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Review

Developing Africa: Trade barriers, liberalization and inequality in the World Trade Organisation

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In terms of General Agreement of Tariffs and Trade (GATT) principles and the efforts of the World Trade Organisation (WTO), nations have been urged to eliminate or reduce trade barriers. Yet the inequality in the global trading regime has had an impact on developing countries. The majority of WTO members are developing countries, mostly from Africa. This article contributes to the debate on whether trade liberalization helps to alleviate poverty and promote development, with a focus on Africa. Through a detailed review of literature and documents relating to trade barriers and trade liberalization, a critical qualitative assessment is undertaken of their impact for developing countries, with special reference to Africa. In doing so, the impact of the efforts of the WTO as a forum for international trade negotiations, is examined and the challenges with respect to development in Africa are highlighted. The conclusions to the study point out that free trade is a pre-requisite for growth in Africa, but does not guarantee such growth and development; that trade liberalization may not on its own necessarily lead to growth in Africa; and that there is a need for initiatives outside the WTO agreements, such as South-South, intra-Africa agreements, including regional trade agreements.

Key words: Trade barriers, trade liberalization, World Trade Organisation, development, developing countries, Africa, free trade, regionalism.

INTRODUCTION

Trade has played a role in the development of Africa in the last two centuries and continues to do so in present times. In spite of being richly endowed with natural resources and human capital, it is seen as the poorest region in the world (Jobodwana, 2006: 246). With the efforts of the WTO and GATT, the emphasis has been on urging states to eliminate or reduce trade barriers and promote free trade. Tupy (2005: 2) submits three reasons as to why free trade is beneficial: firstly, it improves global efficiency in resource allocation; secondly, it allows traders to specialize in the production of those goods and services that they do best; and thirdly, it allows consumers to benefit from the more efficient means of production, e.g. efficiency generally means reduced cost which in turn leads to cheaper goods and services. Yet, in spite of globalization's promise of prosperity for the world, and particularly developing nations, trade liberalization has not significantly reduced poverty (Frewen, 2010). In the context of discussing trade agreements that would help to alleviate poverty and promote development, Chang (2005: 101) argues:

"Contrary to what developed countries would have us believe, there is a respectable theoretical case for protection for industries that are not yet profitable, especially in developing countries...Virtually all of today's developed countries built up their economies using tariffs and subsidies (and many other measures of government intervention) throughout the 19th century and most of the 20th century (in particular until the early 1970s). Therefore a big "double standard" is involved when these countries preach the virtues of free trade."

One cannot ignore the inequality of the global trading scenario which has had an impact on developing countries. The majority of WTO members are developing countries, mostly from Africa. This article highlights some of the needs and challenges of developing countries as far as international trade is concerned and particularly

Abbreviations: GATT, General Agreement of Tariffs and Trade; **WTO,** World Trade Organization.

places the role of the WTO, in this context, under the spotlight. The international trade issues relating to the divide between the developed and the developing nations include:

i) The refusal of the United States (US) and the European Union (EU), to reduce or eliminate subsidies, especially on agricultural products (Bown and McCullouch, 2010: 34);
ii) The reluctance of developing states to reduce their tariff barriers, partly because they derive a relatively high proportion of their income from it (about a third of revenue in sub-Saharan Africa has come from tariffs in the past, whereas in richer countries, such tariffs amount to two percent of their revenue) (Nieuwoudt, 2007: 1);
iii) Developed states have alleged that developing states, particularly from Africa, have the highest tariff barriers and that the main culprits, as far as violation of intellectual property rights of foreign businesses are concerned, are the developing nations (WTO, 2010: 98; Tupy, 2005: 1); and
iv) The protection of intellectual property rights of businesses from developed countries are seen as having an adverse effect on developing countries as they are heavily dependent on technologies from the former. For instance, developing countries are denied access to cheaper generic medicines (Fergusson, 2008; Shenkar and Luo, 2008: 55).

Has trade liberalization by developing countries brought the requisite growth? If the WTO's efforts do not provide answers, what other options are available to developing nations to help alleviate poverty and improve growth? In considering these questions, this article examines, firstly, the nature of barriers to international trade and international trade liberalization efforts. Secondly, it examines how the efforts of the WTO have impacted on developing countries, culminating in the stalemate between developed and developing nations at the Doha Round of negotiations. Thirdly, it examines the impact that the WTO has had for Africa as a developing region and the challenges related to development. Fourthly, it considers trade initiatives and steps, particularly regional initiatives, which could promote development of African countries.Through a detailed review of literature and documents relating to trade barriers and trade liberalization, a critical qualitative assessment is undertaken of their impact for developing countries, with special reference to Africa. In doing so, the impact of the efforts of the WTO as a forum for international trade negotiations, is examined. The article aims to highlight the challenges with respect to development in Africa taking cognisance of the trade liberalization efforts both globally and regionally.

