Journal of Sustainable Development in Africa (Volume 14, No.8, 2012)
ISSN: 1520-5509
Clarion University of Pennsylvania, Clarion, Pennsylvania

GLOBAL ECONOMIC CRISIS AND AFRICA'S TRADE IN THE 21ST CENTURY: A CRITICAL ANALYSIS

[1]Chike Osegbue, Nwanolue, Bonn Obiekwe and [2]Victor Chidubem Iwuoha
[1]Department of Political Science, Anambra State University, Igbariam Campus, Nigeria
[2]Department of Political Science, University of Nigeria, Nsukka

ABSTRACT
The impact of the global economic crisis on sub-Saharan Africa has been overwhelming. Average economic growth declined from about 6% per year from 2006-2008 to 2.5% in 2009 with per capita Gross domestic product (GDP) growth coming to a halt. Many African economies remain reliant on primary commodity exports which have rendered it vulnerable to external shocks. This paper analyzes the mechanism through which the crisis is affecting Africa and provides information on international and intra-African responses to the crisis. A qualitative mechanism of data collection and analysis has been adopted. The paper contends that the wider global political economy is exercising a modulating and a potentially restraining influence on the capacity of trade to act as an "engine of growth" in Africa. Hence, there is an urgent need for the state in Africa to articulate macroeconomic policies that will build its capacity to key into the global value chain.
Keywords: Economic Crisis, Trade, Regional Integration, General Agreement on Trade and Tariff, Millennium Development Goals

INTRODUCTION

The global recession is affecting Africa through a variety of mechanisms, or channels, including a decline in global trade, a drop in investment, falling remittances from overseas workers, and cuts in foreign aid. These channels are connected to Africa's "real" economy, rather than its financial sector; most African economies had little exposure to advanced economies' banking systems or to the "toxic assets" that set off the global financial crisis. It is instructive to observe that the mortgage crisis in the United States snowballed into a global financial and economic crisis, leading to the most severe global recession since the Great Depression of the 1930s. Beginning in September 2008, credit flows were halted, lender confidence dwindled and economies around the world went comatose. Having originated from the developed capitalist countries, the recession quickly spread to the developing world, causing investors to pull capital away from countries and causing the values of stocks and domestic currencies to plummet. Further, export and commodity price slumps added to the critical conditions in the developing world. The International Monetary Fund (IMF) estimates that the global economy contracted by 1.4% in 2009 (IMF, 2009).

The contraction in global trade, especially the reduced demand for Africa's commodity exports strongly affected the economies in Africa. The IMF report quoted above observed that average economic growth in Africa slowed from an average of over 6% per year (2006-08) to 2.5% in 2009, leading to the loss of prospects for mitigating African poverty. Indeed, economic growth has failed to bolster income sufficiently to trigger significant progress in meeting the Millennium Development Goals (MDGs). Africa is said to be the region where progress on the MDGs has been the slowest, the rates of those living on less than $1.25 per day having hovered around 50% since 1981, while the number of poor people, in absolute terms, is thought to have nearly doubled from 200 million in 1981 to 380 million in 2005 (United Nations, 2009; 2007).

Worse still is that Africa not only has the lowest rates of intra-regional trade in the world, the broader geopolitical environment imposes challenges to its development as its neocolonial relationships continue to dominate its trade ties, in addition to its high export barriers and a limited voice in international trade regulatory bodies (World Bank, 2008). This, therefore, critically affects sustainable development in Africa.

More precisely, sustainable development has not been very realistic in Africa, especially, as a result of the spontaneous aloofness and separation of quantum returns accumulated out of international trade partnerships from internal productive forces. Thus, foreign trade bears little or no reflection or relationship with internal productive activities (human capacity development and productive use of labour power) so as to potentially initiate reliable and sustainable forward and backward linkages within national economies in Africa. Put differently, the economic gains of North-South trade relations have refused to positively trickle down to the root of African economies and stabilize market indicators and modulating forces. Obviously, the irrationalities and logical disconnect associated with the imbalance between African involvement in international trade partnerships and her internal productive ability climax the problematic of sustainable development in Africa (Ifesinachi, 2008).

