduction in power generation. Water and power rationing devastated the economy. The cost of unmet electricity demand was equivalent to 6.5% of Kenya's GDP (World Bank, 2000). In vulnerable countries, electricity generation needs to be diversified to include thermal stations.

Furthermore, financial and managerial performance of utilities is often unsatisfactory, resulting into low quality supply of electricity and inabilities to meet growing electricity demand. Little improvement in the refurbishment and maintenance takes place in many of the Africa's power plants. As a result, fuel and lubricant consumption tends to be high in diesel power plants partly because of unsatisfactory maintenance. In many instances, engines last only a fraction of their normal lifespan, increasing capital costs per unit of production. Coupled with financial factors, debt owned by customers is often a sizable amount leading to deterioration of the cash flow situation and company losses (Karekezi and Kimani, 2002). In many cases, customers (especially governments) do not settle their bills on time. At the beginning of 2002, for instance, the Government of Kenya owed Kenya Power and Lighting Company about KShs. 2.5 billion (Wamukonya, 2003), equivalent to about 9% of its annual turnover. In 1997, the Government of Tanzania owed its national utility company, TANESCO, about US$ 47.6 million, equivalent to 26% of the company's annual turnover (Kibanga, 1997).

The challenge in resolving Africa's power sector constraint for improved production and trade performance requires not only greater energy efficiency and sustainability but also a reduction in the dominant role of governments in energy management. Deliberate measures should be taken towards freeing up the sector and the transformation of the state-owned power companies into autonomous and self-reliant companies. What determines the success of companies is the extent to which they incorporate economic decisions in their normal operations. Ensuring and sustaining private participation in the provision of electricity services will require concrete national strategies aimed at addressing obstacles affecting production and trade performance. Credible regulations would be necessary to address any ill effect associated with private sector participation and prevent any monopoly on power. Efficient energy generation is vital for both reducing operating costs and improving efficiency, productivity and international competitiveness of the energy-consuming enterprises.

Efficient pricing of electricity is also important for the power sector's own competitiveness and development. To ensure economic efficiency price distortions must be minimized. The principles of transparency, consistency and cost-effectiveness must be adhered to. Further, the promotion of regional and sub-regional integration in energy services may help to promote the development of

Africa's power sector. The integration can enhance the sector's development by reducing power costs and minimizing the operating costs of the existing sub-regional networks.

The fundamental policy issue for Africa should be how to provide adequate and reliable energy to meet the demand of the growing population and industrial expansion in an efficient and affordable manner. The current energy infrastructure in many African countries is simply insufficient to support export diversification. Growing demand for power supply must be met promptly and in a well-regulated manner. Pricing mechanisms ought to be effective and fair. If African countries are to compete in the global market place, then governments and private sectors must keep investing in expanding and strengthening the energy sector.

6.0 Conclusion

The emerging challenge from the discussion in the article is that African trade policies must be aligned with the development strategies as a whole. They ought to be aligned with, for example, the development of efficient transport networks, power supply and improvements in packaging, foreign contacts and the speed of delivery of products.

Application of information technology is among the most important challenges that can determine trade efficiency. Trade and commercial activities record their best performance when producers, exporters and consumers are made to be aware of each other's products and product quality, supply and demand capabilities.

The article argues for African trade policy makers to participate in the development of alternative export products because of the emerging trends of close substitutes for commodities in which most African countries have comparative advantages in global market. Whether government interventions, ranging from credit and export subsidies, protection and export promotion measures are pertinent, is a long-standing question. Experience shows that some interventions proved successful in the East and Southeast Asian countries (Rodrik, 2002). Trade policies were integrated in the construction of multi-layered network of institutions that spearheaded structural transformation. State support of industry including tariff and non-tariff barriers and exchange rate policies were not directed passively at all economic sectors, but were highly selective (World Bank, 1993). State support gradually shifted from final consumer goods sectors towards labour-intensive sectors and later to technology-intensive manufactures and export trade expansion. A lesson for the African region is that state interventions need not be haphazardly applied to the economic sectors. It must be selective and sequenced for eventual export trade competitiveness.

References

Ackello-Oguttu. 1997. Cross-border Trade
Bureau of Africa.

African Development Bank (ADB). 2005.
University Press.

–. 2002. Economic and Social Division
Oxford: Oxford University Press.

–. 1995. *Rural Development and*
Oxford: Oxford University Press.

