

The Millennium Partnership for the African Recovery Programme

A Market Access Action Plan for Africa

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1. The Challenges of Africa in International Trade

The African continent continues to be by-passed by the massive growth of world trade over the last half century, in contrast to other developed and developing regions where trade has fuelled growth and dynamized economies. During 1948 to 1998, the share of Africa in world merchandise exports fell consistently from 7.4 percent to around 2 percent.

According to the World Bank, approximately 60 percent of Africa's global export earnings in 1998 were generated by five economies. South Africa's share was 18.4 percent while Nigeria and Algeria recorded shares of 14.8 percent and 12.6 percent respectively. Libya was the fourth largest export earner with a share of 8.6 percent, followed by Morocco with a share of 5.4 percent.

The manufacturing sector is the largest export-earner for Africa with the strongest growth in export earnings over the past decade. In 1998, manufactured exports totaled US\$62.95 billion, representing more than 60 percent of total African exports. The mining sector contributed 34.5 percent to African export earnings in 1998, shedding more than 10 percentage points since 1990. Mining contracted by 5.2 percent per annum between 1990 and 1998 and Africa's global market share declined from 18.7 percent in 1994 to 13.4 percent in 1998.

In contrast, Africa's agricultural sector appears to be maintaining its global market share. In 1998, African agricultural exports represented 3.4 percent of world agricultural trade, the same share the sector recorded in 1990. The agricultural sector, however, accounts for only 4.6 percent of African exports and its annual export growth performance has fluctuated significantly over the past decade, due largely to volatile commodity prices and unstable climatic conditions.

1.1 The causes of Africa's weak trade performance

The prolonged trend of weak trade performance reflects the combined effects of deep long term structural constraints in the economies of Africa and adverse features in the international trade regimes which affect Africa's exports. Some of the highest levels of

protection in key international markets have affected the products in which Africa specializes, constraining the continent from taking advantage of the dynamism of world trade in the 1990s.

1.2 Supply-side constraints

The combination of macro-economic imbalances, lack of human and physical capital, poorly developed infrastructure and economic governance institutions, and an underdeveloped private sector, especially small and medium enterprises, constitute the key impediment to Africa's participation in world trade and the new global growth dynamic based on new technologies and increased investment flows.

These structural factors have weakened the supply response of African economies to existing and new international market access opportunities. The decline of Africa's share of world trade has coincided with the remarkable opening of international markets for the continent through unilateral preferential market access granted to Africa under various schemes by the major industrial countries, as well as through the series of rounds of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT) of 1947 (now the World Trade Organization (WTO) since 1995). At the same time, African countries have entered into various intra-continental regional trade and cooperation arrangements, although these have not generated significant intra-African trade flows.

An additional constraint is the narrow supply base for exports in many African countries, due to their characteristic reliance on a few low value-added economic activities, typically in agriculture and mining. Conversely, the industrial sector is small and often inefficient. Narrow production specialization has rendered African countries highly vulnerable to external shocks and has limited the scope for economic growth.

Furthermore, from the 1960s until the early 1980s African countries pursued inward-looking trade policies with a typical anti-export bias, limiting the contribution of international trade to the continent's development prospects.

However, since the 1980s, the external trade sector assumed new importance as many African governments, either unilaterally or through IMF and World Bank structural adjustment programmes, began reforming their trade regimes towards greater openness and export-orientation. However, past trade liberalization efforts in Africa have been characterized by frequent policy reversals, not least because these programmes were externally imposed and lacked national ownership.

1.3 Market Access Constraints

These features of the economies and trade of African countries have been reinforced by certain characteristics of the external market access conditions faced by the continent and developing countries in general. A general feature of the market access available to Africa is its concentration in low valued added sectors and its restrictiveness in high value-added activities with the greatest potential of widening economic opportunities (investment and employment) and sustaining economic growth.

