



Potsdam Spring Dialogues 2012

Trade: Potentials and Pitfalls for Regional Integration and Development in Africa

Hotel Voltaire, Potsdam
27-28 April 2012

Programme

Cooperating Partners:
Renner Institut, Vienna
WeltTrends, Potsdam

Conference language: English

Background

The plan to create a free trade zone for the whole of Africa, first announced back in 2008, is once again quickening the pulses of the continent's politicians and economists. Last summer, representatives of the Southern African Development Community (SADC), the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) met to launch formal negotiations on this issue. The objective agreed at their Summit, which took place in Johannesburg in June 2011, is to establish an African Free Trade Area across at least 26 countries from three trade zones (SADC, EAC, COMESA) and spanning the continent from Cairo to Cape Town. However, in parallel to these developments, some of the eight existing regional economic communities, including the EAC, are working to deepen their economic integration. It is still unclear which of these two models is likely to prevail over the long term. What is certain, however, is these processes are creating fresh momentum for the concept of a single African Economic Community envisioned in the Abuja Treaty back in 1991. This is also evident from the theme chosen for this year's African Union Summit, with "Boosting Intra-African Trade" at the top of the agenda for 2012.

Over the past decade, Africa's resource-rich countries have counted among the world's fastest growing economies. This is partly because of the resource hunger of the emerging countries, which are now drivers of global growth. They are attempting to assuage this hunger by sourcing their raw materials in Africa. Primary goods account for almost 75% of Africa's exports. But this development has a downside: Africa's resource wealth – oil, gold, diamonds, coltan, copper, iron ore and uranium – has harmed rather than helped the African people. The profits generated by the resource trade rarely reach the poor sections of society. This situation is exacerbated by the substantial fluctuations in the world market prices of raw materials. The lack of diversification and low level of industrialisation in the African economies are further factors currently keeping intra-African trade in check.

Stronger regional integration could create larger economic areas which are more competitive and more attractive to investors. New markets can also facilitate a division of labour and thus help to generate regional wealth. This is especially important for the landlocked countries of Africa, which face particular difficulties in accessing global markets. However, even if the creation of free trade areas makes progress, this is still no guarantee that the ensuing development will be sustainable. For free trade to stimulate pro-poor growth, other factors must come into play – first and foremost, the political will to engage in cooperation. At present, however, there are – sometimes substantial – differences between the political agendas pursued by the member states of the various RECs. Economic policy coordination is inadequate and national interests take precedence over the long-term gains that could be achieved through cooperation. That being the case, progress on economic integration has often fallen short of expectations.

The African regional organisations receive support and advice from the international community – including Germany, whose long-term aim, according to the Federal Government's Strategy for Africa, is to transform its development cooperation into economic cooperation. However, the economic crisis in the eurozone has cast a shadow, reducing the appeal of the European model. The Potsdam Spring Dialogues 2012 on "Trade: Potentials and Pitfalls for Regional Integration and Development in Africa", will therefore explore the diverse opportunities and risks posed by trade for development on the African continent. Starting with the changed global parameters, the event will focus primarily on Africa's current efforts and initiatives to strengthen African trade and on the flanking measures required in this context. The dichotomy between efforts to promote deeper integration, on the one hand, and widen the economic areas ("light integration") on the other, will be a particular focus of interest. A further item on the conference agenda is the cooperation with other governmental and non-governmental organisations and its implications for pro-poor growth and development on the African continent.

Friday, 27 April 2012

09:30 hrs Registration

Welcome

10.00 hrs **Henning Heidemanns**
State Secretary
Brandenburg Ministry of Economic and European Affairs, Potsdam

Dr Gerd Harms
State Secretary (ret.)
Deputy Chair of the Executive Committee of the
Development and Peace Foundation (SEF)

Part I

Africa – An Economic Partner for Germany

Chair

Professor Tobias Debiel
Director of the Institute for Development and Peace (INEF), Duisburg
Member of the Executive Committee of the
Development and Peace Foundation (SEF)

10.15 hrs Keynotes

Dr Uta Böllhoff
Head Directorate-General “Europe, Middle East and Asia;
multilateral development policy”
Federal Ministry for Economic Cooperation
and Development (BMZ), Berlin

10.30 hrs **Alan Kyerematen**
Coordinator
African Trade Policy Centre
UN Economic Commission for Africa, Addis Ababa

10.45 hrs Plenary discussion

12.00 hrs Lunch

Part II

Africa as a Global Economic Player in the Field of Tension between Old and New Partners

Background

Since 2008, the international economic and financial crisis has shifted the established global economic parameters: whereas the industrialised countries are struggling to overcome the downturn of their domestic economies, the emerging countries have become resource-hungry drivers of global growth, and are now intensifying their trade with Africa in order to secure their supplies of goods and raw materials. Although the African continent's share of world trade is still marginal, at just 3 per cent, it has become a global competition "hotspot". This development has a downside, however, for its exports contribute very little to pro-poor growth and make the African countries highly vulnerable to the fluctuations in world commodity prices.

Key questions

What are the obstacles to Africa's greater participation in world trade? What is the role of the new emerging countries, especially China, and of the "old" industrialised nations? How can Africa capitalise on the benefits afforded by the changing global parameters and which conditions must be in place for this?

