REGIONAL INTRA AFRICA TRADE DEVELOPMENT: SUSTAINABLE DEVELOPMENT POLICY TOOLS.

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By

SHABA TUNDE
Research and Programme Officer
Bokma Foundation
Abuja, Nigeria.
Tee_vee4live@yahoo.com
+234-8062091254
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Abbreviations:
ACP - African, Caribbean and Pacific (group of countries)
AfDB - African Development Bank
AEC - African Economic Community
AU - African Union
AUC - African Union Commission
CMA - Common Monetary Area
COMESA - Common Market for Eastern and Southern Africa
EAC - East African Community
ECA - Economic Commission for Africa
ECCAS - Economic Community of Central African States
ECOWAS - Economic Community of West African States
ETI - Enabling Trade Index
FDI - Foreign direct investment
GEA – Global Express Association
GETR – Global Enabling Trade Report
GDP - Gross domestic product
ICGLR - International Conference on the Great Lakes Region
IGAD - Intergovernmental Authority on Development
NEPAD - New Partnership for Africa's Development
NTM - Non Tariff Measure
SADC - Southern African Development Community
SMEs - Small and medium scale enterprises
USA - United State of America
WAEMU - West African Economic and Monetary Union
ABSTRACT

This paper on intra African trade development presents opportunities for sustainable growth and development in Africa. Consequently, seizing these opportunities requires private sector dynamism to be unlocked and a development based approach to integration to be adopted. The paper examines the historical trend of the intra Africa trade from the time of its inception to 2014 and also discusses the possible problem hindering intra Africa trade. The building of integration strategy is suggested to empower stakeholders in the economy, especially by strengthening the private sector to promote effective intra African trade. It was observed that lack of viable productive capacity is a major obstacle to expanding intra African trade and should be given considerable attention by African policymakers as to eliminating all trade and productive barriers in Africa trade. The paper also suggests specific novel policy and ideas on how to enhance intra Africa trade and its implementation for viable existing, restructure and new regional and national trade agreements with a view to boosting intra African trade for sustainable development among the continents. The study further, stresses on the need for an alternative approach to regional integration in Africa trade, outlines broad features of this new approach and how it could be applied in Africa. The new pathway calls for a move away from a linear model of integration, which lays undue emphasis on processes, into a more encompassing pragmatic and results oriented inter Africa trade pathway, integrating the regional and national development. Overall, the conceptual review underlines that the question of how Africa intra trade works has moved to the centre of development studies. Yet, an even bigger challenge in achieving developmental based integration agenda in the first place will be to go beyond trade liberalization to include broader economic and industrial policies aimed at addressing real economy capacity constraints, strengthening the domestic private sector and facilitating diversification and structural transformation for Africa to sustainable development.
1.0 Introduction
Africa like the other continents in the world continues to encourage regional economic integration on the continent as an essential component of its collective and collaborative sustainable development, change and transformation strategy. However, more, needs to be done to take advantage of the opportunities that these and other integration drivers deliver so as to ensure that the bold visions of African leaders are translated into practical and attainable actions which are geared towards achieving wider African integration, change and transformation objectives. These objectives involve various initiatives and areas for cooperation which have been highlighted for regional discuss and this discussion should also involve the stakeholder and practitioners in the economy. These include the unified currency as proposed currently by West Africa union, which also includes use of economy industrial policy, privatisation and special economic zones as tools to foster the objectives of boosting African trade and promoting industrialization. As well as developing regional value chains in order to expand productive capacity and thereby encourage economic development. The growth, opportunity and strengthening of the private sector also has a crucial role to play in facilitating growth, policy implementation, enforced dynamism and the financing of the future development of Africa and adoption of inclusive integrated developmental base approach. This paper also examines the distinctive features of the enterprise structure in Africa that should be addressed to boost intra-African trade, as argued that for African countries to reap developmental gains from intra African trade and regional integration, they will need to place the building of productive capacities and domestic entrepreneurship at the heart of the policy agenda and put in place measures to strengthen the capacities, competitiveness and innovative capabilities of domestic enterprises for boosting intraregional trade and stating of effective development policies.

2.0 Brief History of Africa Intra Trade
Intra African trade has enormous potential to create employment, catalyse investments and foster industrial and other sector growth in Africa. Following the political independence in the 1960s, African Governments have made several efforts to exploit this potential of trade for development. The most recent includes the renewed political commitment by African leaders at the African Union summit in January 2012 and the world economy forum for Africa 2014 to boost intra African trade and to fast track the establishment of a continental free trade zone. Considerably, African countries have not made significant progress in boosting regional trade over the years. Between the years 2007 to 2011, the average share of intra African exports in total merchandise exports in Africa was 11% compared with 50% in developing Asia, 21 per cent in Latin America and the Caribbean and 70 per cent in Europe. Furthermore, available evidence indicates that the continent’s actual level of trade is also below potential, given its level of resources, development and factor endowments. The level of African merchandise trade (exports and imports) with the world rose from $251 billion in 1996 to $1,151 billion in 2011. In 2011, exports and imports for Africa totalled $582 billion and $569 billion respectively while exports and imports among developing economies totalled $18,211 billion and $7,321 billion respectively. In terms of nominal growth rates, Africa has kept pace with the surge in world trade that has occurred over the last decade. Matching
Africa’s exports to the rest of the world against its imports from the world in this category also suggests a certain deficit or lack of self-sufficiency in basic intra trade commodities.