In particular, low average tariffs have masked high tariff peaks and tariff escalation in industrial economies, particularly in areas of export interest to African and other developing countries. While the average normal (i.e., most favoured nation) tariff rate in the major industrial countries will fall to between 3.7 per cent in the aftermath of the last round of global trade negotiations (i.e., Uruguay Round), the level and the frequency of tariffs remain a matter of concern in a number of key sectors of direct interest to Africa and other developing countries.

Tariff peaks are frequent for agricultural products that are generally considered to offer potential for export diversification. Despite preferential market access granted to many African countries, competition is severely restricted by massive domestic support of agriculture in industrialized countries. Moreover, export subsidies distort international markets, depress prices and drive otherwise competitive agricultural productions in Africa out of the market.

Although tariff escalation has decreased as a result of the Uruguay Round, rising tariffs from raw materials to intermediate products and sometimes peaking for finished industrial products continue to restrict export opportunities and hamper vertical diversification and industrialization in Africa and other developing countries. This remains an obstacle to agricultural diversification.

Traditional labour-intensive sectors as well as capital- and resource-intensive industries which could offer entry into world markets are among those most exposed to higher average tariffs, tariff peaks, tariff escalation and non-tariff barriers in industrialized country markets. In general, the growth of exports of developing countries to industrial countries is inversely related to the degree of tariff protection in the latter.

Apart from tariffs, Africa's exports face a range of non-tariff barriers in the form of, among others, standards (sanitary and phytosanitary (SPS) and technical barriers (TBTs)) and trade remedies (antidumping and countervailing duties).

The above considerations suggest that expanded and secure market access and the diversification of production and exports need to be pursued as interlinked and mutually supporting elements of an international trade strategy for Africa, particularly in the context of the WTO.

1.4 Preferential Trade Arrangements for Africa

Although over the last three decades sub-Saharan Africa has been a beneficiary of preferential market access offered by most developed countries (e.g., the Generalized System of Preferences (GSP); the EU/ACP's Lome, and now Cotonou agreement, and recently the EU's "Everything but Arms" initiative and the United States' Africa Growth and Opportunity Act (AGOA)), the continent has not been able to fully exploit this access to improve its trade performance. While a major part of the reasons has to do with supply-side constraints, a range of problems with these preferential arrangements have combined to severely diminish the realisation of potential benefits.

These problems include limited lack of security of access, inadequate product coverage, low utilisation due to stringent attached conditions, insufficient preference margins, quota restrictions, onerous administrative steps, and changes thereof, relating to certification and rules of origin, and inadequate awareness and understanding of schemes, amongst other things. These factors discourage exporters from utilising preference schemes because compliance costs and uncertainty outweigh value of the preferential margin. In other words, preferences are not commercially meaningful.

As a result, most favoured nation (MFN) tariff rates continue to apply to an estimated half to three-quarters of exports of African and other least developed countries (LDCs) in major markets. For example, the percentage of dutiable LDC exports excluded from preferences is 90 percent in Canada, 59 percent in Japan, and 95 percent in the US (if minerals and oil exports are excluded). While EU preferences cover 99 percent of LDC products, two-thirds of LDC exports paid MFN duties rather than receiving preferences. The utilisation rate in the EU, therefore, is low for various reasons, but particularly due to stringent rules of origin.

Rules of origin in preferential arrangements are an independent trade policy instrument regulating market access as much as tariff concessions and are largely responsible for the nullification of the trade preferences and application of the MFN rate for at least three-quarters of LDC exports.

Rules of origin can act as a disincentive for investment. In some cases, GSP rules have remained unchanged since the 1970s when industrial policy and production techniques were based on vertically integrated structure of the manufacturing chains. Currently, production on a global scale demands a combination of inputs from a variety of sources to ensure competitiveness. By limiting the capacity for outsourcing inputs and demanding vertically integrated production chains, existing rules of origin may have the perverse effect of promoting the obsolete models of industrialisation.

