

LIBERALISATION OF TRADE

Genuinely free and fair trade has immense potential to enrich Africa. But greater liberalization, particularly on the part of the developed world, may be needed. Effective subsidies, particularly in Agriculture, by the World's economic superpowers in North America and Western Europe, militate against African producers. Complicated import regulations especially in the EU also hamper the development of genuine trade liberalization.

Many African countries have willingly implemented Import Liberalization practices and have developed liberalized patterns in trade between themselves. Trade barriers between developed countries in Europe and North America however been more difficult to break down.

It is an unfortunate fact that of the forty countries filling the lowest rankings in human development listed by the UN, thirty seven are in Africa. The UN Human Development Reports put the matter bluntly: " The rules of the game are at the heart of the problem. Developed country governments seldom waste an opportunity to emphasize the virtues of open markets, level playing fields and free trade, especially in their prescriptions for poor countries. Yet the same governments maintain a formidable array of protectionist barriers against developing countries. They also spend billions of dollars on agricultural subsidies. Such policies skew the benefits of globalization in favor of rich countries, while denying millions of people in developing countries a chance to share in the benefits of trade. Hypocrisy and double standards are not strong foundations for a rules-based multilateral system geared towards human development."

Despite these imbalances developing countries have benefitted greatly from globalization and the liberalizing of trade particularly in manufacturing areas and in the development of information technology. Most of this wealth creation so far has taken place in Southern and Eastern Asia. India is now a leading producer of software, China's multi-faceted economy is booming. But Asia's economic boom and increasing living standards were preceded by third-world conditions.

In a fairer world trade system Africa has the potential to emulate Asia's success. There is strong evidence of the will to do so and the future may depend on what happens in the developed world as well as in Africa itself.

In the West the EU nominally gives import preferences to "least developed" countries but its complicated rules concerning the origin of products specify that most of the added value in a product must have taken place in the exporting country. This makes it difficult for many countries to avail of the duty-free and quota-free access on offer. What ostensibly seems to be a lowering of trade barriers can turn out to be, in effect, a protectionist restriction on trade. If a vegetable exporter from one African country, for example, imports packaging from another African country, the EU would close the door on duty-free access because of the value of the imported packaging. If a garment manufacturer in Nigeria for example imports fabrics from South Africa then the door to duty-free access is closed.

In Agriculture, developed countries subsidize their farmers to an extent that food items produced in North America and Europe can be sold in Africa at prices that undercut local producers.

Changes need to take place in the rules laid down by the wealthy countries for trade with Africa but changes also need to take place in Africa itself. One of the most important of these is in the elimination of corruption through genuine Democratic Governance. No democracy in the developed or developing world is perfect. Churchill's famous dictum that "Democracy is the worst form of government, except for all those other forms that have been tried from time to time" still rings true and there have been instances of massive corruption in even the most advanced democratic states. But history has shown us that corruption is far more prevalent in states where democracy has either been extinguished or is present in its weakest form.

Statistics show that Equatorial Guinea, due to its important oil resources, is among the fastest growing economies in the world but statistics also indicate that perhaps as little as 10 per cent of oil revenues in this undemocratic state find their way into government accounts. As a result Equatorial Guinea has world's largest gap between national wealth and human development.

It is particularly encouraging therefore to see that Equatorial Guinea is become an exception on the African scene and that there is now an identifiable trend towards democracy throughout the African continent as witnessed in the democratization trends in Democratic Republic of Congo and Nigeria.