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cialized to a large extent in the commodities in which they enjoy a comparative advantage. Similarity between members of the ECOWAS implies the existence of potential gains from specialization pursuant to the formation of the community and larger anticipated total gains for the community in the long run.

At present the principal commodities in intra-West African trade are live animals, smoked and dried fish products, onions, kola nuts, cowpeas, rice, millet and sorghum. The fact that most countries of the region produce these products, that there are poor transport links between countries make the volume of trade rather small. This similarity will force member states to change their economic structure, thus increasing the volume of trade among themselves. A change in economic structure will necessarily lead to specialization and consequently greater development of the community.

The ECOWAS has a number of problems to solve. The

greatest problem appears to be in the infrastructural sector. The inter-territorial transport links between individual countries are very poor indeed. Production and distribution of power within the community is grossly inefficient. A transport, communications and energy commission which is to be established should take care of the problems of infrastructure. Another serious problem is lack of standard measures and uniform grading systems within the community. In Nigeria for example, the quality of products especially in the "open markets" is determined by visual inspection, touch or smell. There should be a commission or committee on standards to set up grades and standard weights and measures to be applied within the region.

Another problem concerns currency, credit and payments. As already indicated most of the members belong to one currency area or another. Hence any new arrangement to facilitate payments within the region such as the one envisaged by

the setting up of a committee of West African Central Banks should not present a serious problem. The problem which would have arisen by the loss of revenue due to gradual liberalization of trade within the community will be taken care of by the Fund for Cooperation Compensation and Development. Language barrier has never been a serious impediment to cooperation for trade and economic development.

The Economic Community of West African States is the second best approach to the development of West Africa. The best approach which would have been the merging of member countries into one political and economic entity is not feasible for a number of reasons and has not even been advocated by the founding fathers. Rather, the founding fathers advocate the gradualist and pragmatic approach. However, one thing is certain: West African countries and Africa have a lot to gain by the success of the ECOWAS and a lot to lose by its failure.

## "Bangkok Agreement" — Scope for Increasing Trade

by Professor Dr Bodo B. Gemper, Cologne \*

The "Bangkok Agreement" which was signed in Bangkok, Thailand, on July 31, by six member nations of the Economic and Social Commission for Asia and the Pacific (ESCAP)<sup>1</sup> may be regarded as the modest beginning of a new era in trade and development in this region, inspired by the European Economic Community. Consultations between the signatory states started in 1963. The Agreement is the result of several years of negotiations since 1970, organized by the Economic and Social Commission for Asia and the Pacific, and is the first step towards trade expansion among

the signatory states and other developing member countries of ESCAP through preferential trade arrangements. It is the first agreement concluded on such a scale, and under such terms in Asia.

### An Example for System-transcending Integration

The Bangkok Agreement was signed by senior representatives of the Governments of India, Laos, the Philippines, Republic of Korea, Sri Lanka, and Thailand. Two other participating nations in the round of negotiations which led to the Agreement — Bangladesh and Paki-

stan — are expected to sign shortly, under arrangements covered by the terms of the eight-nation Agreement. This Agreement provides for a continuing process of negotiations, aimed at much wider trade concessions between member countries in the coming years, under ESCAP auspices.

The significance of the Agreement was underlined in statements at the signing ceremony. However it is by no means a small task for the participating

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<sup>1</sup> Formerly ECAFE, Economic Council for Asia and Far East.

countries of Asia to achieve this Agreement, considering the immensity of the region, and the diversity of the cultures and religions, and the political and economic systems. The Bangkok Agreement will be an example for a system-transcending integration<sup>2</sup> starting by cooperation. It has been formulated in such a way that member countries with differing economic systems can participate. The eight signatory countries, whose total international trade amounts to US \$ 30 bn, have a total population of over 850 mn people — three and a half times that of the EC — and a land area of more than 2 mn square miles — four times that of the EC. The Bangkok Agreement however has no political aims and does not even provide for the creation of a customs union, yet. However, one cannot rule out the possibility that it may one day be seen as a significant step toward the creation of an Asian Economic Community or, at least, an Asian Free Trade Association. So this Agreement means much more than the establishment of a limited preferential arrangement among developing Asian countries. It has laid the very foundations of future trade and economic cooperation among the states in Asia and the Pacific. Representatives of the participating states of the Bangkok Agreement in this sense have emphasized the need for future work and have expressed the hope that other developing nations of the ESCAP region would join soon.

### Major Provisions

The full text of the Bangkok Agreement runs to some 39 Articles with major annexes on national lists of trade concessions and rules of origin. Some of the major points should be mentioned here: The Agreement initially covers 160 commodities

and products involving up to US \$ 50 mn in trade between the participating member states. Total imports of these 160 commodities have a value of US \$ 650 mn — representing 4 p.c. of total imports of all commodities by the eight countries. This clearly indicates that there is considerable scope for increasing the intraregional trade as further negotiations process.

Trade concessions offered under the Bangkok Agreement range as high as 80 p.c. on some items, and the average tariff cut runs around 33.5 p.c. Items cover a wide range and include many manufactured goods. In the field of foodstuffs, sugar, fish, coconut oil and beans are included, for instance. Manufactured goods range from spare parts for locomotives and railway rolling stock to tyres, tubes and various appliances. In the chemical field, items include dye-stuffs, while minerals listed include unwrought tin, gypsum and crude sulphur.

The Bangkok Agreement will enter into force when it is ratified by a minimum of three of the governments involved. Provisions in the Agreement allow for the establishment then of a Standing Committee which will generally interpret and administer the preferential trading arrangements. Sub-regional trading arrangements are covered. A continuous process of trade expansion among the developing member countries of ESCAP is provided for through the adoption of mutually beneficial trade liberation measures, consistent with their respective present and future development and trade needs, and taking into account the trading interests of third countries, particularly those of other developing countries. One article calls on participating states to take „appropriate measures for the gradual relaxation of quantitative and other non-tariff restric-

tions to trade which may affect the importation of products covered by its National List of Concessions“. National interests, in the case of any demonstrated serious impact of a flood of imports, or balance-of-payments problems, are protected in further articles which however call for a continuous process of consultation through the Standing Committee. Special emphasis is given to the position of the least developed participating states, through a clause under which any member can give special concessions to another member considered as a least developed country by the United Nations. Another article makes it clear that, with exceptions specifically laid down in the Agreement, „participating states shall not abrogate or reduce the value of these concessions after the entry into force of this Agreement through the application of any charge or measure restricting commerce, other than those existing prior“. Special provision is set out also for a continuing process of expanded negotiations on further concessions, the Standing Committee being empowered to call meetings annually, or at six months intervals, for this and other purposes. In the case of bilateral disputes or complaints provision is made for multilateral consultation.

### A New and Wider Road

The Bangkok Agreement is an outstanding example of regional cooperation in this region. It has created a new perspective based on the Asian way of negotiating through consensus and thus paved the way for a major expansion of trade among the developing countries of the Asia and Pacific region. The member states of the ESCAP have been placed on a new and wider road for a new journey which will call for greater efforts, inviting other developing countries of this region to join in trade negotiations at a later stage.

<sup>2</sup> Cf. Bodo B. Gemper, A Theory of System-transcending Integration, in: *INTER-ECONOMICS*, 1974, No. 10, pp. 313–317.