1.5 Africa's Participation in the WTO

Africa not been an active participant in global trade liberalization initiatives for most of the half a century history of the world trade system now based on the WTO. The main reason was the special exception for developing countries under GATT rules, in terms of which these countries and Africa were exempted from making market access concessions and were to be granted more favourable treatment in the markets of the industrialized countries. These provisions, referred to as the "Enabling Clause" and allowing the so-called "special and differential treatment of" developing countries, were an acknowledgement that Africa and the developing world was at a relative disadvantage in international trade in manufactured products in particular.

The current preferential arrangements for Africa and developing countries are an expression of this key principle of the world trade system. However, in the light of the limitations of these arrangements, and with a significant part of Africa's exports outside of preferential treatment, the continent's participation in the WTO trade system has become an important part of Africa's development strategy. Indeed, the minimal results for Africa from the Uruguay Round partly reflect the continent's relatively inadequate participation in the negotiations.

The establishment of the WTO in 1995 set out a changed global trading environment to which Africa will need to develop a strategic response. The impact of the WTO on African countries, as well as of the outcomes of the Uruguay Round of multilateral trade negotiations, can be assessed from at least three perspectives:

- in terms of market access for the continent's exports;
- its systemic effects; and
- its implications for the policy instruments available for African countries' economic development.

In terms of market access, analyses differ on whether there are gains or losses for Africa, and on their magnitude, in industrial goods, agriculture and services. An important consideration in assessing the impact of the Uruguay Round is that Africa enjoys preferential access for some exports under various schemes offered by developed countries, notably the EU - their main market. Consequently, a concern has been that the Uruguay Round had the effect of eroding preferential margins. In addition, many African countries are net importers of food products and export mainly primary commodities for which markets are already fairly open. The fear is that increases in food prices would outweigh any possible gains.

Determining the impact of the Uruguay Round on Africa requires a detailed assessment of effects of the erosion of preferential margins as compared to possible improvements

in access to non-EU markets. In short, the impact of the Uruguay Round is difficult to assess in a general way, and is dependent on a range of considerations, including the export structure of individual African countries.

While the market access impacts may be uncertain, it is clear that the WTO will be increasingly central to trade policy through its role as a negotiating forum for further trade liberalization and in establishing rules to govern international trade. In this way, engagement in the WTO will be crucial to Africa's long-term trade and economic prospects and its trade and investment links to the rest of the world.

In systemic terms, the WTO rules impose greater discipline on international trade relations, improve security and certainty of market access, and reduce the scope for exercising economic and political power in economic interaction. These considerations are vital for the longer-term development strategies of relatively weak African countries.

At the same time, multilateral rules reduce policy autonomy. Indeed, the extension of multilateral rules beyond border measures into areas of domestic regulation, subsidies, intellectual property amongst others, have foreclosed certain policy options that were previously available to governments.

1.6 Regional Integration Arrangements in Africa

There continues to be strong interest in regional integration arrangements among African countries. Many view them as vehicles to support their economic growth and industrial objectives. A major motivation is to overcome constraints associated with small domestic markets. However, successive rounds of multilateral trade negotiations and the various preferential schemes in favour of Africa have reduced tariff barriers against most African exports to zero or insignificant levels. This will have a bearing on efforts to re-direct patterns of trade to boost intra-African regional trade.

Intra-African trade expanded in the first half of nineties from 8% of the regions' total exports in 1989 to 12% of the regions' total exports in 1995. However, the expansion of intra-African trade may not be attributable to established regional arrangements since the share of intra-African trade within these arrangements has been static.

High levels of export concentration, a persistent mismatch between the region's exports and its major import requirements, infrastructural and institutional constraints, and limited intra-industry trade combine to impede existing and potential regional economic arrangements in Africa. Regional trade initiatives may actually create trade rather than divert it, but the issue turns more precisely on the extent of trade creation and its nature. Africa's prospects for growth depend largely on the import of manufactured goods that use highly capital-intensive production techniques.

While these factors demonstrate the difficulties in advancing regional economic arrangements in Africa, they also serve to illustrate the point that regional arrangements on the continent must encompass more than preferential trade agreements. Trade and industrial policy are two sides of the same coin. Successful economic integration initiatives will depend upon the strategic implementation of both.

