

Trade Patterns and Trends in the African-European Trading Area: Lessons for Sub-Saharan Africa from the Era of the Lome Accords 1975-1988

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Résumé: La majeure partie des échanges internationaux se passe dans la zone d'échange Afrique-Europe (ZEA). Au cours des dernières décennies, les deux sous-régions les plus développées de la région, à savoir, la Communauté Européenne (CE) et la Zone Européenne de Libre-Echange ont vu leurs échanges se développer aussi bien à l'intérieur qu'à l'extérieur de la ZEA alors que les trois autres sous-régions de ce groupe, l'Europe de l'Est, l'Afrique du Nord et l'Afrique Sub-saharienne enregistrent une baisse relative de leur participation. La croissance et les avantages commerciaux escomptés pour les deux sous-régions africaines conformément à la Convention de Lomé, ne se sont pas matérialisés. Des mutations considérables se sont produites au niveau de la géographie économique de la ZEA. Les ajustements sur le plan spatial ont varié entre l'implosion en Europe autour du noyau central de la Communauté Européenne et une poursuite de la désintégration dans les périphéries africaines. Les sous-régions de l'Afrique du Nord et de l'Afrique Sub-saharienne restent dans la périphérie de l'Europe de l'Ouest dont elles sont de plus en plus tributaires alors que leurs échanges inter-régionaux connaissent des taux de croissance en baisse.

Introduction

The African-European Trading Area (AETA) is one of the most intimately linked trading areas in the world with over 75% of the international trade of the component subregions taking place within it. The European Community (EC) is by far the most dominant subregion of AETA with 55% of the GDP (1987) and 77% of total world exports (1988) and 75% of imports (1988) of AETA (Table 1). When figures for the European Free Trade Area (EFTA) are added to EC totals, the two subregions would represent 63% of the AETA's GDP, 89% of the exports and 86% of the imports. If current plans to complete the economic integration in 1992 are carried out, the economic and trade influence of the AETA by EC will undoubtedly be even greater. The possibility of EC and EFTA countries joining to create the European

Table 1 - Size Characteristics of the Afro-European Trading Area

Region	Pop. 89 Mill	% of Region	Area Bill Sq. Km	% of Region	GDP 87 Bill %	% of Region	Tot. Exports \$ Bill 1988	% of Region	Total Imp. \$ Bill 1988	% of Region	Exp. to EATA \$ Bill 1988	% of Total Export
EC	325.90	23.83	2.25	4.13	4149.15	55.09	1064.70	76.70	1084.30	74.84	807.12	75.81
EFTA	32.20	2.35	1.34	2.46	591.18	7.85	177.20	12.76	183.98	12.70	136.83	77.22
EE	402.20	29.40	24.22	44.48	2517.46	33.42	98.55	7.10	106.37	7.34	73.57	74.65
NA	117.30	8.58	5.76	10.58	149.69	1.99	25.09	1.81	36.22	2.50	18.82	75.01
SSA	490.20	35.84	20.88	38.75	124.64	1.65	22.67	1.63	37.95	2.62	19.92	87.87
Total	1367.80	100.00	54.45	100.00	7532.12	100.00	1388.21	100.00	1448.82	100.00	1056.26	76.09

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Source: IMF 1989; PRB 1989; World Bank 1989.
GDP estimate for EE available only for Hungary, Poland and USSR.

Economic Space (EES) would further enhance the dominant role of western Europe in AETA as well as in the rest of the world¹.

This paper deals with three issues related to the patterns of trade in AETA. The first is to characterize the evolutionary history of subregional economic, political and territorial organizations in AETA and how this background continues to reflect on the structural attributes of unequal trade relations. The second is to study changes and trends in AETA's interregional trade beginning in 1975 when the first Lome Convention (Lome I) was signed², and to evaluate the progress made on the objectives of the various interregional trade arrangements geared to benefit the African subregion. The third is to outline the future developmental and interregional trade implications for the African subregions, especially as the EC and EFTA continue their dominance within a federated EC in 1992³.

The composition of the five subregions of AETA is as follows:

- 1 - EC includes twelve member countries (Belgium, Denmark, France, Germany, Greece, Italy, Ireland, Luxembourg, the Netherlands, Portugal, Spain and United Kingdom);
- 2 - EFTA is composed of Austria, Finland, Iceland, Norway, Sweden and Switzerland,
- 3 - EE includes Bulgaria, Czechoslovakia, formerly East Germany, Hungary, Poland, Rumania and the USSR,
- 4 - NA consists of the Mediterranean countries of Algeria, Egypt, Libya, Morocco and Tunisia, and
- 5 - SSA includes all African countries except those of NA and South Africa. The terms *trading area* and *subregion* would henceforth be used respectively to refer to AETA and any of the component groupings as defined above.