3.0 Trade Performance in Africa
African continent is characterised by multiplicity of national borders activities that act as barriers to regional intra African trade. UNCTAD (2013) With 54 countries, Africa has very small national markets. In 2010, for instance, 24 out of 53 African countries had a population of less than 10 million, with 17 of those 24 countries having a population of less than 5 million. Moreover, the GDP of 29 countries was less than $10 billion, with 18 countries having less than $5 billion of GDP. World Bank (2012) these economies are smaller than a number of large corporations in the developed economy. In 2012, for instance, 266 of the Fortune of 500 companies had revenues that were higher than $10 billion which is not up to 10% of time Werner in USA. The non existence of large production industry and continue persisting too many small economies limits the potential for economies of scale, hampering production efficiency, innovative technicalities, limit opportunity and competitiveness. There are several reasons for the weak regional trade performance in Africa, one of which is that the approach to regional integration on the continent has so far focused more on the elimination of trade barriers and less on the development of the productive capacities necessary for trade. While the elimination of trade barriers is certainly important, it will not have the desired effect if it is not complemented with policy measures to boost supply capacities. The limited role of the private sector in regional integration initiatives and efforts has also contributed to the weak trade performance in the continent. Although trade agreements are signed by Governments, it is the private sector that understands the constraints facing enterprises and is in a position to take advantage of the opportunities created by regional trade initiatives. Admittedly, African regional economic communities are increasingly making efforts to incorporate the private sector into their structures and action plans, for example through the establishment of business councils, trade and investment ministry and the ministry of trade and investment form as a meeting place for the private sector and the government to discuss on mutual benefiting policy that will take into consideration the issues face by the private sector in the economy. Nevertheless, Governments are the only active driver of regional integration in Africa and the private sector remains a passive participant in the process and until this practice is change we will not have a concrete intra Africa trade that will lead to massive development that the region is clamouring to achieve. If African Governments want to achieve the objectives of boosting an effective intra African trade for sustaining development in the region, they have to create more space for the private sector to play an active role in the integration process.

4.0 African Exports Position
In view of the ceaseless efforts aimed at diversifying Africa export base, African exports remain highly focused on commodities. Fuels and mining products account for over 80% of sub-Saharan exports, compared with only about 10 percent for developing Asia and advanced economies who major export are intellectual driving economy products such as technology and ICT’s. Indeed, when broken down to the country level, the share of mineral products accounts for more than 30 percent of total exports in more than half of all African economies, and for over 90 percent in a few cases. The high dependence on commodity exports means that terms of trade fluctuate with commodity prices, which may have a negative effect on the country’s growth and production drive. Government continues huge finances also fluctuate
with commodity prices, possibly jeopardizing governments’ fiscal stability and leeway to other opportunity. In sub-Saharan Africa alone, for example, more than 10 economies are fiscally dependent on natural resources for export. In contrast, another set of countries including Ethiopia, Burundi, Benin, Côte d'Ivoire, Malawi and Togo are highly dependent on agricultural exports. In view of the above, export diversification both in goods and services and also across geographies is key to raising Africa’s resilience to external shocks and future of intra Africa trade. Many regional trading initiatives have been launched on the continent over the last several decades such as World Bank Forums, Africa union, ECOWA’s, numerous treaties and other developmental forum, yet Africa’s markets remain poorly connected with each other. The share of Africa’s intra regional goods trade in total goods exports is just less than 12 percent, compared with 25 percent in the Association of Southeast Asian Nations, 65 percent in the European Union, and 49 percent in the North American Free Trade Agreement bloc in 2012, although these estimates probably underreport the actual volume of trade because of the high levels of unregistered cross border (smuggling) activity which persist in the region. Even with the overcrowded security present and countless check point between borders, Survey results suggest that informal border flows may comprise up to 90 percent of the regions trade. Regional integration is closely linked to food security, social integration, peaceful coexistence and poverty reduction which should be encourage at all cost. Because of their high transaction costs and consequent low regional integration, African economies import agricultural products from global markets instead of, from within their own regions. Indeed, according to a recent World Bank report, African farmers produce a mere 5 percent of Africa’s cereal imports. With the market of food staples and production estimated at US$50 billion per year, or three quarters of the total agricultural output, this means that enormous growth opportunities remain unexploited in the Africa region. This large share of non African staple imports exposes African economies to volatile food prices and food shortage as evidence in most part of the continent recently. This exposure not only affects the income of the poor, who need to spend a higher income share on basic food supply, but also adversely affects inequality and macroeconomic stability through rising inflation, as was seen in East and West Africa in 2011, 2013 and early 2014. Considering the small size of the buyers and economy, most African economies have only limited bargaining power to negotiate prices on a global market scale. Regional integration is, thus, key to feeding Africa’s growing population in a sustained fashion by facilitating trade from food abundant areas to areas with a food deficit, policy change in support of local production, tariff, security, ICT’s, structural intra trade with the region and service exchange support for sustaining the region development.