While international markets may have become more accessible to African exporters, significant supply-side constraints remain and regional arrangements provide the opportunity to develop experience in trade, enhance scale economies and the competitiveness of firms, providing a platform to enter global markets. Regional arrangements can also become a vehicle to strengthen negotiating positions the multilateral arena.

2. Strengthening the Participation of Africa in International Trade and the World Trade System

Addressing the challenges outlined above is primarily the responsibility of African governments, and calls for comprehensive and integrated national development strategies in which trade policy and market access will play a vital role in sustaining the continent's economic growth.

The increased openness of international markets and heightened economic interdependence in the world present an opportunity for Africa to be part of the dynamic growth of global trade and investment, as an exporter and importer of goods and services.

2.1 Trade Policy in Africa

Trade policy in Africa will play a crucial but increasingly contested role as both domestic and foreign constituencies take a heightened interest in the extent of openness or protection of African economies and markets. The challenge for trade policy in Africa is its role in adapting the continent's economies to the new highly competitive global environment in which success depends on the utilization of new technologies and production processes to increase efficiency.

To benefit from globalization and increased trade and investment flows, African countries will have to adopt supply side and market access strategies aimed at the long-term development and exploitation of the continent comparative advantage, based on adding value to natural resources, including through harnessing knowledge and foreign direct investment. This requires mainstreaming trade policy into comprehensive and integrated development strategies incorporating appropriate macro-economic policies and the development of a stable and transparent regulatory environment. This implies

strengthening the capacity of the state in African countries to understand and facilitate these changes.

Improving the infrastructure for trade in the broadest sense is a critical element of the required trade interventions in Africa, to enable exporters and importers to take advantage of open markets. Beyond this, a range of complementary domestic policies are necessary, such as those to protect vulnerable social groups, to expand alternative revenue sources and the provision of education, training and health.

2.2 Africa and The World Trade Organization

As small nations depended on trade, the WTO is vital for African countries as the guarantor of open markets and sustained growth in the world economy. The WTO's strengthened rules impose greater discipline on international trade relations, improving the security and certainty of market access and reducing the role of economic and political power in trade relations, which are crucial for the longer-term development strategies of relatively weaker African countries.

In general, the WTO will increasingly influence the broad contours of the African countries' integration into the global economy. The WTO has a vital contribution to make in unlocking the growth and development potential of Africa and other developing countries, which is the key to sustained global growth from which all countries will benefit.

Prioritizing the WTO would increasingly call for more clearer and decisive trade policies by African countries, as an integral part of national development strategies. In this context, the importance of the WTO would be in reinforcing/guaranteeing African countries own policy reforms, thereby enhancing their credibility and helping to generate higher investment.

The critical issue for Africa will be its ability to utilize the WTO as an instrument for its development. Commitments in the WTO (bindings, tariff phase down, market openings in services) signal to international investors and traders a country's commitment to reform by 'locking in' changes in the trade regime. Aside from strengthening the credibility of policy and thereby encouraging investment, the WTO provides a forum to pursue the elimination of remaining - and new - market access barriers to Africa's exports.

[With between half and three-quarters of LDC exports confronting MFN tariff rates, efforts to enhance market access on the basis of bound MFN tariff reductions in products of primary export interest to African and other LDCs will need to be pursued through the WTO. Open and predictable access to export markets, on a more geographically diversified basis, requires participation in WTO negotiations.

[In addition, the impact, amongst other things, of SPS, TBT, trade remedies on market access indicate the vital importance for LDCs and Africa to engage in the ongoing reviews and re-negotiation of WTO disciplines on these measures. Such an engagement should seek to ensure that such rules do not pose undue barriers to their exports and that provision is made for adequate technical assistance to ensure that LDCs and African countries are able to comply with accepted disciplines.

Regarding the future of the WTO, it is in the interest of Africa and other developing countries to strive to strengthen the rules-based system in a manner that enhances their prospects for development. The WTO is more important to Africa and other developing countries because individually they lack the bargaining power to unilaterally influence the behavior of others, while they have a larger stake in a healthy growing world economy safeguarded by WTO rules.

