

Wallner, Hans

Article — Digitized Version

UN economic conference in Africa

Intereconomics

Suggested Citation: Wallner, Hans (1973) : UN economic conference in Africa, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 08, Iss. 6, pp. 178-182, <https://doi.org/10.1007/BF02927645>

This Version is available at:

<https://hdl.handle.net/10419/138846>

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The task for the Nixon Round is thus to make the system of generalised preferences more efficient. The prospect of US accession to the system which the Trade Reform Bill is opening up is creating favourable conditions in this direction. In this context the question of the reverse preferences must not be overrated. The Federal Government has received the demand for the waiving of reverse preferences with understanding. In the European Community the question has not yet been finally clarified. It should ultimately be left to the LDCs themselves to make the decision about the grant of reverse preferences.

An extension of the system of generalised preferences to more agricultural products and the raising of the ceilings for sensitive industrial products will be much more important than the relatively insignificant waiving of reverse preferences. The European Community may furthermore propose that some commodities which are covered by the preference system and of special interest to developing countries should be exempted from the general formula for tariff reductions so as to preserve the preferential margin in favour of the LDCs for the time being. There is also scope for negotiations in regard to the regulations on the origin of goods.

Finally, the least-developed countries should be given special help through the grant of technical assistance to make better use of their trade opportunities.

The Nixon Round should bring a solution closer for a major part of the problems sketched here. Progress with the reform of the world monetary system would create further positive elements. The question of the position and chances of the developing countries in the negotiations will for the time being remain an open question. The Director General of GATT, Olivier Long, said recently that the Kennedy Round had been the last world trade round in which the industrial countries negotiated more or less amongst themselves. In the coming round the demands of the Third World would be on the agenda right from the beginning; it would be impossible to disregard them. This forecast however says nothing about the real bargaining power of the developing countries. Only by coordinated action for precisely formulated targets will the developing countries be able to do justice to their interests. Maximal global demands, on the other hand, would hardly be a suitable means of taking advantage of the growing understanding in industrial countries for the necessity of integrating the Third World with the world economy.

UN Economic Conference in Africa

by Hans Wallner, Bonn *

The 11th session of the UN Economic Commission for Africa and the second Ministerial Conference of that Organisation took place in Accra from February 19 to 23, 1973. The Commission—a regional organisation of the United Nations—has 41 independent African states as members.

The most important subjects on the agenda of the Conference were: the possibilities of intensified cooperation between African states; the reorganisation of the markets for agricultural and mineral raw materials which the African states consider necessary; the promotion of African interests in the multilateral trade talks due to begin this year under the auspices of GATT; and due attention to African interests during the discussions on the reorganisation of the world monetary system. On the insistence of Nigeria and the Organisation for African Unity, the question of future relations between Africa and Europe was struck from the agenda. Nevertheless, this problem with its many different aspects played a

major role in numerous bilateral contacts between African states, at a meeting in Accra of African experts and also at a preliminary conference, in Lagos, of the African member-states of the British Commonwealth.

Intra-African Cooperation

Most of the African states have for long been conscious of the need for closer economic cooperation with each other in the fields of trade, services, the transfer of money and capital, the right of citizens of one African country to take up residence in another, investments, the free move-

* Federal Ministry of Economics.

ment of labour, etc. The need to agree on satisfactory arrangements in these fields is particularly obvious in the case of Africa in view of the multitude of small markets with relatively little purchasing power. The present state of affairs makes it very difficult for industrial investments to be made where they can do most good, impedes the rational exploitation of already existing industrial capacities and thus throttles the economic growth so necessary for the economic and social development of the African countries concerned.

Although the urgent need for economic cooperation across frontiers is generally recognised, progress in this direction during the past ten years has been disappointingly small. This is illustrated by the fact that even today intra-African trade still accounts for no more than 10 to 15 p.c. of Africa's total trade transactions. How much economic cooperation still leaves to be desired is shown further by the generally practised expulsion of African foreign workers from other African states. The causes of this lack of cooperation between states on the African continent are common knowledge. They have been analysed once again in a comprehensive study which the former Finance Minister of Denmark, Professor Philip, has carried out at the request of the UN Commission for Africa. Throughout Africa one finds tariff and currency barriers as well as other obstacles hampering trade. Then there are the language barriers and the inadequate means of communications between African states. Finally, there are the old traditional trade ties with the former mother countries. All these factors have been responsible in one way or another for the fact that, ten years after achieving independence, the economic structure and attitude towards foreign trade of most African states have changed little since colonial times.

