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**Draft report of Sessional Committee II to the Trade
and Development Board at its fifty-fifth session**

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Sessional Committee II

Economic development in Africa: Trade liberalization and export performance in Africa

Agreed conclusions (...)

The Trade and Development Board

1. Welcomes the 2008 report by the UNCTAD secretariat entitled *Economic Development in Africa: Export Performance following Trade Liberalization – Some Patterns and Policy Perspectives*, and takes note of the report's finding that export development requires more than trade liberalization and that complementary policies are needed to address various factors constraining countries' supply capacity, so that African countries are able to take advantage of export opportunities;

2. Recognizes the extent of trade liberalization efforts undertaken unilaterally, regionally and multilaterally by African countries over the last 25 years, the positive effects of which have not been fully enjoyed and which will require continued and complementary efforts to be fully realized; and notes with concern that export performance has been relatively weak, notably in terms of diversification into higher value-added products in the agricultural and manufacturing sectors, as illustrated by the fall in Africa's market share from 6 per cent of total world merchandise exports in 1980 to 3 per cent in 2007, as recorded in the *UNCTAD Handbook of Statistics 2008*;

3. Also recognizes the impact of the erosion of trade preferences for African countries, which has both trade and development impacts. In this context, there is a need to find effective and appropriate solutions to preference erosion, including through the outcome of the multilateral trade negotiations, to address market access opportunities and diversification for African countries;

4. Reaffirms that each African country must take primary responsibility for its own development, bearing in mind the role of an enabling international environment. In this regard, national development strategies in Africa should include, where appropriate, the adoption of supply-side sectoral measures such as incentive packages, productivity promotion and institutional reforms, targeting all sectors of the economy, including monetary policies, in order to enhance its supply response to the export opportunities resulting from trade liberalization;

5. Notes with concern the effect of the current food crisis on several countries in Africa and stresses the importance of agricultural sector development strategies as a way to promote the achievement of internationally agreed development goals, including the Millennium Development Goals, and to reduce the likelihood of future crises, for instance through measures aimed at: (a) increasing public investment in agriculture, bearing in mind the New Partnership for Africa's Development agreements concerning the allocation of a higher proportion of national budgets to agriculture; (b) providing financial incentives for the modernization of the sector; and (c) developing export diversification programmes;

6. Stresses that structural policies to promote the manufacturing sector adopted by national Governments and, where appropriate, with the support of development partners should focus on: (a) creating reliable infrastructure that supports efficient production and exports; (b) encouraging firms to become more competitive by increasing labour productivity and developing technological capabilities; and (c) promoting the creation of larger markets as well as larger firms,

to benefit from economies of scale, while taking action to support small and medium-sized enterprises;

7. *Regrets* the weakness of internal commercial exchanges between African countries and *recognizes* that promoting regional and interregional economic cooperation and integration, including the inherent opportunities offered by various South–South and North–South partnerships, has the potential to help African countries increase their exports, which could allow them to diversify away from traditional bulk primary commodities into market-dynamic products;

8. *Invites* Africa’s trade partners to further open up their markets to products of export interest to African countries and to continue to provide them with assistance in upgrading their capacity to adjust to rising technical standards, in particular food and health standards;

9. *Further invites* Africa’s trade partners to urgently address the effects of non-tariff barriers, tariff peaks and tariff escalation, including on Africa’s agricultural exports, which hamper diversification; and to this end, inter alia, *calls on* all countries to honour their respective commitments on duty-free and quota-free market access for least developed countries, as provided for in the Ministerial Declaration of the Sixth World Trade Organization Ministerial Conference;

10. *Emphasizes* that donor countries and relevant multilateral organizations play a critical role in helping African countries, including through Aid for Trade, to improve their productive and export capacity;

11. *Encourages* UNCTAD, within its mandate, as agreed in the Accra Accord, to continue to undertake insightful and critical analysis and to seek to widen the dissemination of its research findings.