Chair

Dr Henning Melber

Executive Director

Dag Hammarskjöld Foundation, Uppsala

Member of the Advisory Board of the

Development and Peace Foundation (SEF)

13.30 hrs

Input

H.E. Canon Francis K. Butagira

Ambassador

Embassy of the Republic of Uganda, Berlin

13.50 hrs

Comments

Jan Rieländer

Economist at the Europe, Middle East and Africa Desk

OECD Development Center, Paris

Heiko Schwiderowski

Director Sub-Saharan Africa

German Chambers of Commerce & Industry, Berlin

Wolfgang Stopper

Deputy Head of the Trade Policy Division

Federal Ministry of Economics and Technology (BMWi), Bonn

14.20 hrs

Plenary discussion

15.30 hrs

Coffee break

Part III

Intra-African Trade for Development: Challenges and Success Factors

Background

When it comes to trade, the regional economic communities' performance varies widely. They face major problems, such as dual membership, trade flows which are still dominated by the colonial legacy, weak institutions with poor governance capacities, and numerous non-tariff trade barriers. Despite a market of around one billion people (856 million in sub-Saharan Africa alone), regional trade in Africa plays an insignificant role, amounting to only around 10 per cent of total exports. This is primarily due to the lack of diversification of goods, which impedes inter-regional trade. With the RECs' performance varying so widely, the African Union responded by launching the Minimum Integration Programme in 2008, for implementation between 2009 and 2012. But even if trade gains momentum, there is no guarantee that the resulting development will be sustainable: without economic cooperation and policy coordination, free trade will make very little difference in the fight against poverty.

Key questions

Against this background, what will be the likely effects of documents such as the Action Plan for Boosting Intra-African Trade? What are the chances of the Minimum Integration Programme? Which role do national policies play? How should trade-, economic- and development policies interact in a reasonable manner?

Chair

Sebastian Schublach

Head of Department of International Politics
Karl-Renner-Institute, Vienna

16.00 hrs

Input

Professor Helmut Asche

Director
Independent Evaluation Institute, Bonn

16.20 hrs

Comments

Paulina Elago

Country Director Tanzania
TradeMark East Africa, Dar-es-Salaam

Dr Christian Kingombe

Senior Research Officer
Trade, Investment and Growth Programme
Overseas Development Institute (ODI), London

Dr Lyal White

Director of the Centre for Dynamic Markets
Gordon Institute of Business Science (GIBS), University of Pretoria

16.50-18.00 hrs

Plenary discussion

Cultural Programme and Reception

19.00 hrs

Sightseeing tour of Potsdam

20.00 hrs

Reception hosted by the Minister-President of Land Brandenburg

Saturday, 28 April 2012

Part IV

The Options for Economic Integration: Expand or Deepen?

Background

From Cairo to Cape Town: this will be the geographical scope of the African Free Trade Area, according to the agreement reached at the Tripartite Summit in Johannesburg in June 2011. It will initially involve at least 26 countries from three trade zones (SADC, EAC, COMESA) with a population of some 600 million African citizens and a combined GDP of up to one billion US dollars. In parallel, however, some of the regional economic communities are working to deepen their cooperation. This includes efforts to harmonise member states' economic policies, with the prospect of adopting a common industrial or agricultural policy in the longer term. It is still unclear which of these two integration models is likely to prevail.

Key questions

What are the political implications of the common approach now being pursued by the SADC, EAC and COMESA? Can the initiative provide a model for regional integration? Is there a dichotomy between deepening and expansion? What are the strengths and weaknesses of the two models? And can the lessons learned during the development of the European Union usefully be transferred to the African context?

Chair

Anja Gomm

Head

Sector Project Trade Policy, Trade and Investment Promotion

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Berlin

09.00 hrs

Input

Gerald Ajumbo

Principal Trade Expert

NEPAD, Regional Integration & Trade – ONRI

African Development Bank (AfDB), Tunis

09.20 hrs

Comments

Trudi Hartzenberg

Executive Director

Tralac - Trade Law Centre, Stellenbosch

Paul Kalenga

Senior Trade Policy Advisor

SADC Secretariat, Gaborone

Sören Scholvin

Researcher

GIGA Institute, Hamburg

09.50 hrs

Plenary discussion

11.00 hrs

Coffee break

Part V

External Actors as Partners: Working Together for Regional Integration

Background

According to the Federal Government's Strategy for Africa, Germany is set to transform its development cooperation with Africa into economic cooperation. Already, a number of African regional organisations are working to establish customs unions and free trade areas with development policy advice from Germany. However, the economic crisis in the eurozone has cast a shadow, reducing the appeal of the European model. Sustainable trade policies are also adversely affected by the subsidies paid by the industrialised nations, especially to their agricultural sector, which greatly reduce the world market competitiveness of many products from less developed regions. Here, it is essential to revitalise the negotiations between the EU and the African countries on economic partnership agreements (EPAs). Besides government initiatives, the private sector has a key role to play in breathing new life into African trade policy.

Key questions

Which practical efforts are currently being made by Germany and Europe to strengthen trade via regional communities? Which role does the private sector have to play, and what are the opportunities and risks associated with these actors' stronger integration?

Chair

Dr Klemens van de Sand

Member of the Advisory Board of the
Development and Peace Foundation (SEF), Bonn

11.40 hrs

Input

Mwansa James Musonda

Senior Trade Officer
COMESA, Lusaka

12.00 hrs

Comments

Judith Anna Helfmann-Hundack

Director Investment & Development Policy
Afrika-Verein, the German-African Business Association, Hamburg

Dr Sonja Kurz

Programme Director
SADC Promotion of Economic Integration and Trade (ProSPECT)
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Gaborone

Kathleen Van Hove

Programme Manager Trade & Regional Integration
European Centre for Development Policy Management (ECDPM), Brussels

12.30 hrs

Plenary discussion

13.30 hrs

Closing remarks by the organisers

Dr Michèle Roth

Executive Director
Development and Peace Foundation (SEF), Bonn