It is, therefore, in the light of the above Africa's development concerns that this paper focuses on examining the global economic crisis and Africa's trade in the 21st century. The specific objective of the paper, however, is to evaluate the prevailing global economic realities and chart a new course for sustainable development in the 21st century Africa within the framework of international trade partnerships. Consequently, this paper explores the following questions to wit:

- What were the macroeconomic and policy environment that shaped Africa's vulnerability to the global economic crisis?
- What are the implications of the Economic Partnership Agreement with its colonial masters on Africa's economy?
- What is the nature of intra-regional trade vis-à-vis its production structures? And
- What can be done?

LITERATURE REVIEW

The most important goal of African leaders who engage in international trade partnerships is to utilize trade liberalization as an engine of economic growth in Africa. However, Alassane (1998) notes that Africa's involvement in various international trade partnerships has neither transformed the fortunes of African economies nor achieved the desired sustainable development. Mainly, the inability to achieve a sustainable development in Africa is such that is attributable to the inability of African countries to achieve a lasting economic breakthrough within the framework of international trade (ECA, 1989). Despite trade relations with Western nations under various development initiatives, Africa's development remain elusive and unfeasible (Soludo, 2003; Okolie, 2009).

This, indeed, means that the lifelong engagement of most African countries in international trade partnerships under various titles (such as General Agreement on Trade and Tariff (GATT), African Growth Opportunity Act (AGOA), European Partnership

Agreement (EPA), Common Agricultural Policy (CAP) etc), has been marked with acute lopsidedness to the detriment of African players. In other words, the dynamic outplay of "dependent-development," whereby sustainable development is sought through unconditional dependence on developed Western nations, or what Ake (1981) variously termed "dependency syndrome," "Third World underdevelopment syndrome," has negatively dampened the economic outlook of African nations, instead of yielding to the desired economic growth and sustainable development.

More importantly, however, Omideyi (2010) has articulated five factors that undermine development strategies in Africa. First is that Africa was formerly exploited by the first world at one time or the other, during which time both their physical and human resources were intricately reconciled, tied and glued into the development process of the latter. Second, Africa is caught in the low-income-level trap (one of the multiple stable equilibria characterizing the highly non-linear process emphasized by modern development pioneers. This low-income level trap occurs at low levels of physical capital, both productive and infrastructural, and is sustained by minimal levels of accumulation and by Malthusian population growth (Adelman, 1997). Therefore, the lack of coordination of investments in African countries, instead of individual profit maximization by firms, usually facilitate voluminous returns to scale and, together with low incomes (which restrict levels of savings and aggregate demands) and high population growth rates ensnare economies starting at low levels of income and capital in a low-income-level trap (Rosenstein-Rodan, 1943). Third, low human capital endowments impinge on the feasibility of potential economies of scale inherent in industrialization of developing economies. Hence, Adelman (1997) believes that sustainable development is to be achieved not merely within the parameters of international trade agreements but in terms of human capacity refinement and sophistication so as to enable the gains of economic trade to remain potentially trapped within the internal market structure.

The fourth point refers to the fact that most of Africa nations are just beginning to embark on, or have not yet fully developed the required democratic standard. Realistically, sustainable development thrives within the periphery of an established democracy. A sustainable democratic institution is apposite and essential for stability and economic growth. On this note, therefore, Adelman makes effort to link the problematic and vagaries of African development with inherent behavioural patterns. He observes that:

> This group of countries has been characterized by minimal degrees of development of market institutions and political systems, and by a pre-eminence of social tribal influences over the economic activity of the predominantly subsistence agrarian economy. The process by which economic growth was induced in this low-development group of countries has entailed a dualistic development of a modern, export-oriented primary sector which provoked significant transformations of social structure, the diffusion of the market economy and the reduction in the sway of traditional tribal customs over economic activity (Adelman, 1997:3).

Finally, the effects of the globalization phenomena in the 21st century, and particularly the pressure to liberalize these economies in the face of imbalance in trade tariffs and protection, further reduce the competitive playing field of these economies (Omideyi, 2010).