There is a very real danger of the WTO being bypassed by proliferating regional trading arrangements. While regional arrangements can be a platform for Africa's integration into the world economy, these arrangements are a threat to trade interests of non-participants when they are between major trading blocs. This threat is acute for weaker trading economies, particularly the African continent, which is already marginalised from world flows of trade and investment.

This assessment should inform the posture of African countries on the future agenda of the WTO, in particular on the question of whether new broad-based round of multilateral trade negotiations should be launched at the forthcoming WTO Ministerial conference.

The strategic objective of African and other developing countries in the WTO should be to ensure that organization brings about structural adjustment in the developed countries, by elimination these countries continued protection of >grand-father= natural resource-based industries in which the natural competitive advantage lies in the developing world.

More generally, African countries must ensure that WTO rules are more responsive to their trade and development interests and needs and achieve equitable objectives.

Pursuit of the above objectives suggests that it is in the interests of Africa to support the launch of a new broad-based round of WTO negotiations at the organization's next Ministerial conference.

2.3 The Role of Preferences in Africa's Trade

The rationale that Africa and other developing countries cannot compete on equal terms with industrialized countries is still valid, suggesting that preferences continue to be critical in enabling the integration of the continent into the global trade system.

For preferences to play this role more effectively, however, a strategy and a mechanism is required to eliminate the deficiencies in current preferential schemes for Africa. Ideally, this would involve locating preferential treatment covering all exports of designated countries with a contractual framework such as provided by the WTO, and entailing obligations for beneficiary countries to adopt policies aimed at their fuller integration into the global economy, as well as support in building capacity to take advantage of the preferences. This will also address the problem of inconsistency in the substantive provisions and conditions of the various preferential schemes granted to Africa and other LDCs and developing countries.

In the context of the run-up to the fourth WTO Ministerial conference and the possible launch of new global trade negotiations, African and other developing countries are calling for preferential treatment to be 'bound' in the WTO, in the same way as applies to negotiated tariff reductions, as a way of ensuring the security and predictability of market access. Whether this objective will be achieved, even if traded-off with concessions in other areas, is uncertain.

However, donor countries are increasingly introducing improvements to their preferential schemes, in acknowledgement of these schemes deficiencies. Notable examples in this regard are the US's AGOA and the EU 'EBA' initiative. Innovative features of these initiatives are to found in the product coverage and duration of the preferences, as well as support for supply-side capacity building. A relatively unchanged feature is the rules of origin provisions, which will continue to constrain effective utilization of the given preferences.

Notwithstanding their deficiencies, both the AGOA and EBA initiatives have the potential to significantly contribute to expanding African exports. Again this will depend on the extent to which the beneficiary countries actually utilize the preferences.

2.4 Deepening Intra-African and South-South Trade

As African countries seek to expand their market access through the multilateral trade system, they will also increasingly have to liberalize trade among themselves, as well as with other developing countries. This will require more concerted action to address the impediments that make it difficult for African countries to increase trade among themselves, and with other developing countries.

A major part of this will involve accelerating and deepening the various ongoing regional integration projects on the continent. This will require new innovative approaches, based on an interpretation of the principle of special and differential treatment, and a consideration of how WTO rules would restrict or facilitate Africa's efforts in this regard.

3. Elements of a Market Access Action Plan for Africa

3.1 Mainstreaming trade policy into national development strategies in Africa

An effective trade policy for Africa will foster structural adjustment and reform of the domestic economy to improve competitiveness and develop supply capacity. The question of how trade policy-making can contribute to enhanced capacity through properly phased and sequenced liberalization needs also to recognize the importance of an enabling regulatory regime (legal framework, competition policy, investment policy etc). Within this context, negotiations and participation in the WTO can be a positive complement. Participation in the WTO increasingly poses challenges for Africa to adopt more deliberate and proactive trade policies, as an integral part of long-term national development strategies.