BARRIERS TO INTERNATIONAL TRADE

Since states enjoy sovereignty (the power to regulate their own affairs), when goods are exported or imported, the countries through which they pass may regulate such transactions through the use of laws, regulations and practices, that is, barriers to trade. They prohibit the export of certain goods or require a licence for the export of other goods and also require customs duty to be paid on goods exported. Imports are subject to tariffs, quotas and health standards (Booysen, 2003: 23). According to Schaffer, Earl and Agusti (2005: 284), the reasons for regulating imports include: collection of revenue by taxing imports; regulating import competition to protecting domestic industries and jobs; retaliating against foreign government trade barriers; and preserving foreign exchange.

Import trade barriers are usually classified as tariff barriers or non-tariff barriers. Tariffs are import duties or taxes imposed on goods entering the customs territory of a nation.

They are surcharges that an importer must pay over and above taxes that are paid on domestic goods and services and are typically set *ad valorem*, that is, based on the value of the product (Shenkar and Luo, 2008: 46). It is considered to be the least restrictive of trade barriers. By increasing the price of imported goods, tariffs protect insufficient local goods against cheaper goods from other countries.

Tariffs mean higher prices for the consumer as even local traders charge more (Booysen, 2003: 365-366). In the 1930s, tariffs were extremely high (as much as 900% on some products) but were gradually reduced over time. Tariff barriers also include quotas (which are pre-set quantitative limits on imports, usually a specified number of units, e.g. 10 000 shirts); export controls (controlling of products with a national security potential, such as arms) and anti-dumping duties (Shenkar and Luo, 2008: 50).

According to Shenkar and Luo (2008: 51), non-tariff barriers are, by definition, barriers to trade that are not "anchored in laws and official regulations". They are often disguised in rules and regulations of a country relating to trade or product standards. The main non-tariff barriers include:

i) Subsidies (payments or assistance to domestic producers and business to make them more competitive as compared to foreign competition);
ii) Emergency import protection (to counteract sudden surges in imports that is damaging to the local economy);
iii) Administrative barriers (for instance, unnecessary procedures in respect of customs);
iv) Industrial and commercial practices and embargoes (prohibiting exports to a designated country); and
v) Boycotts (prohibition on imports from a certain country). Other non-tariff barriers include social or cultural forces; monetary exchange controls; foreign government procurement policies; technical barriers (which may be in the form of safety standards, electrical standards, environmental standards and health standards, e.g. on food and cosmetics); corruption (such as bribery and

violation of intellectual property rights) and import;
vi) Licensing schemes (Schaffer et al., 2005: 366-367; Shenkar and Luo, 2008: 51-56).

Since states can charge different import duties or impose different standards on goods coming from different countries, it can be harmful to states and individuals from other states that trade with such nations. Therefore, regulations are created (e.g. through GATT and the WTO) to balance the trading system through international treaties.

GLOBALIZATION AND TRADE LIBERALIZATION

In the past, since states enjoyed sovereignty, they preferred to impose barriers on imports, exports and other forms of international trade, primarily to protect local industries. Globalization resulted in a change in this protectionist approach. Globalization has been defined as the expansion of economic activities across national borders to such an extent that the appearance is given that the world is an open trading village in which national states have no role to play and in which no national boundaries exist (Booysen, 2003: 100-101). Globalization relates to the process of integrating all economies of the world with the aim of ensuring the free movement of goods, services, labour and capital, across such national borders (Schulze, 2004: 194). Globalization is associated with the efforts to bring all countries within the economic framework of the WTO, which provides a framework for the implementation, administration and operation of multi-lateral trade agreements between member states. States have chosen to liberalize trade in order to encourage foreign direct investment into the country through the expectation that multi-national corporations will:

i) Raise employment;
ii) Increase income from taxes; and
iii) Come with the benefit of knowledge brought by foreign firms, which could have a positive impact on domestic companies (Schulze, 2004: 193-195).

Trade liberalization refers to the removal of trade barriers (both tariff and non-tariff barriers) to promote free trade. The initial protectionist attitude of states in imposing tariffs to protect local goods or services against competition from imported ones, has given way to a realization that trade barriers are harmful to the international economy and that if they place restrictions of their trading partners in one sector, then another sector could suffer through retaliation from the affected state. After the bitter economic lessons of the 1930s relating to the devastating effects of trade barriers, states began negotiations on an international trade regime (Schaffer et al., 2004: 418-451).

BACKGROUND OF THE WORLD TRADE ORGANISATION

The first major effort at trade liberalization in the last century was the signing of the General Agreement on Tariffs and Trade (GATT). GATT came into force in 1948 as a temporary measure to salvage some of the principles of the failed International Trade Organisation (Capling and Higgott, 2009: 315). The main objective of GATT was to increase free trade by reducing tariffs and other trade barriers. The GATT system aimed at eliminating discriminatory treatment in international trade relations, firstly, through the most-favoured-nation treatment principle (GATT, 1994: Article I) and, secondly, through the national treatment principle (GATT, 1994: Article III). Over the years GATT evolved through several rounds of trade negotiations (Lumina, 2008: 22; Hoekman and Mavroidis, 2007: 9-13).