From a different spectrum, Khor (2001) contends that the Bretton Wood macroeconomic plans and conditions seriously impinge on the institutional capacity of African nations, who depend so much on their credit facilities, to sustain such development strategies. Hence, the state is essentially bound to withdraw from social activities. Such withdrawal, thus, broadens household spending and discourages self-reliance at the individual and household levels. According to him:

> The Bretton Woods institutions (World Bank and IMF) wield tremendous authority in a majority of developing countries (and countries in transition) that depends on their loans. In particular, countries requiring debt rescheduling have to adopt Structural Adjustment Programmes (SAPs) that are mainly drawn up in the Washington institutions. SAPs cover macroeconomic policies and have recently also covered social policies and structural issues such as privatization, financial policy, corporate laws and governance. The mechanism of making loan disbursement conditional on these policies has been the main instrument driving the policy moves in the indebted countries towards liberalization, privatization, deregulation and a withdrawal of the state from economic and social activities (Khor, 2001:6).

Khor's position is apt. His analysis shows that poorly strategized economic contacts with Western capital and liberal policies tactically detach the state in Africa from fulfilling its social obligations to the people. Hence, the involvement of Western nations in the path of Africa's development has not always been in the best interest of the dependent African nations. Put more accurately, sustainable development would remain highly elusive in Africa unless better economic strategies are timely embraced to achieve economic freedom within the existing trade liberalization paradigm.

In content therefore, certain important preferences, options or paths to sustainable development in Africa are germane and remarkable. In his views, Cord believes that such a successful shared growth strategy needs to have, at its core, measures for sustained and rapid economic growth. These measures include macroeconomic stability, well defined property rights, trade openness, a good investment climate, an attractive incentive framework, well-functioning factor markets, and broad access to infrastructure and education (cited in Khor, 2001). More so, scholarly literature abound on relevant strategies for sustainable economic growth and development in Africa (see Shafaeddin, 1994; Ghazali, 1990; Khor, 2001).

However, achieving a sustainable development in Africa that can potentially insulate African economies from the scorches of global economic crisis requires more of conscious and sustained effort on the part of national governments, than mere macroeconomic exchanges, to provide the basic growth in the regions and sectors where people live and work.

MACROECONOMIC AND POLICY ENVIRONMENT OF INTERNATIONAL TRADE

The United States, the European Union, and China cumulatively count for nearly 70% of African trade. World trade shrunk by 11% in 2009, its first decline since 1982 and reportedly the biggest drop since the mid-1940s (IMF, 2009). Advanced economies were the hardest hit, with exports projected to drop by over 13%, but poorer nations including Africa saw their exports fall by over 6%. African exporters are suffering from the decrease in global demand. For example, total exports to the United States from all 41 countries eligible for trade benefits under the African Growth and Opportunity Act (AGOA) declined by 63% in the first half of 2009, compared to the same period of 2008 (CRS, 2009).

While Africa accounts for less than 2% of global trade, many African economies depend on trade in commodity exports, whose prices on the world market have declined drastically due to the global crisis. The price slump in oil and many mineral commodities, combined with decreased external demand, dealt a severe blow to the region: oil and other mineral fuels represented 68% of African exports to the world by value in 2008; ores, slag and ash about 14%; and precious stones about 4%. African countries are thus exporting less on average, and at lower prices, than a year ago. Investor perceptions of risk have exacerbated the impact of falling commodity prices for resource-rich African countries that are also fragile or post-conflict states. Several other countries depend in part on international tourist arrivals (understood as trade in services), which declined worldwide by about 8% in the first four months of 2009 compared to 2008 (United Nations, 2009). Overall, African countries' export exposure to advanced economies— the degree to which economic shifts in developed countries may impact African economies through decreased demand for African exports, has increased in recent years. According to the IMF, on average, a 1-percentage-point decline in world growth (trade-weighted) is associated with a roughly 0.5-percentage-point drop in GDP growth in Africa (IMF, 2009).

Global trade could drop even further if countries react to the economic crisis by enacting additional trade barriers. African economies face the further risk that the global recession will spark new attempts by developed countries to restrict imports and protect local producers. World Trade Organization Director-General Pascal Lamy has reportedly warned that despite trade's potential to serve as a tool for recovery, "the use of protectionist measures is on the rise. One of the major characteristics of the emerging international economic order is the treatment of Intellectual Property Rights (IPRs).

Developing country Members are very concerned about the impact that the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) will have on their economies. Of particular concern are those aspects of the Agreement that relate to the issue of access to new pharmaceutical inventions. TRIPS emphasizes a property rights approach whereby private "owners" of the inventions can restrict access on the basis of commercial considerations. As a consequence, higher prices for pharmaceuticals and other healthcare inventions can prevent low-income consumers in developing countries from obtaining life-saving medications and equipment. It is true, of course, that exploitative business practices are possible only to the extent that monopoly positions are tolerated.