Long-term Process

At the recent Accra Conference there has again been no lack of recommendations of a factual and institutional nature on how to remedy this state of affairs. The suggestions ranged from the establishment of new customs unions or free-trade zones or the consolidation of existing ones to the setting up of one or several African monetary funds. Other suggestions concerned: the construction of roads between the states, harmonisation of technical minimum requirements for the roads and bridges leading across frontiers, harmonisation of the certificates of roadworthiness for motor vehicles, harmonisation of road traffic regulations, harmonisation of the regulations concerning the construction and running of railways, merger or at least closest possible co-

operation between national shipping and airlines in Africa, standardisation of all future aircraft and their joint maintenance, the setting up of a permanent conference of African Ministers of Communications and of an African union for telecommunications, of a common road construction fund, of another to finance telecommunications as well as many other matters which were all described as effective means of strengthening intra-African cooperation.

However, these recommendations, while undoubtedly practical and to the point, take for the most part a fairly long time to carry into effect, since the political and economic interests of the 41 member states of the UN Economic Commission for Africa differ from each other very much. Too great are still the interests of the former colonial powers, whose influence can still be felt under the surface. As for the difficulties which have to be overcome on the way towards inter-state cooperation, Europe has had ample opportunity during the past twenty years to make its own experiences. In Africa these difficulties are no less, but greater. Africa has, therefore, still a very long way to go to lead it to an economic union embracing the whole continent.

Raw Material Problems

Last but not least, intra-African cooperation is made difficult by the fact that the African economies are frequently not complementary but in competition with each other. Most of the African states derive their living from the export of one or at most a few primary products. As far as capital goods are concerned, all are dependent on imports from industrial countries. The prices of capital goods are constantly rising, if only because of the permanent inflation in the industrial countries. The prices of many basic materials, on the other hand, are frequently subject to sudden fluctuations, while, seen over longer periods, they are stagnating. This resulted for many African countries during the last ten years in a steady deterioration of their terms of trade. This is the reason why African countries are so interested in obtaining adequate prices for their raw materials and in gaining access to the markets of the industrial countries.

All the more disappointed were they therefore that UNCTAD III in Santiago failed to make any decisive progress towards a reorganisation of the markets for raw materials. All the less developed countries (LDCs) were able to achieve at that conference was acceptance of a resolution, recommending that the Raw Material Committee of UNCTAD discuss ways and means of ensuring that the producer countries receive an adequate

and stable return on their raw materials. These discussions have in the meantime begun. At their Accra Conference, the African countries reached agreement on a—rather comprehensive—list of basic materials which is to be submitted to the Raw Material Committee of UNCTAD. The list includes cotton, fruit (bananas, citrus fruit, pine-apples, etc.), coarse fibres and jute, skins and hides, meat, oilseeds, seed oil and other fatty substances, rice, rubber, tea, tobacco, iron ore, manganese ore, phosphate and tungsten. In addition, the African countries would like to have further consultations on cocoa, coffee and sugar, in spite of the fact that for these products raw material agreements are already in existence.

Demand for International Agreements

Thus the desire of the African states is for as many international raw material agreements as possible — agreements which would guarantee them adequate prices and the sale of fixed quantities on the markets of the industrial countries. In the discussions which are to lead to these agreements they wish to act in common and use their joint strength to achieve solutions favourable to them.

Finally, one suggestion that was repeatedly put forward at the Accra Conference was that in the case of certain basic materials, African producer countries might possibly set up with other producer countries of the Third World a cartel-like organisation. The object of such an organisation would be to concert a common market strategy with a view to influencing price developments on the international raw material markets in favour of the producers. These suggestions have been mainly inspired by the successes achieved in recent years by OPEC in its collective bargaining with the oil-consuming countries, in which OPEC acted on behalf of all the producers.