Subregional Formations in Europe

Western Europe used its dominant global position to form a variety of spatial arrangements that were considered necessary to extend its natural resource base, global markets and political prestige⁴. Proprietary territorial perceptions in colonial times first led European countries to respond to

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- 1 Lodge, J. (ed) - *The European Community and the Challenge of the Future*. London: Pinter Publishers, 1989, pp. 223-300.
 - 2 Lister, M., - *The European Community and the Developing World*. Brookfield, VT: Gower Publishing Company, 1988, pp. 56-61.
 - 3 Cecchini, P. - *The European Challenge: The Benefits of a Single Market 1992*. Brookfield, VT: Gower Publishing Company, 1988 or under the rubric of EES.
 - 4 Parker, G. - *The Logic of Unity: A Geography of the European Economic Community*. London: Longman, 1975, pp. 3-4.

centrifugal forces and expand their geographic spheres throughout the world and later to withdraw when centripetal forces propelled by pull factors in Europe and push factors in the colonies overcame the initial rationales of imperialism. In the three centuries that it took to come to full circle in terms of territorial policy, western European countries experienced several world and regional territorial arrangements ranging from centrifugal global imperialism to centripetal regional implosion with integration in Europe⁵.

The latest phase in European territorial organization is predicated on the desire to form a common market for western Europe. Although the continent was not unanimous in achieving this goal⁶, most of the principal powers in western Europe were convinced that a European common market was indispensable for their global position in economic development and trade⁷. It took World War II and the active involvement of the United States and its proposal of a Marshall Plan for Europe to demonstrate the benefits of a common market⁸. The aftermath of the war, the impact on troubled economies, and the advantages to be gained in eliminating or reducing trade barriers underlined the need for European integration. This and other historical, political, geographic, and economic imperatives finally convinced six continental members of western Europe to form a union⁹.

The genesis of joint efforts to facilitate trade dates back to the "Zollverein" customs union movements of central Europe in the mid to late 1800s. Proposals for a federal union of democracies of the North Atlantic as well as for a Pan-Europe were made in the 1920s and 1930s¹⁰. In 1921, the three small countries of Belgium, the Netherlands and Luxembourg became the first to actually eliminate trade barriers beginning with the initiative of tiny Luxembourg in 1921 and culminating in the enactment of the Benelux Economic Union. This union began with the lowering of tariffs between the three countries in the inter-war period. This initiative became a major stimulant to the more encompassing integration moves in western Europe in the post World War II period.

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- 5 Forbes, D. K. - *The Geography of Underdevelopment: A Critical Survey*, London, Croom Helm, 1986, pp. 3-14; Parker 1975, *op.cit.*, p. 4; Senghaas, D. - *The European Experience: A Historical Critique of Development Theory*. Dover, NH. Berg Publishers, 1985, pp. 66-69.
 - 6 Parker 1975, *op.cit.*, pp. 17-19.
 - 7 Cecchini 1988, *op.cit.*, pp. 69-106; Pinder, John - "The Single Market: A Step Towards European Union". *The European Community and the Challenge of the Future*. Edited by Juliet Lodge. London Pinter Publishers, 1989, pp. 94-95. Population Reference Bureau (PRB) - *World Population Sheet*, Washington, DC: PRB, Inc, 1989.
 - 8 Goldstein, M. E. - *America's Foreign Policy: Drift or Decision*, Wilmington, DL: Scholarly Resources Inc., 1984, pp. 55-56.
 - 9 Parkers 1975, *op.cit.*, pp. 1-19.
 - 10 Goudenove-Kalegi, C.R. - *Pan Europe*, New York: Knopf, 1926; Streit, C.K. - *Union Now: A Proposal for a Federal Union of the North Atlantic*. New York Harper, 1939.

The weakened economic condition of individual nations in western Europe at the end of World War II and United States' interest in rapid west European recovery led to cooperative efforts among countries to improve trade and overall economic development. The European Coal and Steel Community (ECSC), established in 1951, led to the customs union of the six original members of the EC as outlined in the 1957 Treaty of Rome agreement known as the Common Market or the European Community (Belgium, the Netherlands, Luxembourg, France, West Germany and Italy). Other organizations were formed to facilitate cooperation such as the Council of Europe (CE), the North Atlantic Treaty Organization (NATO), the Organization for European Economic Cooperation (OEEC), Western European Union (WEU) and the European Atomic Energy Community (Euratom). As the scope of cooperation increased so also did the membership of EC which rose from 6 to 12 members with the addition of Denmark, Greece, Ireland, Portugal, Spain and the United Kingdom.

