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Agenda item 4

Sessional Committee II

**ECONOMIC DEVELOPMENT IN AFRICA: ISSUES IN
AFRICA'S TRADE PERFORMANCE**

Draft agreed conclusions

1. The Board reviewed the report by the UNCTAD secretariat entitled “Economic development in Africa: Issues in Africa’s trade performance”, and it:
2. Noted that trade constituted an increasing share of Africa’s gross domestic product (GDP). However, it was a matter of concern that Africa’s share in international trade had fallen considerably in the past 20 years, representing 2 per cent of world trade. Its share in commodity exports where it traditionally had comparative advantage had also decreased.
3. Recognized that for African countries to fully benefit from trade, which in many cases is the single most important external source of development financing, the establishment and enhancement of appropriate institutions and policies are needed, and that in this context enhanced market access, balanced rules and well-targeted, sustainably financed technical assistance and capacity-building programmes also play important roles.

4. Encouraged African countries to continue their efforts for the promotion of peace and stability and strengthening of their economic and legal framework, which are essential factors for the strengthening of their economic and social development and the enhancement of their participation in international trade.

5. Considered that commodity dependence and the inability of many African countries to diversify their productive and export base, as well as secular decline in the prices of most commodities exported by Africa, were among the reasons for this poor performance. Africa thus suffered important terms-of-trade losses with a direct impact on national savings and investment and on its external debt. It noted that African producers remain at the bottom of the value chain of their exports, while the major portion of value is in general captured by traders, processors and retailers.

6. Noted that the decline in commodity prices were due to structural oversupply owing either to more efficient production and new entrants in the market or agricultural subsidies. In this regard, the reduction of agricultural subsidies, the reduction and elimination of tariff peaks, and tariff escalation, as well as addressing non-tariff barriers and trade protection measures, constitute part of the continuing post-Doha negotiations and are a key element for increasing African exports.

7. Welcomed greater market access provided through initiatives such as Everything But Arms (EBA), the African Growth and Opportunity Act (AGOA) and other preferential market access schemes and noted the increase in the exports to those markets. However, the benefits from such schemes could be enhanced through addressing issues such as rules of origin, sanitary and phytosanitary measures, technical barriers to trade and productive capacity.

8. Agreed that the ability of African producers to retain and increase market share and move up the value chain should be enhanced through measures such as provision of extension services and farm inputs, transportation, market information, quality control and assistance to farmers. In this regard, the Board encouraged the design and delivery of appropriate technical assistance to realize the above objectives.

9. Recognized the crucial importance of the commodities trade for Africa's economic development. In this regard, the Board called for support of efforts, initiatives and activities aimed at developing and upgrading African countries' productive capacity, increasing their export earnings and adjusting to fluctuating commodity prices.
10. Recognized that there is an important potential for innovation and better promotion of commodities of export interest to Africa, including non-traditional exports, and called for support and exchanges of experiences in this area.
11. Noted that measures aimed at addressing the challenges posed by fluctuating commodities prices could be considered.
12. Welcomed the efforts by African countries in consolidating the regional and subregional initiatives in pursuance of the integration agenda set in the Abuja Treaty establishing the African Economic Community, and recognized that there is great benefit to be derived from intraregional trade and creating wider economic spaces. It also recognized the greater scope for interregional cooperation. It requested UNCTAD, in collaboration with regional economic communities, to undertake further studies on intraregional trade in Africa with a view to identifying the potential for its further expansion.
13. Considered that support by the international community is required in order to complement the efforts of African countries in the context of the New Economic Partnership for Africa's Development (NEPAD) to improve the application of the HIPC Initiative and to supply additional public and private resources to bridge the investment gap.
14. Agreed that UNCTAD should, within its mandate, continue to support African countries in the endeavour to meet the aims and objectives of NEPAD and to provide analysis and policy advice on African development.