GATT led to the formation of the WTO in 1995, with the aim of liberalizing trade and promoting fair trade among states. Schaffer et al (2005: 12) comment that both these efforts (GATT and the WTO) have resulted in lower tariffs and the elimination of most non-tariff barriers, and have led to increased economic development and an improved quality of life around the world. Yet there is still room for further tariff reductions in particular, and trade liberalization generally.

The World Trade Organisation

GATT served as the world’s multi-lateral trade system for 47 years and was succeeded by the WTO, an international organization dealing with the liberalization of trade. It helps to promote global economic integration and it includes trade in services, which was not covered by GATT. The WTO was established as the new institutional foundation of the multi-lateral trade system which helps to ensure that trade flows as freely as possible, by removing barriers to trade, and that there is transparency in the trading system. It serves as a forum for countries to negotiate trade and settle trade-related disputes (WTO, 2010: 9-10; Lumina, 2008: 23).

The WTO principles have incorporated the two GATT principles, namely:

i) The most-favoured-nation principle – which ensures that benefits, such as lower tariffs and import and export charges, are enjoyed by all member states (Article I of GATT); and
ii) The national treatment principle – which ensures that a member should not discriminate between local and foreign produce or services when imposing tariffs, charges or conditions of trade (Article III of GATT) (Hoekman and Mavroidis, 2007: 38-39).

The WTO principles also include the following:

i) The lowering of trade barriers through negotiation;
ii) Predictability by states agreeing to bound rates;
iii) Discouraging unfair practices such as subsidies and dumping; and
iv) Providing benefits and privileges to developing countries, such as extra time to fulfil their obligations (WTO, 2010: 10-13).

In terms of the preamble to the WTO agreement, free trade is not the ultimate goal of the organisation. The WTO should be seen as an organisation that facilitates the reduction of trade barriers and pursues equality in market access between members (Denkers and Jagers, 2005 5-6/39).

The WTO agreements, which have been signed by a majority of trading nations, and are binding on members, assist in keeping their trade policies within agreed limits. Although these agreements are signed by governments, they help the producers of goods and services, as well as importers and exporters, in conducting their business (Jobodwana, 2006: 250-251).

The structure of the WTO includes the Ministerial Conference, General Council and the Dispute Settlement Body. The Ministerial Conference carries out the functions of the WTO and makes decisions concerning international trade agreements and the WTO Agreement. The General Council is responsible for carrying out the duties of the organisation between ministerial conferences, while the Dispute Settlement Body administers the dispute settlement provisions of the different WTO agreements (Hoekman and Mavroidis, 2007: 20-23).

Sunter and Ilbury (2009: 5) observe that in our constantly evolving world, one aspect has remained predictable over the last few centuries, that is, the west has been the dominant political and economic force, but this has changed over the last three decades with emergence of Japan, the arrival of the Asian countries and recently, the ascent of China. The previous bi-polar trading system between the US and the EU has been replaced by the multi-polar international trade regime, with emerging economies, such as China, India and Brazil, playing a significant role. Unlike the previous negotiating rounds of the WTO (such as the Tokyo of the 70s, and the Uruguay in the 80s and 90s) that were led by the US and the EU, the Doha Round has shown a transformation with the developing countries not allowing the developed countries to drive the negotiations (Steger, 2007: 484-485). On the one hand, proponents of globalization have argued that it results in increased consumer choices and access, enables countries to use their resources more efficiently, leads to the introduction of new technologies and promotes more rapid economic growth. On the other hand, critics maintain that it has exposed vulnerable economies to economic and financial shocks, led to unemployment and decreasing wages, strained the ability of developing countries to adapt, and impacted negatively on the environment (Effland et al., 2008: 22).

The World Trade Organisation benefits and challenges for developing countries

The World Bank classifies economies into categories according to their per capita GNP. High-income countries, mainly from the west, have been referred to as the developed or industrial countries, while the low and middle income countries are developing countries (Daniels and Radebaugh, 2001: 120). GATT was initially seen as a club for the richer nations yet, by 1986, the majority of its 91 members were poor countries, which included many African countries that were newly independent. From the 23 original contracting parties of GATT, membership of the WTO has grown to 153 by 2008 and an overwhelming majority of its members are developing countries, with 32 countries classified as least developed countries (LDCs) (Bown and McCullouch, 2010: 33-4). This section mentions some of the benefits and challenges that the WTO has had for developing countries.

According to Deckers (2004: 102), China's accession to the WTO in 2001, after fifteen years of negotiations, will have a "profound impact" not just on its own economy and domestic situation, but on the international community. Since it was excluded from the international system (GATT and WTO) for over two decades, it has had a fairly brief international experience which was shaped largely by the free market forces of globalization. However, Kent (2004: 539) concludes that China's preoccupation with economic growth and its selective approach as far as benefits and obligations of globalization in relation to the WTO are concerned, has undermined the human rights of its people. China has a serious unemployment problem since its WTO accession, with tens of millions of peasants likely to be affected. Concern has also been expressed regarding China's failure to enforce its own laws, whether related to intellectual property, food safety, human rights or employment (Aaronson, 2010: 41).