The attitude of the industrial countries towards the suggestions of the African LDCs regarding a rearrangement of the world's raw material markets and of the system of international trade relations is manifestly anything but uniform, but on the whole may be said to be rather reserved. The Federal Republic of Germany was for a long time rather sceptical, if not outright negative, in regard to these proposed raw material agreements. Later, however, the German attitude has become somewhat more flexible.

According to the final communiqué of the European Summit Conference, held in Paris in October 1972, Germany is now also prepared to consider in each individual case that may arise whether an international raw material agreement would effectively help producer countries to ob-

tain steadier incomes from their raw material exports. Symptomatic for Germany's pragmatic attitude towards raw material agreements is its acceptance of the Cocoa Agreement, concluded in December last. Initially, the Federal Republic—like the USA—is known to have refused to accede to the scheme. France, on the other hand, has for a long time been in favour of bringing some order into the world's raw material markets by means of appropriate agreements.

Diversification of Supply

It would be unreasonable to expect any quick results from the Geneva talks on raw materials which, if the producer countries have their way, will lead to negotiations on agreements for as many raw materials as possible. For such a development to take place, the gap between the economic interests of the raw material exporting countries and those of the industrial nations is too wide. Nevertheless, the raw material exporters will insist that the problems of market accessibility and stabilisation of raw material prices on adequate levels will stay on the agenda of either UNCTAD or GATT; too much is at stake for them to allow the subject to be dropped. The UN Economic Commission for Africa has calculated that in the period from 1961 to 1971 the African countries lost more than \$ 6 bn in revenue through the deterioration of the terms of trade. In 1970 alone, their losses on that account are said to have amounted to \$ 700 mn. This means that the African countries lost much more through the terms of trade moving against them than they received in the same period from the industrial countries in development aid.

The best way, however, of reducing the developing countries' dependence on the exports of one or at most a very few raw materials is for them to diversify their exports of commodities which are wanted by the rest of the world. But a policy of export diversification takes time to produce results. This is illustrated by the fact that, the many attempts at diversification notwithstanding, the composition of African exports and, in particular, the share of raw material exports in total exports has scarcely changed in these last ten years. Agricultural and mineral products still account for 80 to 90 p.c. of the total. A gradual reversal of the trend towards ever more unfavourable terms of trade by means of stabilising the revenue earned from raw material exports is therefore of vital importance for most of the African states. If attempts to improve the terms of trade are not successful, the African countries will in the years to come find themselves without the necessary financial resources for an adequate capital investment programme. Such investments

are, however, imperative if the countries are to cope with the already existing unemployment and under-employment situation and their rapidly increasing populations.

GATT Trade Negotiations

The European Community (EC), the USA, Japan and the other industrial states which belong to GATT have agreed to begin comprehensive multilateral trade negotiations in September 1973. The purpose of these negotiations is to expand world trade still further, to liberalise it and to raise living standards everywhere, but especially in the LDCs. This is to be achieved by a progressive dismantlement of trade obstacles, by improving the international framework within which the world's trade is conducted and, where appropriate, by the conclusion of international raw material agreements. So a definite link exists between the raw material talks sponsored by UNCTAD and the comprehensive multilateral trade negotiations to be held under the auspices of GATT.

It is the wish of the African states to pursue at these multilateral GATT negotiations a common strategy and to coordinate it with the position they took up at UNCTAD III on raw materials. This should however be no easy matter in view of the different interests of the African states which are associate members of the EC and those that are not. If the EC reduces its tariff rates, the advantages the associated countries now enjoy by being charged preferential rates on their exports to EC countries will become relatively less valuable. The associated states therefore wish to be financially compensated for any deterioration in their present favoured position. Under the terms of GATT, the member-states of the European Communities are however not obliged to make such compensatory payments. For this reason and also for reasons of principle they will probably reject any such demands by associated member-states.

Relations between Africa and Europe

On August 1 of this year, negotiations are scheduled to begin between the member states of the EC on the one hand and, on the other hand, the associated African states, the states that are eligible for association, i.e. the African member-states of the Commonwealth, as well as other African states with a comparable economic structure. The last-named are: Ethiopia, Sudan and Liberia.