The growth and economic importance of the EC led to the formation of two other European economic and/or political subregions, both of which came about in reaction to the EC or western Europe in general. The first is the European Free Trade Area (EFTA) which initially embraced countries in Europe that were not included in the original six EC countries. Since EFTA's objectives were merely to stimulate trade between its members and to reduce deleterious trade diversion effects of the EC, without requiring supranational protocols, EFTA was most attractive to non-EC countries from Sweden to United Kingdom to Portugal¹¹. EFTA's territory was gradually reduced over the years as some of its former members such as the United Kingdom, Denmark and Ireland, subsequently joined the EC. Currently, the EFTA bloc is held together by a foreign policy of neutrality illustrated by Sweden and Switzerland, and by World War II non alignment treaty obligations as in the case of Austria and Finland. Norway's withdrawal of its application to join the EC helped maintain the EFTA block which evolved into a major trading partner of the EC (Lodge 1989, *op.cit.*, pp. 237-239).

The EE subregion was organized after World War II under the Council of Mutual Economic Assistance (OMEA or COMECON) with some degree of patronage by the Soviet Union. The EE countries, which are currently undergoing drastic transformation in their domestic and subregional politics and economics, have had relatively weak levels of industrial development and foreign trade as compared with those of EC and EFTA. The background to the formation of the EE bloc is different from the other European economic blocs in two ways. First, it followed the creation of the Warsaw

11 Clout, H., M. Blackwell, R. King & D. Pinder - *Western Europe: Geographical Perspectives*. London: Longman, 1985, pp. 17-18.

Treaty Organization (WTO or Warsaw Pact) in 1955 which was formed in response to NATO¹². Second, COMECON also included in its membership non-European countries such as Cuba, Mongolia and Viet Nam. since the rationale for COMECON's existence is disappearing, new forms of subregional organizations are shaping up in EE.

Subregional Formations in Africa

The spatial reorganizational change that took place in western, northern and eastern Europe in response to the EC did not occur in Africa. There have been two principal reasons for the lack of a workable African subregional integration. First, unlike their European counterparts, the two African subregions (NA and SSA) represent divisions resulting from antecedent physical and cultural factors such as the Sahara desert and the Islamic religion. Second, Africa has been constrained by territorial divisions imposed by colonialism. The centrifugal expansion of and political influence by European countries were marked by the balkanisation and dismemberment of the African continent during the colonial scramble in the latter part of the nineteenth century. Colonialism divided Africa into territorial units, purely reflecting proprietary interests of the principal colonial powers, ethnic, cultural and physical entities. This left Africa strewn with a constellation of mostly small countries that have little economic and political viability for success in today's world.

Following the independence movements of the late 1950s and early 1980s, there were attempts to consolidate the continent and create some sort of reintegration among the numerous African countries which would otherwise remain impoverished and backward¹³. But, early interests for pan-African unity quickly fell victim to the nationalistic euphoria of newly achieved sovereignties. Just as was the case earlier in Europe, in Africa also, any framework which implied a loss of political sovereignty was quickly dismissed. With the establishment of the Economic Commission for Africa, subregional integration gained a brief lease on life as the focus shifted to the development of customs unions and common markets¹⁴. However, this plan

12 Goldstein 1984, *op.cit.*, pp. 401-405.

13 Green, R. H., et al. 1967:- "The Child of Lome: Messiah, Monster or Mouse? The Political Economy of EEC Relations with African, Caribbean and Pacific States: Contributions to the Undertaking of the Lome Convention on North-South Relations", Edited by F. Long, New York: Pergamon, Press, 1980. Green, R.H. & K.G.V. Krishna - *Economic Cooperation in Africa Retrospect and Prospect*, Nairobi: Oxford University Press, 1967.

14 Economic Commission for Africa (ECA) - *Background Paper on the Establishment of an African Common Market*, Addis Abeba, ECA, 1963; Green et al. *op.cit.*, 1967. Hazlewood, A. - *African Integration and Disintegration*, New York: Oxford University Press, 1967. Holland, M. - *Introduction to the European Community in the 1980s*. Cape Town: Juta and Company, 1983.

failed because of prevailing colonial links and domestic concerns both of which were too powerful to allow pan-African ideals to take hold.

North Africa (NA) became even more isolated from the rest of the African continent as it turned its face toward Europe and enjoyed a much closer economic relationship with that area by supplying goods and labor. Divided effectively from SSA by the Saharan desert girdle, NA also displays greater internal homogeneity in religion, ethnicity, language and culture. More recently, the closer affinity of NA states has been accentuated by similar stands in Middle Eastern politics. But postcolonial moves for closer economic and political subregional integration among NA countries were not successful despite Egypt's initiatives in the 1960s, and Libya's subsequent push for a United Arab Republics. Recent developments with respect to positions on peace with Israel further polarized the subregion resulting in occasional cold wars among NA countries. Nevertheless, the religious and ethnic homogeneities of the North African states, the collective political identification with Middle Eastern political dynamics espoused by the Arab League, to which NA countries belong, and the physical proximities to Europe gave this subregion a more integrated approach in its international economic position. In the process, the importance of the Saharan physical divide between NA and SSA has been strengthened.