5.0 Factors Affecting Intra Trade In Africa

Review of World Economic Forum Survey (2012; 2013) from top the executives to rate the main bottlenecks for exporting and importing in Africa countries. Respondents were asked to choose and rank in order of importance from a list of factors those five that they believe have the highest impact on the ease of exporting and importing in the country in which they operate. For exports they included a wide range of factors that may inhibit export development, such as supply side constraints, rules of origin, technical requirements and administrative procedures. The import factors mirror the structure of the Enabling Trade Index to the extent possible, providing an indication of the importance of the pillars of the Enabling Trade Index for the trading environment of these Africa countries. These two questions concerning exports and imports identify the most important bottlenecks to
trade and supply chain connectivity across the economies covered by the economy forum Survey. In addition, the results provide insight about the most important bottlenecks to trade globally and inform multilateral trade negotiations about priority areas for liberalization. The result shows that the most important impediments to intra Africa trade are largely the same across the three African sub regions. Overall, insufficient access to trade finance is the most important bottleneck to increase exports which means the financial institution needs to work more with the policy maker to help solve this abnormality (although the importance of this factor is less pronounced for North Africa than for the rest of the continent according to the survey). The limitations in access to trade finance are most likely linked to the underdeveloped financial markets in most of the Africa countries, second by the difficulty in identifying potential markets and buyers this has to do with the poor relationship between Africa countries built within the region over the years, government and institution with the Africa region need to create more and better ties with each other for the market to be open amicably. Thirdly, difficulties in meeting quality and quantity requirements of buyers and inappropriate production technology and skills are cited by at least 10 percent of respondents among more than one sub region. Fourth, burdensome border procedures and corruption, for example, are considered a more important barrier than tariff barriers or NTMs in the narrow sense (compliance with technical and quality standards certificates, etc.). Furthermore, the data confirm the need for more regional integration and ties relationship among member countries; high costs or delays caused by poor domestic transportation and other infrastructural facility are considered a higher burden than those incurred by international transportation because some of Africa intra trade travels through land and the road and terrain are poorly manage. These survey further point to the bottlenecks at border crossings to neighbouring countries, inappropriate production technology and skills and foreign technical requirements play a more prominent role for North African countries. On the import side, from the perception of business leader’s view, burdensome import procedures emerge as the most important impediment to trade across the continent, nearly on a par with tariffs and non tariff barriers in the narrow sense at times. The cost of international transportation is the third most important factor, fourth by corruption at the border. However, the survey also reveals that border corruption is much more pronounced in landlocked Africa and North Africa than in sub-Saharan Africa. Crime, theft and poor telecommunications play a much smaller role throughout the continent. This result underlines not only the importance of trade facilitation at multilateral and bilateral levels, but also the potential of countries for facilitating intra trade through well structure practical measures within their government’s purview while considering the private sector strength in the country. Some of the problems are expanded below in accordance to the prevailing region state.

5.1 External Factors
Intra African trade cannot be analysed in isolation from external factors influence that have been shaping international trade even before the attainment of independent. What used to be local and regional markets are now part of a relatively open global market and global trade liberalisation. Kaplinsky and Morris, (2008); Ighobor, (2013) African consumers have become more exposed to imported products, including from the emerging economies in the South, that are cheaper alternatives to locally or regionally produce goods. This has contributed to deindustrialization and persistent reliance on western products, as evidenced by the fact that the share of manufacturing in African GDP fell from 15 per cent in 1990 to 10 per cent in 2008 UNCTAD and UNIDO, (2011). The implications of this trend for intra African trade
and how African countries can rebuild their productive capacities and attain competitiveness will be a hercules task as both government and the private sector need to create a new regional agenda to boost intra African trade and improve the quality of Africa product for acceptance in the region. UNCTAD (2009) has identified a number of factors in the past that could potentially be important determinants in future, but at least two of them, namely the economic partnership agreements and the African Growth and Opportunity Act, are worth noting, given their relevance for the future of intra African trade. Economic partnership agreements have been under negotiation between the European Union and regions in the African, Caribbean and Pacific (ACP) group of countries for several years. Many issues have been raised as to whether these agreements will strengthen or hamper regional integration in Africa, including through a series of major publications assessing regional integration in Africa, which have been produced since 2004 by Economy Community of Africa in collaboration with the African Union Commission and the African Development Bank (AfDB). The report raises serious concerns about economic partnership agreements, particularly the implications of the reciprocity principle governing Economy partnership agreements negotiations and its impact on trade displacement in the regional economic communities. The report indicates that, as a result of this principle, the economic partnership agreements pose a major challenge to the ability of African countries to raise inter and intra trade capabilities. ECA, AUC and AfDB (2010): The projections in the report suggest that, with reciprocal trade arrangements under the economic partnership agreements, European import surges could displace intraregional exports or inter African trade by up to 16% and above. African Governments should evaluate these assessments via relevant regional organizations such as Economy Community of Africa, the African Union Commission and AfDB into their strategy to economic partnership agreements and vision 20:2020 agreements.