Many developing countries, however, lack the necessary financial resources and have not yet developed appropriate competition rules to deal effectively with the challenges presented by the TRIPS Agreement. Some analysts fear that policies aimed at encouraging trade with Africa—such as AGOA, the European Union's (EU) "Everything but Arms" program, or the Doha Development Round of the World Trade Organization—could be threatened by political pressures to become more isolationists. For instance, in the EU-ACP Lome trade Agreement, the Common Agricultural Policy (CAP) robbed the ACPs the opportunity to adequately take advantage of the Lome Provisions.

The value of total U.S. trade with Africa increased by about 29% between 2007 and 2008. After at least three years of continuous growth, however, the value of Africa's exports to the United States decreased in value by about 57% in the first six months of 2009 in comparison to the same period in 2008. U.S. exports to Africa decreased about 9% in value. The decline in U.S. imports from Africa largely reflects the decline in oil prices from late 2008 through early 2009, as oil and mineral fuels account for about 80% of all U.S. imports from Africa, and 92% of all U.S. imports under AGOA. Petroleum imports did not decrease in volume as dramatically as they did in value. However, decreases in U.S. and global consumption are likely to continue to have a negative effect on most exports from the region.

Because recent growth in Africa relied in part on commodity exports to China, Africa is particularly vulnerable to fluctuations in China’s economic growth. In 2007, China was the destination for some 13% of Africa’s exports and the source of roughly 10% of Africa’s imports. These figures represent a long trend of increased Chinese trade and commercial ties with Africa, particularly with countries rich in natural resources. China’s trade with Africa greatly increased in recent years, reportedly growing to $74 billion in the first eight months of 2008, a 62% increase over the previous year.36 Even with the impact of the crisis in the second half of 2008, total Sino- African trade for the year was reportedly $106.8 billion, a significant increase from 2007. This trade has spurred Chinese investment in large infrastructure projects in Africa, which in some cases are thought to have helped alleviate constraints on economic competitiveness.

News reports and private sector analyses suggest that China is reevaluating some resource extraction agreements, particularly in countries perceived as politically unstable, in light of the global slump, with some mining firms suspending production or withdrawing altogether. At the same time, recent statistics on China’s growth in the first months of 2009 have shown robust, if somewhat reduced, economic growth.

Furthermore, China’s domestic economic stimulus package reportedly relies heavily on infrastructure construction, which has kept demand steady for some primary inputs, such as oil, copper, tin, and lumber. Indeed, while Chinese private-sector engagement with Africa has apparently decreased as a result of the crisis, some Chinese firms and the Chinese government have continued to negotiate economic and resource-acquisition agreements with African countries. Chinese diplomatic outreach to African governments has also continued.

TRADE WITH EUROPE: ECONOMIC PARTNERSHIP AGREEMENTS

- **Historical Background**

The Cotonou Partnership Agreement is the latest in a long history of co-operation agreements between the ACP countries and the European Community. ACP-EU Co-operation can be dated as far back as the birth of the European treaty of Rome establishing the European Economic Community in 1957, which expressed solidarity with the colonies and overseas countries and territories and a commitment to contribute to their prosperity (Osegbue, 1994).

Three decades after the first Lome convention set the trade relationship between the EU and African countries, new Economic Partnership Agreements (EPAs) have been established that constitute a threat to poverty reduction efforts and the development prospects of some of the world’s poorest countries (Action Aid, 2004). Between 1975 and 2000, trade between the EU and African countries was governed by the Lome preferences, which guaranteed access including quotas, prices, duty free access to African agricultural products like sugar, banana, beef, etc, subject of course to the implementation of the provisions of the Common Agricultural Policy (CAP). The preferences granted to African countries under Lome were non-reciprocal: in other words, African countries were not expected and did not grant the EU similar preferences in return. This was based on the recognition that considering the vast differences in the levels of the production structures between the EU and Africa, the latter had to be treated specially in any trade arrangement. With the expiry of the Lome regime, the EU and Africa signed the Cotonou Partnership Agreement (CAP) which provided for the establishment of new trading Agreements between the EU and African countries.