Subregional integration in SSA was even more elusive. All sorts of political problems made it impossible for the subregion to embark on pan-African reintegration ideas advanced during the euphoric 1960s. In west Africa, a score of integration arrangements, most of which were formed with the help of the former colonial powers, such as France, simply floundered¹⁵, British attempts to form the federation of Rhodesia and Nyassaland did not succeed because of African suspicion of metropolitan interests behind the proposal¹⁶. A functioning and promising East African Economic Community collapsed because of member complaints that benefits of integration were not equitably shared¹⁷.

15 Mytelka, L.K. - "A Genealogy of Francophone West and Equatorial African Regional Organization". *Journal of Modern African Studies* 12 (1974), pp. 297-320. Okigbo, P.N.C. - *Africa and the Common Market*. London Longmans, Green and Co. Ltd, 1967.

16 Sills, H.D. - "The Break-Up of the Central African Federation" - *African Affairs* 73 (1974), pp. 50-62.

17 Mugomba, A.T. (1978) - "Regional Organizations and African Underdevelopment: The Collapse of the East African Community". *Journal of Modern African Studies* 16 (2), pp. 261-272.

Both the Organization of African Unity (OAU)¹⁸ and the ECA still believe that economic integration is the only way for Africa to enter a more dynamic process of development¹⁹

Sharing the benefits of integration has also been a contentious issue²⁰. In eastern and southern Africa, the Preferential Trade Area for Eastern and Southern African states (PTA) and the Southern African Development Coordination Conference (SADCC) are ongoing experiments although the latter organization has political underpinning that are unique to countries that border Africa²¹.

North-South Trade Patterns and Potentials in AETA

There is a considerable variation in market potentials among the various AETA subregions. The total population of AETA is nearly 1.4 billion. Only about a quarter of this population lives in the economic core subregions of the EC and EFTA, the two richest blocs which together comprise about two-thirds of the AETA's GDP. The EE, which forms the middle tier in economic strength, composed of NA and SSA contains close to 45% of the population of the AETA but only a miniscule 3% of the GDP (Table 1). In terms of international trade, the dominance of the EC is even more marked. In 1988, the EC accounted for about 75% of the international trade of AETA. The combined 1988 trade of EC and EFTA was approximately 90% of AETA's total. The EE accounted for only 7% of the international trade in 1988. Africa's contribution was a mere 3% (Table 1).

The overall premise with regard to interregional trade relations in the AETA is that the EC is the dominant core around which have been organized peripheral subregions with varying degrees of interaction with the core. Using export data processed from the international Monetary Fund

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- 18 Organization of African Unity (OAU) - *Lagos Plan of Action for Economic Development of Africa 1980-2000*, Geneva: The International Institute of Labour Studies, 1981. Organization of African Unity (OAU) - *Africa's Submission to the Special Session of the United Nations General Assembly on Africa's Economic and social Crisis*. Addis Abeba: OAU Secretariat, 1986.
 - 19 Adedeji 1982; OAU, 1981, *op.cit.* Some positive signs for subregional cooperation recently have appeared although they are too poorly developed to bring about fundamental economic integration. In west Africa, the Economic Community of West African States (ECOWAS) is trying to make a limited form of subregional integration although individual countries largely remain economically dependent on their former colonial powers.
 - 20 Renninger, J. P. (1982) - *The Future Of Economic Cooperation Schemes in Africa with Special Reference to ECOWAS*. In T. M. Shaw, et. *Alternative futures for Africa*, pp. 153-177, Boulder, CO. Westview Press.
 - 21 Leys, R. & A. Tostensen - "Regional Cooperation in Southern Africa: The Southern African Development Coordination Conference". *Review of African Political Economy* 23 (1982), pp. 52-71; Mehretu, A. - *Regional Disparity in Sub-Sahara Africa: Structural Readjustment of Uneven Development*. Boulder, CO: Westview Press, 1989, pp. 131-132.

(IMF) direction of trade statistics for countries included in the study, interregional trade matrices have been developed and analyzed²². Interregional trade flows within the AETA accounted for over 75% of the world trade in both 1975 and 1988 (Tables 1, 2a and 2b), making in AETA an important trading bloc for all its component subregions. In the case of SSA, the AETA market is even more significant. In 1988, about 88% of SSA's export went to the AETA (Table 1).