The African Growth and Opportunity Act offers unilateral preferential access to the United States market for eligible goods exported from African countries that are party to the unilateral preferential arrangement. Oil products dominate African exports under the act, followed by textiles, clothing and some cash crops. Through its third country fabric provision, the act offers flexible rules of origin, allowing exporters of clothing and textiles to source their fabrics in any third countries of their choice where they are cheapest, including Asia. African countries, particularly West African cotton producers, could consider transforming their cotton into fabrics and exporting them to countries that are eligible under the act. Sourcing fabrics from other African countries would encourage the establishment of regional value chains effectively, increasing intra African trade while at the same time supporting the industrialization of the continent.

Furthermore, it has been argued that Africa will lose substantial revenue if import taxes on products from the European Union, America and western region agreement are partially or totally remove. Fontagné et al., (2010) Although, the number of countries that rely on customs for their revenues has been declining significantly, some recent estimates show that in the future, African countries could lose up to 71 per cent and above of their import tariff revenue on imports if they sign some economic partnership agreements. Milner et al., (2011): In signing such agreements, African countries need to study carefully and employ effectively some of the provisions contained in the agreements that could bring benefits in a long run, Africa should ensure that the development provision includes in the agreements supports inter and intra African trade by stating in the negotiations with the European Union America and western region to provides additional and targeted support for building
the productive capacity of African economies in order to enhance their productivity and competitiveness.

5.2 Product and Market Concentration
Trade generally in African countries is concentrated around a limited range of products and services. Nkurunziza, (2012) that index 0.411 in 2011, the export concentration index in Africa is twice the value of the second highest index, 0.203 in South Asia. Eastern Asia, a region that has been cited as a model in terms of export diversification in the last few decades has a concentration index of 0.103, a quarter of the value in Africa. In addition, many of the products exported are not appealing to consumers in African countries. For example, the 15 landlocked countries in Africa (before South Sudan became independent) export primarily diamonds, uranium, coffee, cotton, textiles and garments, livestock, tobacco, sugar and copper. Most of these products are not vital for intra African trade as they are not typically used either for consumption or as inputs in the industries of other African countries. While the narrow production base in Africa restricts regional trade, it does not fully explain intraregional trade dynamics. Hence, there is potential for increasing intraregional trade, particularly in food and agricultural products where African countries have a current comparative advantage and recent assistance and support of the world, region and national government are in support of agriculture and food security in the region. Regionalism increases the potential for trade, owing to economies of scale, product differentiation and intra-industry trade. UNCTAD, (2009); Keane et al., (2010) observe that Product concentration may therefore be seen as a short-term constraint to intra African trade. Over time, the existence of a large market can alter existing patterns by developing new products, reallocating resources towards new industries and rationalizing existing ones. Hence, the political commitment to boosting intra African trade will need to go hand in hand with measures to boost industrialization and intra industry trade development.

5.3 Poor Production Competitiveness
Organisations in most African countries face high production costs due to poor access basic infrastructure and other production factors such as electricity, credit loan, ICT, skilled labour and other inputs. As a result, they find it difficult to produce competitively thereby open the market for other countries that can produce affordable products. Many Africa countries lag behind other developing country regions in terms of physical, technical and social infrastructure. Beck et al., (2011): Road density on the continent is 7.2 kilometres per 100 square kilometres of arable land compared to 127 for non African developing countries and most of these Africa roads are dead traps for transporters in the region. Water supply, only 67 per cent of the population have access to water and 35 per cent have access to improved sanitation facilities. The corresponding figures for non African developing countries are 85 and 70 per cent respectively. Electricity production is 398 megawatts per million population compared to 2,475 for non African developing countries. The continent also have a very low Internet penetration rate in 2012 stood at 3 per cent relative to the world average of 14 per cent, the internet rate has improve but still fall short of the average requirement. In addition, infrastructure services cost more than twice as much in Africa as than in other developing country regions. Oseni, (2012) more than 50 per cent of African firms surveyed between 2006 and 2010 identified the lack of access to reliable electricity as the major constraint to their business. In comparison, transportation was identified as the major constraint by 27.8 per cent of firms. Many firms rely on their own generators to produce electricity, albeit at a higher cost, tying up an important part of their capital, particularly for small and
medium scale enterprises (SMEs) which at this point should have been the driving force of Africa economy. This imposes additional costs on firms and diminishes their competitiveness. Moreover, Foster and Steinbuks, (2009): relying on a generator to produce electricity is not only expensive but also limits the possibility of achieving economies of scale in view of the limited amount of energy a generator can produce. In addition to high production costs, African firms also face relatively high trade costs stemming from tariff and non-tariff barriers, corruption, multiple check points in between countries, transaction costs (transport and insurance) and administrative barriers. UNCTAD, (2009) Business surveys reveal that road transport is the main mode of moving goods in the context of intra-African trade. The quality of the roads, particularly the major roads linking regional markets, is therefore of particular importance to the competitiveness of African goods. On the whole, high transport prices in Africa have been found to harm the expansion of trade more than tariff and non tariff trade restrictions. The persistence of high intra African trade costs more generally, is a reflection of the fact that the continent is still affected by its colonial trade patterns, where infrastructure and trade policies were set in order to orient trade towards countries out of the continent, mostly the former colonial powers.