For India, globalization has meant the opening of the once protected market with the inflow of foreign trade, for instance, the enormous volume of foreign technologies in respect of consumer goods, heavy industries, as well as electronics and telecommunication sectors. This appeared damaging for the local industry. However, there has been an upsurge in the demand for joint ventures between institutions in developed countries and India, particularly in the research and development sector (Pattnaik, 2005: 64). Chandhoke (2009: 12) maintains that when compared to the rest of the developing world, particularly Sub-Saharan Africa, India has prospered because of relatively high rate of savings, availability of local talent, built infrastructure and being able to move from the import-substitution model of development, to one that is service-sector oriented, particularly in information technology and manufacturing. Even though India has undoubtedly benefited from globalization, resulting in higher growth trends, some regions have profited while others have lagged behind.

According to Sally (2009: 66-67), most recent trade and FDI liberalization has come not from the WTO, but from governments unilaterally removing barriers outside trade negotiations. Such unilateral liberalization has been quite strong in East and South-east Asia, which is how they placed themselves in global supply chains.

One of the main purposes of the WTO is to improve the standards of living of the people in its member states by establishing rules to ensure that trade takes place as freely as possible. The WTO has attempted to achieve this objective through trade liberalization by reducing or eliminating trade barriers and increasing the transparency and awareness in respect of the rules applicable to international trade (Lumina, 2008: 20). Recently, the WTO has been criticized because of the negative impact its rules have had on the lives of people, especially from developing countries. Lumina (2008: 20) list some of the primary criticisms:

i) The WTO does not work in the interests of the majority of its members;
ii) The global trading system serves the interests of large multinational corporations; and
iii) The WTO global trading system does not address the concerns of developing nations.

Some critics of the WTO, have claimed that the WTO has gone beyond its basic mission in attempting to force all states to take on obligations by signing agreements such as Trade-Related Intellectual Property Rights (TRIPS) and Trade-Related Investment Measures (TRIMS) which may not be entirely in their interests, intrudes on their sovereignty and may be beyond their implementation capacity. Other critics, especially developing countries feel that the WTO has not gone far enough in liberalizing trade, that WTO rules should be expanded to include issues such as investment, labour standards, competition and environment (Lawrence, 2006: 824). He cautions, though, that the danger of the latter approach is that the WTO could exceed the implementation capacity of certain members and could lead to increasing challenges to the WTO's legitimacy.

The developing countries, mostly from Africa, play a significant role in the global economy. These countries are very diverse. The benefits to developing states in terms of the WTO agreements include:

i) Having special provisions in WTO agreements giving developing countries extra rights or granting them leniency in the implementation of such rules, such as "special and differential treatment" (Chang, 2007: 553-554);
ii) Granting them extra time to fulfil their commitments, increasing their trading opportunities through greater market access and requiring WTO members to safeguard their interests when applying measures such as anti-dumping duties and technical standards (WTO, 2010: 94); and
iii) Developing countries have also been given transitional periods of grace before implementation of the provisions. For instance, both the Agreement on Technical Barriers to Trade, and the Agreement on Sanitary and Phytosanitary Measures, allow for such transitional periods of grace. Further, in the WTO Agreement on Subsidies and Countervailing Measures, developing countries were allowed eight years to phase out subsidies; while least developed countries (LDCs) were exempt from the prohibition on export subsidies (Neumayer, 1999: 592).

The status of developing countries within the WTO has become a controversial issue as evident from the Doha Development Round which sought to address the many concerns especially of developing countries regarding the inequities within the international trade regime. The areas in particular that were the focus of criticism for favouring developed countries, included the rules governing intellectual property, agriculture and trade remedies, as well as the failure of the developed countries to deliver in terms of their commitments to developing countries, for instance in respect of textiles (Smith, 2004: 543). The following are some of the challenges for developing countries in respect of WTO agreements:

i) It has been argued that negotiations at the Uruguay Round of negotiations was unbalanced and that the developed members of the WTO in comparison to the developing countries, benefitted substantially, for instance, in the areas of intellectual property rights, services, telecommunications, restriction of production and export subsidies, as well as increased access to developing countries' markets (Shenkar and Luo, 2008: 55);
ii) It is also argued that developing countries have hardly benefitted from the change of GATT into the WTO. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), for instance, is seen as having an adverse effect on poorer countries that are overwhelming importers of the technologies of a few rich countries (Shenkar and Luo, 2008: 55);
iii) The elimination of US and EU subsidies on agricultural products, have not materialized as promised, and this has been a disappointment to the many middle income states that have a comparative advantage in agricultural products. Also, the Doha Development Round which was aimed at the concerns of the developing countries, has stalled (Bown and McCullouch, 2010: 34) and
iv) Although developing countries initially welcomed the special and differential treatment, they have become

disillusioned about their actual effects. The special provisions included to safeguard their interests have been ineffectual and transitional time for them to adjust to the agreements, have been too short. The promised technical assistance has been too little and too unsystematic to strengthen their capacity (Neumayer, 1999: 592-593).