3.2 Improving Preferential Trading Arrangements for Africa

There is considerable scope to improve the benefits of preferential schemes for Africa and other developing countries and LDCs. Addressing the deficiencies in the design and application of existing preferential arrangements could form a key part of a market access action plan for Africa, in collaboration with other developing countries and LDCs. Consideration needs to be given to the following possible elements:

- Seeking the 'binding' of preferential treatment under multilaterally agreed criteria to be adhered to by preference-giving countries in the operation of their schemes. This could be accomplished in the WTO under, for example, the Enabling Clause.
- Seeking the expansion of the scope of product coverage for duty free treatment for Africa and other LDCs. Temporary exceptions could provide for duty-free quotas subject to phase out provisions.
- As regards rules of origin provisions:
 - Seeking to ease stringent rules of origin to match African and LDC industrial capacity (there are various technical possibilities);

- Simplifying the detailed and ancillary origin criteria, direct consignment requirements, administration, documentation and verification which imply substantial additional costs;
 - Ensuring recognition of regional economic arrangements among developing countries which that appropriate changes to cumulation rules in preference-giving countries;
- Ensuring that duty free access is not frustrated by other non-tariff measures (SPS, TBT, anti-dumping and safeguards measures, etc);
 - Eliminating non-trade conditionalities;
 - Technical cooperation programmes to raise awareness of available preferences in LDCs and Africa as well as to rise understanding of the laws and regulations that govern market access conditions (SPS, TBT, quotas, rules of origin, trade remedies etc) in preference-giving countries.

These objectives will need to be pursued both at the multilateral level and in bilateral trade forums between Africa and the donor countries.

Furthermore, the prospects, provided for in both AGOA and the Cotonou agreement, of Africa entering into negotiations for reciprocal trade arrangements with the EU and US respectively, presents both a challenge and an opportunity for the continent's trade strategies for these two crucial trade partners.

3.3 Improving Africa's Participation in the WTO

To take advantage of the new global environment, African countries would need to strengthen their capacity to participate in the WTO system. This entails the ability to (a) identify and exploit trading opportunities, (b) effectively defend trade rights, (c) fulfill obligations and execute development policies within the framework of these obligations, and (d) define and pursue interests in future trade negotiations.

Investing in this capacity is an act of political will in the first instance, but it will benefit from international technical assistance.

A key area of capacity is in coordinating approaches and objectives between various parallel trade negotiations and engagements, such as involving the WTO, EU and US. Such coordination would ensure that these engagements are guided by a common strategy and mutually supporting, so that commitments made in one context do not prejudice negotiating objectives in others.

With regard to Africa's negotiating agenda in the WTO, a key strategic objective is to secure recognition and provision for the continent's special circumstances in current and future WTO rules, in accordance with the principle of special and differential

treatment. Specifically, it is imperative that in future trade negotiations African and other developing countries seek the reaffirmation of this crucial principle on the basis of concrete proposals reflecting their development interests and needs in the global economy and trade system.

The specific concerns that African and other developing countries have with the imbalances and deficiencies in current WTO agreements, such as pertaining to the implementation of the agreements, would need to be articulated within the framework a substantive definition of the principle of special and differential treatment.

More generally, African countries, as major beneficiaries of these initiatives, would need to consistently throw their collective political weight behind the inter-agency Integrated Framework for Trade-related Capacity-building for LDCs and related commitments by LDCs and their development partners adopted at the recent Third United Nations LDC conference. The latter commitments entail the following:

- *“Strengthening efforts to integrate trade policies into national development policies towards poverty eradication;*
- *Capacity-building in trade policy and related areas such as tariffs, customs, competition, investment and technology, including through the use of the Integrated Framework for Trade-related Technical Assistance for LDCs (IF);*
- *Improving economic openness and policy predictability, as well as sound macro-economic policy;*
- *Developing human and institutional capacities for effective and informed participation in the multilateral trading system and for effective negotiations on trade, finance, technology transfer and related areas;*
- *Removing procedural and institutional bottlenecks that increase transaction costs, including through efforts to improve efficiency, efficacy and transparency by the implementation of trade facilitation measures and improving standards and quality control;*
- *Taking advantage of market access opportunities through the identification and strengthening of lead sub-sectors in order to exploit actual and potential supply capacity;*
- *Promoting trade and the competitiveness of exports in order to facilitate the integration of domestic enterprises into the international economy;*
- *Intensifying horizontal and vertical diversification, including local processing of primary commodities;*