An African exporter to markets outside the continent faces an average protection rate of 2.5 per cent, largely as a result of the preferences African exporters enjoy under the Generalized System of Preferences, Everything but Arms initiative and the African Growth and Opportunity Act. However, if the same good is exported to an African market, the exporter faces an average applied protection rate of 8.7 per cent or above which counter the adage that say charity begins at home. This average rate of protection varies across countries and products, with higher rates of protection characterizing particularly trade between sub Saharan and North African countries. Mevel and Karingi, (2012): examine some of average protection rate in the region, Ethiopian exports to Tunisia face a protection rate of 50.4 per cent while a Tunisian exporter to Ethiopia faces a protection rate of 15.7 per cent. Moroccan exports to Nigeria face an average protection rate of 65.7 per cent while a Nigerian exporting to Morocco faces an average protection rate of 17.6 per cent. African countries also impose non tariff barriers in the form of price controls, product standards, discriminatory foreign exchange allocation, imposition of quotas, non automatic licensing, administrative hurdles, excessive and unnecessary document requirements and unnecessary delays. Further review by Nkurunziza, (2012): Firms in Burundi and Zimbabwe, force to hold higher than optimal inventories of imported inputs, covering up to one year of production, in order to prevent stocking out. High inventories, although necessary, increase production costs and tie down finances which would have been turn over and over for higher profit within the year, thus diminishing the competitiveness of the goods produced. Boosting intra-African trade will require extensive changes in trade policy and the establishment of new infrastructure specifically designed to foster sustainable development in the Africa region.

6.0 Reason for Poor Regional Integration

In view of the immense benefits available, Africa regional intra trade integration is far below expectation. The reasons are complex and many. Historically, most countries in Africa have been geared toward trade with developed economies rather than look inward like the Nigeria Adage which say “what you are looking for in a distance place is right before you for a take”. Policies, measures, and investments were often focused on improving access to developed country markets because of the high demand in those countries product and continental inferior attitude about made in developed economy product. At the same time, regional integration trades and policy
on the continent were usually not fully implemented as it is not back with well and respect for the Africa nation by them self; so many barriers between regional markets remain in place with little or no effect to improve the abnormality in the continent. The barrier of pronounced infrastructure deficit, which is particularly pertinent for connecting markets, ideas, innovations, services and productions in Africa. Trade policies, as well as the institutional and regulatory environment to implement this policy, also need to be taken into account as most of the institutions do not have the will to implement these policies. World Bank data (2013): show that in sub Saharan Africa it takes an average of 37 days to import goods and 31 days to export, compared with less than 20 days to export and to import in North Africa, Latin America, and Southeast Asia. The barrier is even more pronounced for landlocked Africa, where it takes an average of almost 50 days to import and 40 days to export this problem is majorly the lackadaiscal nature of continent institutional structure which can be change if the government or practitioner ignite and enforce the will. Other barriers, such as corruption, quackery, bribery, illegality and outrageous bolder tariff, there are instance where you pay in every check point pass and also pay the normal import/export tariff at the border proper and this check point are in some cases up to 50 or above checks between countries and exporter and importer are expected to pay certain amount of money which varies from country to country mounting checkpoint, this has create hug discouragement in trade between Africa. In addition to the bribery, non tariff measures (NTM) in the form of charges, labelling, quotas, discriminatory, health and sanitary regulations play an important role in undermining trade within the region. Most of this payment those not have any official process of collect for effective record purpose and accountability which undermine and further prove the illegalities of the tariff, which affect not only the goods and services, but also the people, nation and Africa trade in general. The lack of competent and physically adequate securities present when crossing borders, also play a critical role particularly for women traders in the North east part of Nigeria along with Cameroon, Chad and Great Lake region. Below the Enabling Trade Index (ETI) sheds additional light on the key barriers that prevent Africa from reaping the full benefits of intra trade. Although the ETI does not permit an analysis of barriers to regional integration, it does indicate the barriers and enablers that exporters and importers in each country face, and thereby building blocks for inform policy reform choices in the Africa region.