The dominance of interregional trade by the EC is demonstrated by four distinct characteristics. First, in 1988 the EC accounted for over 75% of the value of all interregional exports and imports in AETA. The EFTA subregion is a poor second with about 13% of the exports and 14% of imports of AETA's value of interregional trade. EE, NA and SSA subregion together share the remaining in per cent of the interregional trade in 1988 (Table 4b). Second, the intraregional trade within the EC is by far most important of any other trade flows in the AETA, comprising of 60% of all interregional trade in 1988 (Table 4b). Third, the EC and EFTA, which contain the richest countries of the region, are by far the best interregional trade partners with trade flows between them ranging between 9 and 11% of the 1988 total interregional trade (Table 4b). Fourth, only the EC subregion enjoyed a consistent positive balance in interregional trade exporting more into the region than importing from it. All others, with the occasional exception of the EE subregion, showed negative balances in which magnitudes for imports from AETA were higher than for exports into the trading area (Tables 2a, 3a and 4a).

The role of the EC in the Euro-African Trading Region has been of major interest among politicians and development specialists²³. Of particular concern has been the relation of EC with former colonial territories collectively known as the African, Caribbean and Pacific states (ACP). NA and SSA are two of the ACP subregions on which there has been considerable focus to advance economic development and commerce. There was a fear that the development of the common market in the European Community would adversely affect trade and development in the NA and

22 International Monetary Fund (IMF) - *Directions of Trade Statistics*. Washington, D.C. IMF, 1982, 1987, 1989.

23 Long, F. (ed) - *The Political Economy of EEC relations with African, Caribbean and Pacific States: Contributions to the Undertaking of the Lome Convention on North-South Relations*. New York: Pergamon Press, 1980. Twitchett, C.C. - *Europe and Africa: From Association to Partnership* Westmead, UK, Saxon House, 1978. Von Geusau, F.A.M.A. (ed) - *The Lome Convention and a New International Economic Order*, Leyden, Netherlands, AW, Sijhoff, 1977.

Table 2 - Interregional Trade in the Afro-European Trading Area
2a: Trade Flows 1975 (in millions of dollars)

From/To	EC	EFTA	EE	NA	SSA	Total
EC	181593.00	31532.00	15816.00	10145.00	6997.00	246083.00
EFTA	22888.00	9245.20	4715.50	637.50	821.20	38307.40
EE	9698.00	4191.40	0.00	1286.80	232.10	15408.30
NA	7802.00	200.70	1571.70	25.60	202.40	9802.40
SSA	5738.00	396.30	343.30	163.30	1483.10	8124.00
Total	227719.00	45565.60	22446.50	12258.20	9736.80	317725.10

2b: Interregional Trade Coefficients - 1975

From/to	EC	EFTA	EE	NA	SSA	Total
EC	0.5715	0.0992	0.0498	0.0319	0.0220	0.7745
EFTA	0.0720	0.0291	0.0148	0.0020	0.0026	0.1206
EE	0.0305	0.0132	0.0000	0.0041	0.0007	0.0485
NA	0.0246	0.0006	0.0049	0.0001	0.0006	0.0309
SSA	0.0181	0.0012	0.0011	0.0005	0.0047	0.0256
Total	0.7176	0.1434	0.0706	0.0386	0.0306	1.0000

Source of raw data: IMF 1982

EE intraregional trade not available.

Table 3 - Interregional Trade in the Afro-European Trading Area
3a: Trade Flows 1980 (in millions of dollars)

From/to	EC	EFTA	EE	NA	SSA	Total
EC	385171.00	71462.00	23185.00	22842.00	23058.00	525718.00
EFTA	59156.20	16440.80	7515.80	1636.00	1337.30	86086.10
EE	25253.50	8841.30	0.00	1589.30	1091.90	36776.00
NA	20916.00	988.10	1590.10	126.00	230.20	23850.40
SSA	22174.00	2891.60	1004.80	323.30	1837.00	28230.70
Total	512670.70	100623.80	32395.70	26516.60	27554.40	700661.20

3b: Interregional Trade Coefficients - 1980

From/to	EC	EFIA	EE	NA	SSA	Total
EC	0.5497	0.1020	0.0331	0.0326	0.0329	0.7503
EFTA	0.0844	0.0235	0.0107	0.0023	0.0019	0.1272
EE	0.0360	0.0126	0.0000	0.0023	0.0016	0.0525
NA	0.0299	0.0014	0.0023	0.0002	0.0003	0.0340
SSA	0.0316	0.0041	0.0014	0.0005	0.0026	0.0403
Total	0.7317	0.1436	0.0475	0.0378	0.0393	1.000

Source of raw data: IMF 1982, 1987

EE interregional trade not available.