Many factors contributed to the EPA negotiations. Firstly, there were growing concerns in the early 1990s that the non-reciprocal trade preferences under the Lome regime discriminates against other developing countries and were therefore deemed incompatible with certain WTO rules. There were also concerns that the trade preferences had failed to integrate Africa into the global economy. Again, the growing influence of developing countries at the WTO, particularly, China, India, and Brazil, made it more difficult for the EU and USA to dictate the terms of the multilateral trade negotiations. As a result, both economic superpowers increasingly focused on bilateral and regional trade negotiations in order to secure new markets for their goods and services and obtain concessions from poor countries that would have been difficult to achieve at the WTO. These were the context under which the EPAs were established (Mbuende, 2002; Action Aid, 2004). The EPAs fall under the WTO rules on Regional Trade Agreements (RTAs). The most important of these is Article XX1V of the General Agreement on Tariffs and Trade (GATT) 1994, a founding document of the WTO which 5(c) states that 'any interim agreement shall include a plan and schedule for the formation of such a customs union or of such a free trade area within a reasonable length of time'. Article 8 (b) goes further to aver that 'a free trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles X1, X11, X111, X1V, XV and XX) are eliminated on substantially all the trade between the constituent territories.

Economic Partnership Agreements represent the trade component of the Cotonou Agreement. The EPA negotiations are aimed at concluding WTO-compatible trading arrangements that will be introduced gradually, progressively removing barriers to trade and enhancing co-operation in all areas relevant to trade.

The major principles of the EPAs that were negotiated are as follows:

- **Reciprocity**

It is instructive to observe that under the Lome regime, ACP countries did not grant preferential treatment to European products. The EPAs foresee that ACP countries will progressively open their markets to European products. Financial aid is supposed to cover the cost of trade liberalization and economic restructuring that will be required. ACP countries not willing to sign a FTA with Europe will lose the benefit of the present preferences (except for LDCs) and would presumably benefit from the EC's Generalized System of Preferences.

- **Regionalization**

African countries are encouraged to negotiate and sign EPAs, not individually but collectively as regional groups. This would limit the number of agreements that are to be negotiated. It will also aid the EU in its efforts to strengthen regional groupings. It is still up to the ACP countries however to develop their regional capacities.

- **Special Treatment for Least Developed Countries**

According to the EU proposals, the 39 least developed African countries are not obliged to sign EPAs to retain their present level of access to the European market. This is in view of the special fragility of their economies.

IMPACT OF THE EPA ON AFRICA'S TRADE

The logic of the EU-foisted EPA is that indiscriminate trade liberalization and market deregulation are best for achieving development. However, there is little evidence to suggest (even from the implementation of the Lome preferences) that trade liberalization will transform the economies of Africa into a major leader in the global supply chain for manufactured goods and services. No country has developed successfully by simply liberalizing its trade and trade liberalization alone will not boost growth and poverty reduction in Africa (Rodriquez, 1999, UNECA, 2004). Of course, there are clear indications that the policy of trade liberalization has not successful overhauled the poverty crisis in Africa. Obviously, most African countries battle with precarious and enervating development indices. Table 1 clearly illustrates the percentage of Africans living on less than one dollar per day in various African countries, while table 2 and 3 depict the impact of same on African nations in terms of GDP Purchasing Power-Parity and income distribution respectively.

Table 1: Population Living under 1.25 and 2 Dollar (PPP) Per Day for Selected African States

Country	**$1.25<**	**$2<**
Angola	54.3	70.2
Benin	47.3	75.3
Botswana	31.2	49.4
Burundi	81.3	93.4
Cameroon	32.8	57.7
Central Africa Republic	62.4	81.9
Chad	61.9	83.3
CDR	59.2	79.5
Egypt	<2	18.4
Ethiopia	39	75.5
Gabon	4.8	18.4
Ghana	30	53.6
Guinea	70.1	87.2
Kenya	19.7	39.9
Liberia	83.7	94.8
Malawi	73.9	90.4
Morocco	2.5	14
Mozambique	74.7	90
Niger	65.9	85.6
Nigeria	64.4	83.9

Source: World Bank Development Indices, 2008

Table 2: Selected African Countries' GDP Purchasing Power-Parity.