7.0 The Enabling Trade Index
The Enabling Trade Index was developed within the context of the World Economic Forum’s Industry Partnership Programme for the Supply Chain and Transport Industry, and was first published in the 2008 Global Enabling Trade Report (GETR). The Global Enabling Trade Report (GETR) has become a widely used reference since its introduction in 2008. It forms part of the toolbox of many countries in their efforts to increase trade, and it helps companies with their investment decisions. A number of Data Partners have collaborated in this effort: the United Nations Conference on Trade and Development (UNCTAD), the Global Express Association (GEA), The World Bank, the World Trade Organization (WTO) the International Trade Centre (ITC), the International Air Transport Association (IATA) and the World Customs Organization (WCO). Also significant input from companies that are part of the industry partnership program, namely Volkswagen, Agility, Brightstar, Deutsche Post DHL, DNB Bank ASA, UPS, FedEx Corp., the Panama Canal Authority, Royal Vopak, Stena AB, Swiss International Air Lines, Transnet, AB Volvo and A.P. Møller Maersk. The ETI measures the extent to which individual economies activities have developed institutions, policies, and services facilitating the free flow of goods over
borders and to destination. The structure of the Index reflects the main enablers of trade, breaking them into four overall issue areas as follows:

1. The market access measures the extent to which the policy framework of the country allows foreign goods into the economy and enables access to foreign markets for its exporters;
2. The business environment looks at the quality of governance as well as at the overarching, policy and security environment impacting the business of importers and exporters active in the country;
3. The border administration assesses the extent to which the administration at the border facilitates the entry and exit of goods;
4. The transport and communications infrastructure takes into account whether the country has in place the transport and communications infrastructure necessary to facilitate the movement of goods and services within the country and across the border.

Each of these four issues is composed in turn of the nine pillars of enabling trade, thus are:

I. Transparency of border administration;
II. Availability and quality of transport infrastructure;
III. Availability and quality of transportation services;
IV. Availability and use of ICTs;
V. Domestic and foreign market access;
VI. Efficiency of customs administration;
VII. Efficiency of import-export procedures;
VIII. Competent and Physical adequate security.
IX. Regulatory environment;

The pillars captures the views of government and top business executives on the business environment and provides unique data on many qualitative aspects of the broader business environment, including a number of specific issues related to trade. These approach focus on practical steps that can be taken by both governments and the private sector to overcome particular trade barriers in a country or region or global perspective. In building a coalition for transformative change, it has become evident that establishing an open borders and lower tariff within Africa regions, mindset in a joint and holistic effort to tackle obstacles to the movement of goods, services and people is often the most effective approach.

8.0 Africa value Chains

Dobronogov and Farole, (2012): argue that one of the most important mechanisms to improve competitiveness in Africa in the twenty first century is by scaling up regional production capabilities, reboots relationship and ties. UNCTAD and UNIDO, (2011); ECA (2012): Developing regional value chains thus allows firms to reap the benefits of greater specialization and scale, creating opportunities for a greater number of Small and medium scale enterprises and hence countries, to participate in the global industrialization process and in so doing, spur on their own national industrial development. WTO et al., (2011): In today’s world, specialization is no longer based on the overall balance of comparative advantage of countries in producing a final good, but increasingly on the relative efficiencies of country in providing different task and function at specific stages along the value chain. Stephenson, (2012): Effective integration of regional value chains would promote employment, social inclusion, create backward and forward linkages across the region, thereby creating a platform for the upgrading of capabilities into higher value and more diversified industrial and spur the growth of downstream industries and service activities. Thus the ability of African countries to develop and insert
themselves into regional and global value chains is thus being viewed as a vital condition for Africa’s economic development. UNCTAD and UNIDO, (2011): Participation in regional and global value chains also provides small and medium enterprises with greater access to both local and international markets and opportunities for task based trade in local and foreign countries, as well as the opportunity to develop technological and professional capabilities. UNCTAD and UNIDO, (2011): The development of integrated regional value chains and the insertion of African firms into global value chains will, by their nature, facilitate increased intra African trade and could contribute to sustainable long-term growth. In this regard, priorities for African Governments include improving logistics services, improving access to finance, reducing trade costs, and infrastructure development, particularly in energy, transport and telecommunications. UNCTAD, (2010): The development of domestic industry or service networks requires the promotion of entrepreneurship through skills development, professionalism and training, as well as continuous technological upgrading and the promotion of linkages between small medium and enterprises and multinational enterprises in order to enhance competitiveness at the level of the firm. Brenton and Isik, (2012): Trade facilitation measures have also been identified as increasingly important tools to facilitate the expansion of regional value chains in African economies. It is important that African countries place the development of productive capacities and trade activities at the heart of their national and regional policies makers. Draper et al., (2012): Governments also need to invest in horizontal policy measures, including in education, innovation, technology, intellectual property and industrial policies, in order to enhance access to global value chains and the long-term benefits they offer.