Trade liberalization has played a positive role in raising the income of the poor in developing countries. It has, with some exceptions, reduced the level of poverty in some countries. However, this has not been the case in all developing countries, as found in the case of Colombia, where trade liberalization brought economic growth without the equivalent reduction in poverty and inequality (Fandl, 2008: 163). Fandl (2008: 163) comments that, when we compare developing countries to industrialized countries, several disadvantages are noticeable, such as:

i) Implementing changes in law to the level of adherence seen in developed countries is not possible for many developing countries;
ii) A failure to enforce existing laws and a lack of respect for the judiciary make it challenging for developing countries to implement necessary legal changes required by trade liberalization;
iii) Internal structures which facilitate increases in trade, such as effective ports and customs services, adequate highway and internal transportation systems, and streamlined administrative procedures, are less common in developing countries.

Trade liberalization has not brought the expected requisite growth, particularly in developing countries (Frewen, 2010). One of the reasons suggested for this situation, is the existence of a large and growing informal economy. Fandl (2008: 163) contends, firstly, that trade liberalization can negatively impact the informal economy by failing to provide adequate domestic protection against foreign competition, and secondly, that economic growth will remain below its full potential unless the informal economy is granted the same opportunities for global participation and technical assistance as those offered to the formal economy.

THE DOHA DEVELOPMENT ROUND

As part of the WTO agreement, negotiating rounds have been held among members for the purpose of eliminating or reducing tariff and non-tariff barriers. The current Doha Round, commenced at Doha, Qatar, in November 2001. As a development round, its main concern was to reduce agricultural subsidies and tariffs, which the rich countries maintained after the WTO was established. The developing nations hoped to address the imbalance after the Uruguay Round. At the Cancún WTO Ministerial Conference in Mexico which commenced in 2003, the major developed countries were not prepared to reform their long-standing agricultural policies (Cho, 2010: 577). The main objective of the Doha Round was to lower trade barriers in order to increase trade globally. The talks have stalled over major issues, including agriculture, industrial tariffs and non-tariff barriers. Agricultural subsidies by the US, viewed as a trade barrier, were a contentious issue, especially with the EU. Agriculture is the most significant current issue for both the developing and developed countries, particularly the reduction and elimination of all forms of export subsidies (Capling and Higgott, 2009: 53, 56-57). Another issue of importance is the compulsory licensing of medicines and patent protection (this involves the balancing of the interests between the pharmaceutical companies in developed countries that hold patents on medicines and the public health needs in developing counties) (Fergusson, 2008).

The stalemate between the developed and developing countries at the Doha Round of negotiations after a decade of negotiations is as a result of the “diametrically opposed perceptions” of each as to what the round should deal with. The developed countries appear to be oblivious to the original agenda and the developing countries have condemned their narrow “commercial focus”. Developed countries realized that with a narrow agenda focused on granting market access to poor countries, there was little incentive for the leading trading nations to compromise. The main target of developed countries was not the poorest countries but the emerging nations such as India, China and Brazil. The developed countries were to make the reduction of their farming protection dependent on matching reduction of industrial tariffs. Developing countries criticized this narrow commercial approach. To them the Doha Agenda was an avenue for reducing or eliminating old, unfair protection that the unbalanced Uruguay Round failed to resolve (Cho, 2010: 574-575).

Jobodwana (2006: 246) stresses that in the WTO, developed countries refuse to accept that free trade has its pitfalls and limitations, as the representatives from these nations insist on rigidly applying the same free trade principles on all sectors of the global economy, with less room for national development strategies, and ignoring social considerations such as poverty alleviation and the integration of development considerations in trade policy matters.

TRADE LIBERALIZATION, THE WORLD TRADE ORGANISATION AND AFRICA

Beraho (2007: 255-7) contends that most of the African countries were colonies at some time and the economic problems in Africa must be viewed in this context. He describes three stages relating to Africa’s colonial history. During the first stage, the period of colonialism, raw materials, such as cotton, maize, copper and coffee, were purchased from farmers in Africa at a very low cost. These raw materials were then processed and brought back to the colonies and sold at exorbitant prices, amassing enormous wealth for the colonizing states. According to Beraho, this period of colonialism (1845-1995) came to a close when South Africa shook off apartheid with the release of Nelson Mandela and the first democratic elections in South Africa. The period of colonialism was followed by the period of rebellion against ruthless leaders in many African countries who refused to relinquish their leadership (the second stage). Economies deteriorated to the point of no return, and disease, hunger, poverty and gloom plagued many nations.

The third stage is where the African countries are now, with the liberalization of economies and seeking of financial assistance from the west. African countries realized the need to form economic alliances to cooperate and eliminate tariff and non-tariff barriers in order to facilitate the movement of goods and rendering of services, across national borders. The Common Market for East and Southern Africa (COMESA) is one of the major regional alliances. Two other alliances are: the Southern African Development Community, and the Economic Community of the West African States (ECOWAS) which was formed to move the region towards a common currency and eventually form an economic alliance like the EU (Beraho, 2007: 256-257). The benefit of these regional alliances is that they stimulate intra-regional trade and there is also the chance of these alliances evolving into free trade areas (FTAs). Problems facing such alliances include the danger of disintegration as the members are not bound to remain in the alliance, and elimination of tariff goals are not anywhere near what the members intended. Also, some members may have signed agreements with non-members, for instance, South Africa has a FTA with the EU and Kenya has an agreement with Egypt. As both South Africa and Kenya are members of COMESA, this could affect unity (Business Africa, 1631 January, 2000; Beraho, 2007: 264).