In numerous African states of the Commonwealth, no consensus of opinion has as yet emerged on the desirability of a contractual relation with the

EC. Nor have they made up their minds on what terms they should try to obtain, if such an agreement were to be concluded. Furthermore, the preliminary talks in preparation of the Ministerial Conference at Accra have only just begun. These preparatory talks are concerned with reconciling the different interests and opinions of the African states on the question of association and establishing some kind of common policy. It is therefore hardly surprising that at the insistence of the forces which at present are still rather reserved on the point of association with Europe — that is in particular Nigeria — this item has been struck from the agenda. Instead, the matter was to be discussed by the African ministers of finance, commerce and planning in Abidjan at the end of April and then again at the African Summit Meeting in Addis Ababa.

Valuable spadework on the association issue has been done in Accra by a working party of experts, and the results of their work will be available to the Abidjan and Addis Ababa conferences and should help the African governments to come to a decision in this matter. The experts have

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come to the conclusion that a future association convention should be phrased in such a manner as to help, and not hinder, African cooperation and integration. Resources from the European Development Fund should in future be primarily used for such projects which facilitate communications between African states. The conventions should moreover contain no provisions which would subject the establishment of free-trade zones or customs unions between African states to any restrictions, irrespective of whether associated or not. And Europe should continue in future to waive all claims for most-favoured-nations treatment for its products on African markets.

The African member-states of the Commonwealth are unanimous in their demand that any future association convention should expressly renounce the principle of reciprocity so that they would not be obliged to grant reciprocal preferential treatment to European products. They therefore favour above all the abolition of reciprocal preferences, which are still provided for in the present Yaounde Convention, because they do not wish to prejudice their economic relations with countries outside the EC — that is, in particular, with the USA and Japan but also with the countries of Eastern Europe — by being obliged to discriminate against them.

Wishes and Demands

The African experts also pronounced themselves in favour of extending preferential treatment to those basic agricultural products and processed foodstuffs which fall under the EC's market regulations for farm produce. In practice, this means the extension of the European market regulations to include the associated African states. In addition, the African states wish to obtain within the framework of any future association convention guaranteed minimum prices for fixed quantities of their most important raw materials. They finally suggested that the associated African states should in future participate in any decisions on the distribution of resources out of the European Development Fund by being given seat and vote in the appropriate decision-making bodies.

What has already emerged from the Accra meeting is that, although the discussion of the association issue has been adjourned, most of the African states are seriously interested in an association with Europe. Those few states which for political and economic reasons are still holding out against association — that is primarily Nigeria — will probably be obliged ultimately to fall into line to avoid being isolated. But even those African states which are for association reject the three proposed formulae, contained in Protocol 22

of the European Association Treaties, which are to regulate relations between the European Communities and the interested African states. These are:

- ☐ accession to the new association convention which is to replace the Yaounde Convention upon its expiry;
- ☐ conclusion of a separate association treaty, laying down mutual rights and obligations, especially in the field of trade;
- ☐ conclusion of trade treaties.

Prospects

Many African states fear that these three formulae of which they are invited to choose one may have the effect of splitting the states interested in association into several groups. They would rather — and this desire was evident on all sides in Accra — jointly negotiate one single convention with the EC — a convention which would pay due regard to the economic interests of all African states. Many African countries belonging to the Commonwealth would like the new convention to differ essentially from the Yaounde Convention which in these states is frequently regarded — however mistakenly — as a legal instrument to preserve economic structures dating back to colonial times. As for the East African states, their hope is that any future association convention will bring many more advantages in the spheres of commerce and development than they have enjoyed under the Arusha Convention.

The Ministerial Conference of the UN Economic Commission for Africa may have struck the problem of Africa's relations with Europe from its agenda and may not have passed a resolution on this point. It has all the same set in motion an opinion-forming process in the African capitals which should help the governments to clarify their own ideas on what to expect of the proposed association. This subject will from now on be in the forefront of discussion in Africa itself and thus in the bodies of the UN Economic Commission for Africa and of the Organisation for African Unity. If the African states should succeed in the coming months in agreeing on a common policy in the matter of association, if they manage to form a common front, able to speak with one voice when facing the European Community, if in the end a uniform association convention for all interested states emerges from these negotiations, then a decisive step forward will have been taken on the road to African unity, inner-African cooperation and integration. The next few months will show the strength of will of the African governments and their preparedness to reach agreement on the question of association.