- *Promoting sub-regional and regional cooperation, including for export promotion, and improving transport infrastructure to reduce costs and increase trade flows, taking into account the needs of landlocked LDCs and transit neighbours;*
- *Implementing measures to enable women in LDCs, especially women entrepreneurs, to exploit the opportunities created by trade policy reforms and to mitigate any negative effects on them of these reforms.*
- *Ensuring that food, agricultural trade, and overall trade policies are conducive to fostering food security for all through [a] fair and market oriented agricultural trading system”*

The market access commitment entails “*[i]mproving preferential market access for LDCs by working towards the objective of duty-free and quota free market access for all LDCs products...in the markets of developed countries...[and]...on a secure and predictable basis...[and]...with simplified rules of origin...to help ensure that LDCs benefit from the market access granted, and multi-donor programmes, such as the Integrated Framework for Trade-related Technical Assistance..., to upgrade LDCs production and export capacities and capabilities”*. Furthermore, “[c]onsideration should also be given to proposals for developing countries to contribute to improved market access for LDCs’ exports”.

3.4 Intensifying and Deepening Intra-African Regional Integration

The potential for regional integration in Africa has not been fully realized and concerted action by African countries is required to intensify and deepen the various integration initiatives on the continent.

While integration in Africa is constrained by a host of structural, policy and organizational factors, the progress of current initiatives also depends on the political will of the participating countries. This presents a challenge to the envisaged African Union, whose constitutive act, concluded in 2000 in Libya, reaffirms intra-African regional integration initiatives as an objective and building block for the Union.

A key consideration is if it will be necessary and feasible to have an overarching mechanism within the framework of the Union to accelerate the objective of intra-African trade and economic integration.

Currently, the role of the OAU in this area has been to monitor progress in the implementation of intra-African trade liberalization programmes, pursuant to the Abuja Treaty on the creation of an African Economic Community, the latter which will be superseded by the African Union.

In this connection, a recent important outcome is the decision of the last OAU meeting of African Trade Ministers, for regular meetings among the various African regional integration organizations for purposes of exchanging experiences and the promotion of complementarities and consistency in their different regional trade liberalization programmes.

3.5 Intra-African Unilateral and Non-Reciprocal Preferences

A key part of trade promotion and liberalization efforts in the continent must be consideration of the possibility of initiating an intra-African discretionary preferential trade system (akin to the GSP) in terms of which more developed African economies could to grant market access preferences to less developed economies. In this regard, potential candidates include South Africa, Nigeria, and Algeria. Both Egypt and Morocco have provided duty free access for a number of products from LDCs. In developing such an arrangement, crucial issues to be considered are, *inter alia*, the designation of beneficiary and donor countries, the duration of the preferences, and the arrangement's compatibility with WTO rules.

3.6 Institution-building and International Support

To advance an action plan for market access for Africa, such as proposed above, consideration would need to be given to the need to build or improve on existing mechanisms for pursuing deeper trade policy dialogue and consultations among African countries. This could draw from and mirror the increasingly established tradition of regular consultations among African permanent delegations to the WTO in Geneva, with the additional provision for Ministerial-level consultations.

Moreover, this could draw from the more positive aspects of longstanding and ongoing programmes of support to the continent in various forums, such as the United Conference on Trade and Development (UNCTAD), including its policy analysis and technical assistance work, and the WTO, and most importantly the inter-agency Integrated Framework for Trade and Trade-related Capacity-building for LDCs, which involves WTO, UNCTAD, the United Nations Development Programme (UNDP), the International Trade Centre, the World Bank and International Monetary Fund.