Beraho (2007: 264-265) makes the following recommendations to leaders of African countries:

i) He refers to Reece (1998) who declares that Africa needs the Africans for Africa policy and dismisses the view that African problems can be solved by increasing exports; and
ii) Since politics are the life blood of a nation's economy, government policy can make a significant impact; thus the critical factors for Africa are free and fair elections, improved security, checked corruption and a market driven economy.

Before colonialism, African countries had a diversified economy. However, the effects of colonialism left them underdeveloped, hence, the post-colonial objectives of African states were to address poverty and to promote development through a high growth of the national product. The main products for export were from agriculture and mining. Since export income came primarily from export crops, economic policy promoted excessive encouragement of such export crops resulting in a decline in food crops. Further, the mining industry exported raw materials at a low return while finished goods had to be imported into Africa at excessively high prices (Jobodwana, 2006: 252-253). Although the current export interests of Africa show that the countries are capable of producing and supplying goods and services at relatively competitive prices, there has been a decline in Africa's relative share of exports since the 1980s, whereas there has been an upward trend with exports from Asia, and to a limited extent, Latin America and the Caribbean (United Nations Conference on Trade and Development, 2003: 1-8; Jobodwana, 2006: 253).

According to Amani (1998), in Africa, agricultural products accounted for about 30 to 60% of GDP and provided employment in the range of 70 to 80 percent of Africa's labour force. He notes further that, with the exception of a few oil producing countries and South Africa, in most African countries the agricultural sector plays four key roles for economic development and stability:

i) Firstly, to increase domestic food supply to keep pace with the fast growing population;
ii) Secondly, to provide a growing market for domestic manufacturers in order to support import-substitution growth;
iii) Thirdly, to provide foreign exchange through agricultural exports; and
iv) Fourthly, to contribute to domestic saving and capital accumulation.

The fact that African countries relied heavily on taxes from international trade (as much as 30%), liberalization led to a deterioration in their fiscal position and consequent loss of income from trade taxes (Nieuwoud, 2007).

Jobodwana (2006: 244) notes that the current orthodox view is that trade openness is essential for growth, that is, countries that liberalize their trade and have an export-oriented trade are assumed to have faster growth than those countries that do not, and further, that the faster the rate of opening, the greater the growth. In terms of this orthodox view, the emphasis is on trade liberalization and export orientation. He notes also that this view has been recently modified to recognise that there are other factors, beside trade liberalization, that are needed for growth, such as sound economic policies; good governance and modern infrastructure.

Studies have shown that there is a lack of relationship between the extent of trade liberalization, and the rate of growth of a country or region, and further that the costs and benefits of trade liberalization depend on the conditions in a particular country as well as the type of trade liberalization that is chosen (Frewen: 2010). One of the other factors that have been identified as possible reasons why African countries fare poorly economically is rapid liberalization (Jobodwana, 2006: 244-245). According to Jobodwana (2006: 246), the economic stagnation is as a result of Africa's colonial past, the post-colonial interventionist policies of governments, the weakness of member states or their inability to increase or diversify exports. He notes that the weaknesses that continue to keep African countries out of the global economic stream include:

i) Geographical location (many countries are landlocked);
ii) Political weaknesses (such as civil strife, economic reasons (for instance macro-economic instability);
iii) Social (such as poor health and education); as well as
iv) Structural weaknesses (for instance, lack of infrastructure).

Developing nations were therefore hopeful that the Doha Development Round of negotiations would address these imbalances, however, this has not materialised. Development in Sub-Saharan Africa, a region seen as the poorest in the world.

AFRICA, FREE TRADE AND DEVELOPMENT

Tupy (2005: 1) maintains that Sub-Saharan Africa (SSA) is not poor because of the lack of access to world markets, but because of political instability, and because of a lack of policies and institutions (such as private property rights) that are necessary for a market economy to flourish. He claims that SSA is one of the most protectionist regions in the world – that while rich countries have reduced their average applied tariffs by 84% between 1983 and 2003, SSA countries reduced theirs by only 20%. Panagariya (2003: 2) maintains:

"On the poverty front, there is overwhelming evidence that, rapid growth has almost always led to reduction in poverty. Trade openness is a more trustworthy friend of the poor than protectionism. Few countries have grown rapidly without a simultaneous expansion of trade. It is rare for countries to grow at 3 percent or more in per-capita terms on a sustained basis and fail to achieve substantial reduction in poverty."