Table 4 - Interregional Trade in the Afro-European Trading Area
4a: Trade Flows 1988 (in millions of dollars)

From/to	EC	EFTA	EE	NA	SSA	Total
EC	633937.00	113621.00	24460.00	17850.60	17249.00	807117.60
EFTA	99286.35	25072.93	9483.24	1609.31	1377.73	136829.56
EE	26638.80	7766.00	0.0	2823.20	906.50	38134.50
NA	16104.60	700.60	1476.40	421.00	118.00	18820.60
SSA	15486.90	966.87	590.40	293.80	2585.90	19923.87
Total	791453.65	148127.40	36010.04	22997.91	22237.13	1020826.13

4b: Interregional Trade Coefficients - 1988

From/To	EC	EFTA	EE	NA	SSA	Total
EC	0.6210	0.1113	0.0240	0.0175	0.0169	0.7907
EFTA	0.0973	0.0246	0.0093	0.0016	0.0013	0.1340
EE	0.0261	0.0076	0.0000	0.0028	0.0009	0.0374
NA	0.0158	0.0007	0.0014	0.0004	0.0001	0.0184
SSA	0.0152	0.0009	0.0006	0.0003	0.0025	0.0195
Total	0.7753	0.1451	0.0353	0.0225	0.0218	1.0000

Source of raw data: IMF 1989.

EE interregional trade for 1988 is \$ 35,437.50 million.

Excluded from matrix for computational consistency in Tables 5, 6 and 7.

SSA subregions²⁴. In order to prevent such an outcome, the EC and ACP states provided guidelines for development and trade relations for interdependent development²⁵. This led to a series of conventions known as the Lome I, Lome II and Lome III which were signed in 1975, 1979 and 1984 respectively²⁶. The overall goal of the conventions included improvement of interregional as well as intraregional trade and stabilization of export earnings for ACP states²⁷.

Tables 5 and 6 indicate interregional trade magnitudes for absolute and relative growth patterns respectively in AETA. Considering absolute growth rates in trade, Tables 5A and 5B show average annual growth figures for 1980-88 and 1975-88 periods respectively. Three patterns emerge. First, in the 1980-88 period, the NA and SSA subregions suffered negative rates of growth in interregional trade flows whereas the European subregions enjoyed positive rates, with the exception of the EE-EFTA flow (Table 5a). Second, although the 1975-1988 period indicates largely positive interregional trade growth rates, the European subregion experienced robust double digit annual growth rates as compared to mostly single digit to negative rates for NA and SSA (Table 5b). A third pattern differentiates rates of growth of trade among European subregions as compared with trade among African subregions. In the 1975-1988 period, the EC, EFTA and EE experienced trade growth among them from 7 to 26% annually (Table 5b). On the other hand, trade growth among NA and SSA ranged between negative 3 to a positive 6% (Table 5b).

Table 6a to 6d demonstrate the relative positions of the various subregions of AETA with respect to trade growth beginning with the 1975 data. Table 6a contains expected value of interregional trade in 1988 derived by multiplying interregional trade coefficients (shares) matrix (Table 2b) by the total interregional trade figure for AETA in 1988 (Table 4a). Table 6b contains differences between expected (Table 6a) and actual (Table 4a) 1988 interregional flows. Table 7a expresses "gains" and "losses" as percentage figures assuming that interregional flow coefficients in 1988 remained at their 1975 level (Table 2b). Tables 6b and 7a show that the interregional trade shares in AETA declined from their 1975 level for most interactions except for trade flows among and between EC and EFTA. EE, NA and SSA

24 Ravenhill, J. - "Europe and Africa: An Essential Continuity" - *Europe, Africa and Lome III*. Edited by R. Boardman, T. M. Shaw & P. Boldatos New York: University Press of America, 1985.

25 Ravenhill, J. - "Asymmetrical Interdependence: Renegotiating the Lome Convention". *The Political Economy of EEC Relations with African, Caribbean and Pacific States: Contribution to the Undertaking of the Lome Convention on North-South Relations*, Edited by F. Long. New York: Pergamon Press, 1980.

26 Lister 1988, *op.cit.*, pp. 58-109.

27 Lister 1988, *op.cit.*, pp. 169-174; Long 1980, *op.cit.*, pp. ix-xii).

all "lost" in potential exports with magnitudes ranging from \$6 to \$13 billion, which account for 30 to 67% of their respective exports into AETA (Table 7a). The expected 1988 interregional trade pattern based on the 1980 interregional trade coefficient matrix (Table 3b) is shown on Table 6c and 6d. The figures obtained indicate even larger deviations between expected and actual 1986 flows with high magnitudes in "lost" interregional trade potentials for all subregions except for EC and EFTA (Table 7b).

What are the Prospects for Africa's Trade With Europe After 1992?

In 1992 the European community (EC) is scheduled for a more complete economic federation²⁸. Trade barriers are scheduled to be entirely eliminated between the participating members. Labor is expected to flow between member countries more freely. Representatives of member countries meet regularly to discuss a variety of economic, political and social issues. The 1992 federation will further the economic development of a United States of western and southern Europe.