9.0 Policy Recommendation
The following road map for policy reshape in the continent is presented below:

1. Specific Economic Zone Policy
Specific economic zones can take different forms, depending on their intended purpose, including export processing zones, free trade zones, enterprise zones, and free ports. Since the mid-1980s, the number of newly established zones has grown rapidly in almost all regions, although they have had a mixed record of success. While remarkable achievements have been made in implementing specific economic zones in some regions such as Eastern Asia and Latin America. Taken recognition from the success fact of East Asia and Latin America special economy zone initiatives Africa can adopt same with clear cot consideration of regional integration. According to FIAS, (2008): In the past decades, many developing countries, particularly the East Asia and Latin America, have implemented specific economic zones as a means of enhancing industrial competitiveness, developing and diversifying exports, attracting FDI, piloting new policies and approaches to industrial development. World Bank, (2012): Specific economic zones can be traditionally defined as geographically demarcated areas within the national boundaries of a country, where the rules of business are different generally more liberal than those that prevail in the national territory and are aimed at attracting regional export oriented investment. Farole, (2011) and Altbeker et al., (2012): Economic zones are designed as a tool of trade, investment and spatial industrial policy with the aim of overcoming barriers that hinder investment in the wider economy, including restrictive policies, poor governance, inadequate infrastructure and problematic access to land, attract FDI, alleviate large scale unemployment and support a wider development economic reform agenda. Altbeker et al., (2012): Most specific economic zones thus offer export oriented investors which regionalise Africa stands to gain three main relative advantages to the domestic investment environment: (i) a
special customs regime, including expedited customs and administrative procedures and (usually) access to imported inputs free of tariffs and duties; (ii) infrastructure (including serviced land, telecommunication, electricity, factory shells and utilities) that is more easily accessible and reliable than is normally available in the domestic economy; and (iii) a range of regional fiscal incentives, including corporate tax holidays and reductions, along with an improved administrative environment.

It is evident that a more flexible and integrated approach to the development of specific economic zones is needed to ensure that they are able to grow to a significant scale and generate the desired spill over to the wider economy. Dobronogov and Farole, (2012): Strategic focus should be placed on the use of special economic zones as a tool of spatial industrial policy in order to support the diversification and scaling up of regional production in Africa by integrating local value chains (providing raw material inputs, services and support) with foreign investors, thus improving the likelihood of capturing the spill over from FDI. Woolfrey, (2012) and world Economy forum (2014): The nature of the design, implementation and management of current and future African specific economic zones is likely to prove crucially in determining whether they are able to promote employment and economic growth on the continent. Dobronogov and Farole, (2012) and Koyama, (2011): Regional integration initiatives combined with specific economic zones have the potential to generate significant synergies: by lowering barriers to intraregional trade and facilitating the potential for realizing scale economies in regional production, regional trade arrangements stimulate investment by both foreign and domestic firms, offering an improved regulatory environment, specific economic zones lower the cost and risk to firms in undertaking such investments, while the provision of sector specific public goods, such as logistics platforms and warehousing, shared processing facilities, serviced land and infrastructure increases the competitiveness of wider industry clusters in the region. (DTI, 2012) Specific economic zone programmes will need to be focused where they can best complement and support sustainable sources of comparative advantage as Strategic focus on the component of a broader industrial and economic development policy, recognizing that they are a tool to foster development and are not an end in themselves.

Farole, (2011): In order to make the most of a country’s sources of comparative advantage and improve domestic spill over, Governments will need to adopt more integrative policies by shifting away from the more traditional models to more open, flexible, multipurpose zones that allow for participation by government institutions, the private sector, local firms and facilitate linkages amongst local suppliers, as well as between foreign investors and the domestic economy with potential to contribute to improving the competitiveness of Africa and its integration into the global economy, thereby helping to create jobs, raise incomes, promotion of skills development, training and knowledge sharing, cluster development, integration of regional value chains, enhanced public private partnerships and improve growth.

2. Industrial Policies

African countries need to have flexible, inclusive, strategic and dynamic industrial policies tailor to the continent needs, challenges facing each country, its domestic firms and build on the initial conditions prevailing in the economy and deliberately target the specific economic constraints that act as obstacles to a sustained industrial growth path. It is important, however, to take into account the limits imposed by available resources and government capabilities, as well as the political feasibility of proposed policy actions, to ensure that industrial policies and development programmes are not overly ambitious and have a good chance of
achieving success, industrial policy has to take into account the relationships and linkages that exist among economic activities, focusing therefore on supporting the core manufacturing activities, while also recognizing the complementary role to be played by agriculture and explicitly recognizing the role of services in all economic activity. Indeed it is not possible to be competitive in manufacturing without competitive services inputs. UNCTAD and UNIDO, (2011): African countries recognize the need for deliberate government measures to promote industrial development through industrial policy and many countries are beginning to review their industrial development strategies to reflect this fact. However, an effective industrial policy has to be complemented with a range of other policies such as macroeconomic, trade, and finance policies.