After the Uruguay Round of trade negotiations, the average bound tariff on manufactured goods fell to 4% while the average bound tariff on agricultural goods remained at 40%. Protectionism by developed countries restricts the growth of exports from developing countries. This is particularly true in the case of agricultural goods, which is lamentable, because 60% of the labour force in developing countries derive their income from agriculture. The developed world's protection against the developing nations' agricultural products is four to seven times higher than that against the manufactured goods from the developing countries. Tariffs as high as 500% are sometimes imposed by the US, EU and Canada on products which include beef, dairy products, vegetables, fresh and dried fruit, cereals, sugar and tobacco, as well as prepared fruit and vegetables. Even special agreements between the developed world and developing nations sometimes discriminate against the agricultural products of the latter. For instance, the African Growth and Opportunity Act, a preferential trade agreement between the US and countries from Africa, exclude dairy products, cocoa, coffee, tea, tobacco nuts and certain fabrics (Tupy, 2005: 3).

The subsidies or assistance given by governments of developed countries for agriculture has serious consequences for developing nations. As a result of the subsidies, produce from developed countries undercut competition from cheaper products that come from developing states. In 2004, agricultural subsidies in the US amounted to US $280 billion, while subsidies in the EU, amounted to US $133 billion (Organization for Economic Cooperation and Development, 2005: 38-39). Subsidies in developed countries also result in an overproduction of goods in rich countries which are often dumped on world markets, causing price distortions. Developed countries are responsible for 80% of price distortions in agricultural commodities (Beierle, 2002: 9). Developing countries are gravely affected by agricultural dumping, since they generally have a comparative advantage in agricultural products. Tupy (2005: 6-12) maintains, however:

i) That liberalization in high-income countries would benefit the developing countries less than liberalization in developing countries;
ii) That Sub-Saharan Africa is one of the world's most protectionist regions;
iii) That the case against trade liberalization in Africa is made despite rapid economic growth experienced by relatively open African countries, such as Botswana and Mauritius;
iv) That trade preferences particularly, "special and differential treatment", on their own do not help economic growth in SSA;
v) That the disappointing export performance by many developing countries is as a result of domestic conditions, such as political instability and regulatory restrictions, for instance, lack of expansion preventing such countries from meeting export quotas, and inefficient production; and hence
vi) That trade liberalization needs to be followed by domestic reforms, which are necessary to ensure that capital remains in SSA and is put to productive use.

Agatielo (2007: 1256) maintains that while no country has ever consolidated its socio-economic development by rejecting international trade and long-term capital inflows, no country has achieved it by opening up foreign trade and investment alone either. Panagariya (2003: 2) remarks that although trade openness is necessary for rapid growth, it is not sufficient by itself. There are complementary conditions, such as macroeconomic stability, credibility of policy and enforcement of contract, without which the benefits of liberalization may not materialize.

Tupy (2005: 19) concludes that SSA countries must liberalize their trade with one another and the rest of the world in order to escape poverty, regardless of what the developed world does (in respect of liberalizing their trade); that the benefits of trade liberalization will be restricted unless it is accompanied by far-reaching economic and political changes in Africa; and if there is no improvement in governance, including the rule of law and corruption, domestic and international investors will continue to avoid SSA, and economic growth, employment and real incomes will remain low.

REGIONALISM AND INTERNATIONAL TRADE

Globalization was accompanied by the trend towards regionalism, that is, the conclusion of regional integration agreements by states in a particular region, which aim at eliminating tariffs and other barriers among them. According to the theory of comparative advantage, regionalism results in states then specializing in the production of goods which they can produce more efficiently (Booysen, 2003: 365). The WTO seeks to promote international trade through regional integration by encouraging states to participate in the creation of free trade areas and customs unions. A free trade area refers to a group of states that have reduced or eliminated trade barriers between themselves, but member states maintain their own individual tariffs in respect of other countries. A customs union refers to a group of states that have reduced or eliminated tariffs among themselves and have a common tariff for all other countries (Article XXIV of GATT).

The European Economic Community (EEC), which came about in 1958, was the earliest significant regional trade development. The 1990s saw a proliferation of regional integration agreements, including the North American Free Trade Agreement (NAFTA) incorporating Canada, USA and Mexico (Schaffer et al., 2004: 418-451) and MERCOSUR (the Southern Cone Common Market made up of Brazil, Argentina, Paraguay and Uruguay) (Schulze, 2004: 195). Free trade areas are intended to promote trade among member states. GATT (Article XXIV) aims to promote regional integration and encourages the creation of free trade areas. The General Agreement on Trade in Services (GATS) (Article V) also recognizes free trade areas. Both agreements allow for the creation of free trade areas as an exception to the Most Favoured Nation rule. The significance of regional integration agreements is clear from the fact that just two trading blocs, the EU and the North American Free Trade Area (NAFTA), account for 65% of global trade. Further, about 85% of world trade takes place between nations belonging to some regional trade agreement (Schulze, 2004: 196-197).