This means that the 1992 federation of EC will place the EFTA, EE, NA and SSA subregions in new regional patterns of trade and labor flows with various degrees of peripheral participation²⁹. Regardless of EFTA's original mission to enhance trade and development among its membership³⁰, its relations with the EC seem to be getting stronger not only because of defections of some of its members to join the EC but also because of the increasingly higher magnitudes of its interregional trade with the EC³¹. Over the 1975-1988 period, the largest growth in interregional trade in the AETA has been that between the EC and EFTA (see Table 5b). Indications are the EC and EFTA will experience even more future integration in their markets. The implication of a stronger EC market for EE trade are uncertain although recent changes in eastern Europe could result in new spatial alignments for markets as a result of the reunification of the two German states. In 1988, the EE subregion exported to the EC and EFTA almost as much as it did to its constituent countries. Scarcity of historical data for trade among EE countries precludes conclusions on trends but it does appear that trade destined to and from the EC will be considerably more prominent than in the past. As East Europe proceeds to democratize its politics and liberalize its economies, it most likely will take advantage of its geographic proximity to the EC and EFTA. This may produce significant dividends for EE, but

28 Cecchini 1988, *op.cit.*, pp. 91-102; Lodge 1989, *op.cit.*, pp. 225-300.

29 Williams, A. M. - *The Western European Economy: A Geography of Post-War Development*. London: Hutchinson, 1988, pp. 51-59.

30 Ilbery, B. W. - *Western Europe: A Systematic Human Geography*. New York: Oxford University Press, 1981, pp. 109-111.

31 Clout 1985, *op.cit.*, pp. 17-19; Williams 1988, *op.cit.*, pp. 34-40.

Table 5 - Rates of Change in Trade Flows
5a: Average Annual Rate of Growth in Interregional Trade 1980-1988

From/To	EC	EFTA	EE	NA	SSA	Total
EC	0.08	0.07	0.01	-0.03	-0.03	0.07
EFTA	0.08	0.07	0.03	-0.00	0.00	0.07
EE	0.01	-0.02	0.00	0.10	-0.02	0.00
NA	-0.03	-0.04	-0.01	0.29	-0.06	-0.03
SSA	-0.04	-0.08	-0.05	-0.01	0.05	-0.04
Total	0.07	0.06	0.01	-0.02	0.02	0.06

5b: Average Annual Rate of Growth in Interregional Trade 1975-1988

From/To	EC	EFTA	EE	NA	SSA	Total
EC	0.19	0.20	0.04	0.06	0.11	0.18
EFTA	0.26	0.13	0.08	0.12	0.05	0.20
EE	0.13	0.07	0.00	0.09	0.72	0.11
NA	0.08	-0.19	-0.00	1.19	-0.03	0.07
SSA	0.13	0.11	0.06	0.06	0.06	0.11
Total	0.19	0.17	0.05	0.07	0.10	0.17

Note: Computations of Tables 5a and 5b on Table 2a, 3a and 4a.

Table 6 - Actual and Expected Interregional Trade Differentials - 1988
Ga: Expected 1988 Dollar Flows on 1975 Coefficients (millions)

From/To	EC	EFTA	EE	NA	SSA	Total
EC	583444.24	101309.87	50815.58	32395.10	22480.82	790645.81
EFTA	73537.37	29704.11	15150.54	2048.24	2638.45	123078.71
EE	31158.92	13466.64	0.00	4134.39	745.72	49505.67
NA	25067.22	644.83	5049.75	82.25	650.30	31494.35
SSA	18435.75	1273.28	1103.00	524.67	4765.09	76101.78
Total	731643.50	146398.74	72118.87	39384.65	31280.37	1020826.13

Note: Computation of Table 6a based on Tables 2b and 4b

6b: Differences between 1988 Actual and 1988 Expected Using 1975 Coefficients (million of dollars)

From/To	EC	EFTA	EE	NA	SSA	Total
EC	50492.76	12311.13	-26355.58	-14744.50	-5231.82	16471.99
EFTA	25748.98	-4631.18	-5667.30	-438.93	-1260.72	13750.85
EE	-4520.17	-5700.64	0.00	-1311.19	160.78	-11371.17
NA	-8962.62	55.77	-3573.35	338.75	-532.30	-12673.75
SSA	-2948.85	-306.41	-512.60	-230.87	-2179.19	-6177.91
Total	59810.15	1728.66	-36108.83	-16386.74	-9043.74	0.00

Note: Table 6b is computed by subtracting Table 6a from Table 4a.