Asahi Shimbun. 2007. *Africa's Chance*

ECA (Economic Commission for Africa). 2004.
Clusters, Addis Ababa, Ethiopia.

Fosu, A. K. 2003. Political Instability and
of Development Studies, Vol.39, No.4.

–. 2002. The Global and African
No.3.

George, S. T. 2002. *The Challenges of*
Publishing Company Limited.

Gregory, K. 2005. *Civil Society and*
Co-operation Stockholm, Sweden.

IMF (International Monetary Fund) (2007
Global Economy. Washington DC: IMF
–. 2006. *World Economic Outlook*
Services.

–. 2005. *Regional Economic Outlook*
Services.

–. 2001. *World Economic Outlook*

–. (various issues). *Direction of Trade*

Joel, P. 1996. Advanced
TD/6/C/6/136, New York.

Karekezi, S. and Kimani, J. 2002.
with Emphasis on
Kenya.

Kibanga, P. 1997. Word Bank
Nairobi, Kenya.

Lee, C. M. 2003. African Countries Pawns in Trade War between US and EU. *Tanzcom Business Review*, Tanzcom Publications Ltd.

Madeley, J. 1996. *Trade and the Poor: The Impact of International Trade on Developing Countries.* Intermediate Technology Publications, Ltd.

Ministry of Industry and Trade (2003. *Trade Policy for a Competitive Economy and Export-Led Growth.* Dar-es-Salaam: DUP.

Park, J. 1993. The New Regionalism and Third World Development. *Journal of Developing Societies*, Vol.11, No.1.

Richardson, M. 2002. *Internet Connectivity and Development.* UNIDO Publication Services, Ltd.

Rodrik, D. 2002. Trade Policy Reform as Institutional Reform. In Bernard, H. (Ed.) *Development, Trade and the WTO.* World Bank, Washington, DC.

Rudaneranwa, N. 1998. Shipping Costs, Foreign Trade and Landlocked Countries: The Experience of East Africa. A paper delivered at the DSA Conference, Bradford, United Kingdom.

Stern, R. M. 2005. *New Directions in Services and Trade Liberalization.* Washington DC: The Brooking Institute.

Steel, W. and Webster, L. 1991. Small Enterprises under Adjustment in Ghana. World Bank Technical Paper No. 376, World Bank, Washington, DC.

UNCTAD (United Nations Conference on Trade and Development). 2006. The Impact of New and Emerging Technologies in Trade and Development, TD/B/C/6/136.

–. 2005. The Challenges of Economic and Institutional Reforms in Africa. Geneva.

–. 2003. The Least Developed Countries Report: Escaping the Poverty Trap. Geneva.

UNIDO (United Nations Industrial Development Organization). 2006. *Industrialization, Environment and the Millennium Development Goals in sub-Saharan Africa.* UNIDO Publication Services Ltd.

–. 2005. *Global Report.* Oxford: Oxford University Press.

–. 2003. *The Impact of Higher Energy Prices on the Industrialization of Developing Countries with Reference to the Least Developed Countries.* Oxford: Oxford University Press.

–. 2001. *Sustainable Industrial Development and Competitiveness.* UNIDO Publication Services, Ltd.

–. 1993. *African Industry: The Challenge of Going Global.* UNIDO, Vienna.

Wamukonya, N. 2003. Africa Power Sector Reforms. *Energy for Sustainable Development*, Vol.VII, No.1.

World Energy Council. 2003. The Potential for Regionally Integrated Energy Development in Africa. A Discussion Paper, London.

Weeks, J. 1996. Regional Co-operation and the Southern African Development. *Journal of Southern Africa Studies*, Vol.22, No.1.

World Bank (WB). 2007. *Economic Policy and Prospects for African Development.* Oxford: Oxford University Press.

–. 2006. *International Transport in East Africa: the Great Lakes Corridor.* Washington, DC.

–. 2004. *Fostering Good Governance in African Development. World Bank Report.* Oxford University Press.

–. 2003. Economic and Social Statistics for Africa. *African Development Report 2003,* Oxford University Press.

–. 2003a) World Bank Development Indicators, Washington, DC.

–. 2000. Can Africa Claim the 20th Century? Washington, DC.

–. 1993. *The East Asian Miracle, Economic Growth and Public Policy.* Oxford: Oxford University Press.

WTO (World Trade Organization). 2004. *Trade Policies and Development.* WT/TPM/S/166, Geneva.