INTERNATIONAL TRADE INITIATIVES FOR DEVELOPMENT IN AFRICA

Given the constraints of WTO arrangements, at times trade arrangements outside the WTO, offer greater advantages. These development initiatives in Africa generally take one of two forms. Firstly, they have taken the form of intra-Africa regional initiatives, such as free trade agreements and customs unions. For instance, the 14 states of the SADC have formed a free trade area which was launched in August 2008. The aim of the agreement is to eliminate tariffs and trade barriers among its member countries. The effect of the free trade area is that from 2008 there are no tariffs on about 85% of all trade on goods among the member countries, viz., Angola, Botswana, DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Tanzania, Seychelles (informal member), South Africa, Swaziland, Zambia and Zimbabwe (Fundira, 2010). ECOWAS and COMESA are other examples of regional trade agreements in Africa. The customs union is another form of a regional alliance that could contribute to development. For instance, free and unimpeded trade takes place among the members of the Southern African Customs Union (SACU), South Africa, Botswana, Lesotho, Swaziland and Namibia. Hence, imports between these countries are duty-free, and imports from outside the SACU are subject to a common external tariff. Although SACU members are at different levels of economic development, they face common challenges such as eradicating poverty, promoting sustainable economic growth and development as well as reducing high unemployment rates. The SACU agreement provides for deeper economic integration through the development of common policies on industry, investment, agriculture and competition (Southern African Customs Union, 2010). A greater volume of intra-Africa trade (with or without regional agreements) is essential in order to unlock the enormous growth potential of the continent, but connections are still underdeveloped (Nevin, 2009: 64-65).

Secondly, South-South cooperation and trade (between developing nations) which has been an important issue for developing countries, may also offer development opportunities for Africa. For instance, the expansion of development co-operation between Africa and India has given South-South cooperation further impetus (Sandrasagra, 2008: 1). The emergence of India and Africa on the global trading arena is a recent development. Trade linkages between these two regions took off during the late 1990's during a period of comprehensive economic reforms. Between 2001 and 2007 India's trade with Africa more than doubled from $5.5 billion in 2001-2002 to $12.24 billion in 2006-2007. India and Africa have jointly moved several proposals at international trade negotiating forums such as the WTO and World Intellectual Property Organization (WIPO) to safeguard the interests of developing countries. The 2007 Tshwane Declaration which was adopted by India and South Africa, reflects a joint commitment to fight for "larger gains for the developing world in the global trading system" (Chaturvedi and Mohanty, 2007: 53-54).

Recently the focus has been on regional blocs and intra-regional trade. One such initiative is IBSA, a three country association between India, Brazil and South Africa. Each of these three countries are strategically important in their regions. Despite having significant mineral resources, the increased internal demand makes it opportune for India to invest in Brazil's iron ore mines or to import coal from South Africa (Thakurta, 2008: 1). Globally, food and energy prices will be the biggest challenges of this century. South-South partnerships can succeed in addressing the issue of energy production and consumption. Africa has enormous energy resources. It is using only about 7% of its hydro-power potential. Latin America, led by Brazil, could become a leader in energy production, with the development of bio-fuels (Ramgoolam, 2008: 22).

CONCLUSION

Bearing in mind the challenges faced by developing countries, particularly in Africa, several conclusions can be drawn from the study. Firstly, it is commonly accepted that free trade leads to prosperity for the state. However, Agatielo (2007: 1256) maintains that while no country has ever consolidated its socio-economic development by rejecting international trade and long-term capital inflows, no country has achieved it by opening up foreign trade and investment alone either.

Secondly, although the efforts of the WTO, and the GATT principles and negotiating rounds, have helped in reducing tariffs and addressing specific non-tariff barriers, trade liberalization on its own may not necessarily lead to growth in Africa. As noted by Jobodwana (2006: 244-245), there are other factors, beside trade liberalization, that are needed for growth, such as sound economic policies; good governance and modern infrastructure, and rapid liberalization may in fact be a reason as to why African countries fare poorly economically. Trade liberalization does not necessarily ensure growth in developing countries (Frewen, 2010).

Thirdly, developing countries from Africa need to invigorate South-South trade and intra-Africa trade. The contentions of developing countries are that although they welcomed the benefits on paper to safeguard their interests, such as "special and differential" treatment, there has been a lack of commitment by developed states and such safeguards have been ineffectual. While the international community lives in the hope of rekindling faith in the WTO post Doha, Cho (2010: 576) declares that developing countries should note that the Doha Development Agenda is not a magic potion for their development concerns; that with, or without the Doha Round they, particularly low-income developing countries, should take active development initiatives on their own.

Fourthly, regional trade agreements, such as ECOWAS and the SADC Free Trade Agreement, certainly have a role to play in developing Africa. Jobodwana (2006: 260) declares that these arrangements sometimes offer greater advantages to Africa than do the WTO agreements. By promoting regionalism, developing country alliances, especially in Africa, will be strengthened, and at the same time, reliance on developed countries will diminish. In addition, free trade agreements have paved the way for increased "Africa for Africa" trade. Shenkar and Luo (2008: 2320) note, on the other hand, that regional integration agreements are not a pre-requisite for increasing intra-regional trade.

Trade liberalization, at the global level through the WTO, as well as through regional and South-South efforts, certainly have a significant role to play in enhancing the position of developing countries, more especially African nations. Yet free trade alone, though viewed as a perquisite for growth, does not on its own, guarantee such growth and development. Other factors and circumstances, as mentioned, need to be taken into account.

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