S/n	**Country**	**GDP Purchasing Power-Parity**
1.	Angola	$45
2.	Botswana	$4,500
3.	Congo DR	$700
4.	Kenya	$1,200
5.	Liberia	$900
6.	Mauritius	$13,700
7.	Nigeria	$1,500
8.	Rwanda	$1,600
9.	Senegal	$1,800
10.	South Africa	$13,700

Source: World Bank Development Indices 2008.

Table 3: Income Distribution of Selected Poor African Countries

Country	Population (million)	Lowest 10%	Lowest 10%	Highest 20%	Highest 10%
Tanzania	40.2	2.9	6.9	45.4	30.2
Rwanda	10.1	4.2	9.7	39.1	24.2
Niger	13.2	3.0	7.5	44.1	29.3
Madagascar	20.1	2.3	5.8	50.0	39.4
Uganda	31.6	3.0	6.8	48.1	33.4
Guinea-Bissau*	1.5	0.5	2.1	58.9	42.4
Nigeria	140.0	1.3	4.0	49.3	31.3
Kenya*	37.9	1.2	3.4	62.1	47.7
Ghana	23.3	3.4	7.9	42.2	27.3
Zambia	11.6	1.5	3.9	50.4	31.3
Mauritania	3.3	0.7	3.6	46.5	30.4
Zimbabwe*	12.3	1.8	4.0	62.3	46.9
Guinea*	10.2	0.9	3.0	50.2	31.7
Senegal*	12.8	1.4	3.5	58.6	42.8
Cote d'Ivoire	18.3	2.8	6.8	44.1	28.5

*Countries with worse income distribution.

Source: World Bank (1997) *World Bank Development Report*, Oxford University Press.

Definitely, it is instructive to observe that trade liberalization is critical to Africa's economy. Firstly, agriculture is the mainstay of many African economies, accounting for the bulk national income, providing livelihoods for 80-90% of the population and supplying about 20% of Africa's merchandise exports (FAO, 2011). Secondly, agricultural sector is the most distorted market in the world trade, partly as a result of the protectionist policies of the developed countries. These countries have continued to subsidize agriculture long after SAP had forced African leaders to stop subsidies. African producers would find it difficult to compete with EU products benefiting from EU subsidies and other forms of support. Action Aid 2004 observes as in the cases of Ghanaian Tomato sector and Kenyan sugar, entry of European subsidized farm products would lead to the collapse of these locally produced items. This is because the EU guarantees European farmers and agro-industry processors minimum price and subsidize exporters. This constitutes unfair competition for Ghanaian tomato and Kenyan sugar producers who are not subsidized by their government but who are expected to compete with their European counterparts who are the major leaders in these products.

Further liberalization of these industries in Ghana and Kenya would potentially result in a flood of subsidized EU imports. This would in turn threaten (in Ghana) the livelihoods of 3 million Ghanaian farmers, traders, and (in Kenya) 3 million people; account for 28% of government excise revenues, provide employment for half a million people, support several other industries, as well as rural infrastructure, hospital and schools and hinder Ghanaian/Kenyan industrialization through agro-processing. Thus, while the imported sugar and tomato puree might be cheap in the short term, it is incapable of fulfilling the multi-functional roles that locally produced sugar/tomato plays such as providing industrial linkages and supporting rural employment. More importantly, as Africa largely remains an agrarian economy, agricultural trade liberalization would affect the economies, as poor infrastructure might leave African countries unable to realize new market opportunities, even in commodities where the continent has a comparative advantage.

Manufacturing is the fastest expanding opportunity area for developing countries, as the US, Japan and Europe advance into the post-industrial high-tech economy, but unfortunately this is the sector of the African economy which is least developed. Manufacturing in Africa has been relatively low compared to the newly-industrializing countries (NIC). Manufacturing employment as a share of total employment in sub-Saharan Africa has fallen considerably since 1980. As is demonstrated in Nigeria's textile sector, further indiscriminate trade liberalization in Africa at this critical stage is likely to worsen the problem of de-industrialization on the continent, making poverty reduction efforts, such as the pursuit of the MDGs, much harder to achieve.