Since the of national economies in Africa are inextricably linked with each other, individual Governments have an interest in promoting higher levels of industrialization, not only to promote structural transformation within their local economies but also to facilitate industrial development across the wider region. The explicit incorporation of industrial development and industrial policy in the African regional integration agenda is gaining ground couple with the Interaction and coordination between the State and the private sector will also ensure that policymakers have a clear understanding of the constraints facing local businesses and entrepreneurs, which should thus have a positive impact on policy redesign and implementation, clear benchmarks and criteria for judging success or failure and continuous monitoring and independent evaluation of the activities of the policy. Industrialization in Africa can contribute towards boosting intra African trade and supporting regional integration.

3. Development Pathways in Africa
African Union, (2008): Sustaining and improve on the growth that has been achieved across the continent in recent years will require enhanced productive capacities in order to convert the natural comparative advantage of Africa in resources into a competitive advantage and to spread the benefits of growth more widely through well focused linkages between sectors of productive and economy activities. As evidence by ECA, AUC and AfDB (2010) Over 20 pathways are currently in operation across the continent, most of which have been unable to translate improve infrastructure development into broad base growth that contributes to poverty reduction, employment creation. There has been growing interest in redeveloping national and regional path as a way of realizing latent economic potential, strength and encouraging development in the continent. According to Bender, (2001) the potential of development pathway for promoting industrialization and economic growth in Africa is based on three characteristics which distinguish them from traditional transport path. Firstly, the inclusion of production functions, which make available basic goods and services, encourages cross border economic activity and therefore economic growth. Secondly, expanded infrastructure networks (including transport, energy and information) increase productive capacity, which enables these products to be transformed into value added commodities which can then be sold to end customers. Thirdly, improved access to regional and international markets increases opportunities for trade and investment and enables integration into regional blocs and the global economy. Thomas, (2009) responding to the above development pathway in Africa are view as a means of promoting and upgrading interrelated infrastructure in defined geographic areas with the aim of optimizing the use of such infrastructure, promoting trade and investment led economic growth, encouraging value added processing and enhancing the competitiveness of African economies. Thomas further stress the importance of socio political stability and sound
governance cannot be underestimated as the necessary backdrop for investment in development pathway in the region. There is greater need to negotiate sensitive social and political issues in frontier areas and address complex environmental concerns.

The African spatial development initiative strategy will require a considerable amount of concerted effort and cooperation between a diverse group of actors and partners in order for it to succeed. The small size of African economies and the fact that many are landlocked means that regional approaches need to focus more on infrastructure development, harmonized institutional and legal frameworks (customs administration, competition policy and regulation of transport) and increased trade related services, strong political will and commitment at the national and regional level are needed, capacity building initiatives to ensure that government officials are able to effectively develop and manage the process and a strong legal, regulatory and institutional framework established to provide the necessary support to stimulate economic growth and development. Clear example is the Maputo Development programme conceives in 1995 and began implementation in 1996.

10.0 Conclusion
This paper presents the basic panacea for Africa intra trade development to create room for a wider and productive integration in the region for sustaining development. The global economy has undergone significant metamorphosis over the years and the recipes for successful regional integration and global competitiveness today are no longer the same as those that were assumed to be indispensable 40 years ago. A developmental base integration agenda which goes beyond trade liberalization to include wider and encompassing economic and industrial policies aimed at addressing real economy capacity constraints, strengthening the domestic private sector, facilitating diversification and structural transformation holds great potential for Africa. An agenda which covers not only trade in goods, but also trade in services, will provide a foundation for enhancing policy, trade facilitation and elimination of non tariff barriers, legal, investment and institutional capacity at national and regional levels. More trade integration within the region would also contribute to higher food security across the continent. Developmental industrial review, taking into account important developments in the global and regional economy and specifically the role of global and regional value chains, requires the involvement of the private sector and other stakeholders to identify key initiatives to support industrial restructuring, transformation and the development of sustainable industrial activities. Enhanced management of customs and other border procedures to reduce the time spent and the cost of intraregional trade are also important. Closely linked to industrialisation facilitation is investment in the infrastructure, such as roads, rail and telecommunications, necessary to facilitate the competitive access to infrastructure services that will reduce the cost of production and trade. Mitigation of adjustment costs at national and regional level needs to be explicitly factored into the development paradigm. Africa is poised to take advantage of developments in the resources sectors and embark on a new pathway to industrialization through participation in regional and global value chains.

There is room for improvement in terms of the efficiency of import and export procedures, the transparency of border administration, the use of ICTs, logistics services and sufficient infrastructure at low cost and readdress negative barrier to higher levels regional integration. By improving their performance across the dimensions of the ETI, African countries could better prepare their economies to
benefit from international trade. Promote the competitiveness of African firms and increase intra-African trade requires the effective implementation of commitments undertaken, checks and balances in the form of robust dispute resolution will signal a strong commitment to rules base governance of developmental integration and support effective implementation. The paper further, provides information on elements of developmental regionalism in many African regional economic communities to further benefit from trade. It is intended to be a motivator for change and a foundation for coherent strategy for African integration, by providing a yardstick of the extent to which countries have in place the factors that facilitate development paradigm for continental development.

REFERENCES