REGIONAL INTEGRATION EFFORTS IN AFRICA

Regional integration refers to the process by which supranational institutions replace national ones-gradual shifting upward of sovereignty from state to regional structures. The ultimate expression of integration would be the merger of several states into a single state. Since the 1960s, African countries, mindful of their small size, low level and dependent structure of their economies have initiated the process of pursuing mutually beneficial economic objectives through regional integration. A number of regional economic and political bodies have been established including: the Economic Community of West Africa states (ECOWAS), Southern Africa Development community (SADC), the East African Community (EAC), the Central African Economic and Monetary Community (CEMAC), the West African Economic and Monetary Union (WAEMU) and continental institutions like the African Development Bank (ADB) and the African Union (AU).

The objective of these groupings is to structurally transform the African economies with a view to enthrone self-reliant development. However, these objectives have been stalled by many factors including political instability, wars, low level of structural complimentarily among the African economies, inadequate frameworks for sharing costs and benefits of integration, etc. however, progress have been recorded especially in peace efforts in ECOWAS, tariff reductions in COMESA, etc (Osegbue, Nwanolue and Iwuoha, 2012).

There is the problem of the small size and primary production structure of the African economies which is affecting intra-regional trade. For instance, the feature of intra-ECOWAS trade is that member states mainly produce same things, thus you have, for example, Cote D'Ivoire plastic goods competing against their Nigerian counterparts in the Nigerian market and Nigerian plastic products competing against Ivorien goods in their domestic market. It is also disheartening that there is no linkage between the manufacturing sector and other sectors such as agriculture. This explains why regionally available intermediate goods and primary materials used in the manufacturing sectors are imported from the developed capitalist countries.

Presently, ECOWAS affords manufacturing only marginal advantages since the similarity of products manufactured throughout the community and the dearth of infrastructures and other regional public goods like roads, dams, research and development, etc, precludes a broad range basis for inter-state trade. However, the potential for ECOWAS is tremendous. The Industrial Master Plan (IMP) adopted at the 17th session of the Authority in 1994, provides a strategy for optimizing industrial integration. Despite the IMP, program implementation has been difficult, mainly because of paucity of funding, apathy of member states and insufficient information.

The problem of intra-ECOWAS trade and level of investment is further compounded by the relative inconvertibility of currencies, scarcity of foreign exchange and the high cost of imported capital goods from Europe and the U.S.

CONCLUDING REMARKS

Remarkably, the global economic crisis has further compounded Africa's share of global trade. The implementation of certain macroeconomic policies in the developed countries has driven Africa to the fringes of the international political economy. Worse still, Africa is fast loosing relevance as an actor in the global value chain. The EU which used to be its traditional trading partner no longer imports as many African goods as it did previously. The continent only serves as market for other actors in the global value chain. No country in Africa has nor will have the capacity to compete on its own. In this regard, it makes sense for African countries to deepen integration if they have any hope of survival in a most inhospitable economic landscape. The low level of intra-regional trade in Africa results from a lack of complimentarity among the production systems of countries in Africa. Almost all the countries in the continent have similar production structures and as such, there is really no need to trade with each other.

It is important to acknowledge the paradigm shift in the global supply chain. Gone are the days when the traditional Multinational Corporation produces goods and services in one location and seeks to exchange those goods and services in different locations. Instead, we are witnessing a global inter-firm co-operation resulting in the production and exchange of goods and services globally. If we take, for example, the Ipod from Apple, it is made up of more than 400 different parts. These 400 plus parts are produced in almost 30 different countries, assembled at one location, and then distributed to the rest of the world. What it means is that each country will have to find out where in the global value chain it can best position itself and plug into that segment if it wants to compete in the global economy effectively.

Finally, considering the limited production complimentarity of the African economies, it is imperative for the states in Africa to articulate and put in place policies to ensure sharing of production networks and then develop a single production structure for the continent in order to key into the global value chain in which the continent's production structure can allow it to have a competitive advantage. Only within this logical framework can African economies successfully achieve sustainable development.

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ABOUT THE AUHORS:

Chike Osegbue is affiliated with the Department of Political Science, Anambra State University, Igbariam Campus, Nigeria.

Nwanolue, Bonn Obiekwe is affiliated with the Department of Political Science, Anambra State University, Igbariam Campus, Nigeria.

Victor Chidubem Iwuoha is affliated with the Department of Political Science, University of Nigeria, Nsukka.