6c: Expected 1988 Dollar Flows Based on 1980 Multilateral Coefficients (millions of dollars)

From/To	EC	EFTA	EE	NA	SSA	Total
EC	561173.68	104116.34	33779.31	33279.58	33594.78	765943.19
EFTA	86187.44	23953.37	10950.12	2383.57	1948.38	125427.87
EE	36793.01	12881.30	0.00	2315.53	1590.84	53590.68
NA	30473.50	1439.61	2316.69	183.58	335.39	34748.77
SSA	32306.34	4212.91	1463.94	471.03	2676.41	41130.63
Total	746933.96	146603.53	48510.07	38633.28	40145.30	1020826.13

Note: Computation of Table 6c based on Table 3b and 4a.

6d: Differences between 1988 Actual and 1988 Expected Using 1980 coefficients (millions of dollars)

From/To	EC	EFTA	EE	NA	SSA	Total
EC	72763.32	9504.66	-9319.31	-15428.98	-16345.28	41174.41
EFTA	13098.91	1119.56	-1465.88	-774.26	-570.55	11406.59
EE	-10154.21	-5115.30	0.00	507.67	-684.34	-15446.18
NA	-14368.90	-739.01	-840.29	237.42	-217.39	-15928.17
SSA	-16819.44	-3246.04	-873.54	-177.23	-90.51	-21206.76
Total	44519.69	1523.87	-12500.03	-15635.37	-17908.17	0.00

Note: Table 6d is computed by subtracting Table 6c from Table 4a.

Table 7 - Relative Gains and Losses in Interregional Trade - 1988
7a: Percent Gain/Loss Based on 1975 Trade Coefficients

From/To	EC	EFTA	EE	NA	SSA	Total
EC	7.96	10.84	-107.75	-82.60	-30.33	*2.04
EFTA	25.93	-18.47	-59.75	-27.27	-91.51	10.05
EE	-16.97	-73.41	0.00	-46.44	17.74	- 29.82
NA	-55.65	7.96	-242.03	80.46	-451.10	- 67.34
SSA	-19.04	-31.69	-86.82	-78.58	-84.27	- 31.01
Total	7.56	1.17	-100.77	-71.25	-40.67	0.00

Note: Computation of Table 7c based on Tables 4a and 6b.

7b: Percent Gain/Loss Based on 1980 Trade Coefficients

From/To	EC	EFTA	EE	NA	SSA	Total
EC	11.48	8.37	-38.10	-86.43	-94.76	5.10
EFTA	13.19	4.47	-15.47	-48.11	-41.12	8.34
EE	-38.12	-65.87	0.00	17.98	-75.49	-40.50
NA	-89.22	-105.48	-56.91	56.40	-184.23	-84.63
SSA	-108.60	-325.73	-147.96	-60.32	-3.50	-106.44
Total	5.63	1.03	-34.71	-67.99	-80.53	0.00

Note: Computation of Table 7b based on Tables 4a and 6d.

most such gains may be made at the expense of the peripheral and disintegrated subregions of NA and SSA.

In spite of Lome I, II and III and preceding conventions to improve North-South interdependence, the future does not seem to hold much promise for the African subregion with existing subregional formations. Table 7B reveals the smallness and insignificance of NA and SSA trade with EC and EFTA countries. The Table also shows that single digit positive relative (percentage) shifts in interregional trade "gains" for EC and EFTA resulted in high double to triple digit negative relative shifts in interregional trade resulting in "losses" for NA and SSA. This means that small swings in EC and EFTA markets, especially those that may imply trade diversion from Africa, would likely lead to relatively large losses in foreign exchange earnings in Africa. The relative proximity of NA to the EC core may, in the future, be more favorable to increased trade between the two subregions as compared to EC-SSA trade. These trends are, to some extent, shown by Table 7B in which relative negative shifts in trade for NA (see both row and column vectors) are smaller than those for SSA. There are many reasons for this. First, with the poorer Mediterranean countries of southern Europe now embraced in the EC, the NA subregion fills the gap for semi-peripheral status on account of its proximal location. Second, NA is more favorably endowed in energy sources than SSA, providing greater potentials for trade with EC and the other European subregion of AETA. Third, the absorptive capacity of NA for industrial investment is significantly higher than that of SSA because of the former's stronger and relatively more stable structural base and higher level of purchasing power. Finally, the relative closeness among NA nations, principally due to OPEC and the Arab League, provides advantages in dealing with Europe as a bloc. SSA holds few such cartel or political cards in its dealings with Europe.

Africa, with its fragmented market and competitive and duplicative commodities³², and without the benefit of strong cartel power, would continue to suffer from relative deprivation in its interregional dealing with its European trade partners. The EC countries found that with market integration, the rate of their productivity rose and their competitive position vis-a-vis the US and Japan improved immensely. This should provide a lesson to SSA and NA. The small countries in western Europe, like Belgium, that led in the push for economic integration, now rate higher in production and effective market size than the whole of SSA³³. They are

32 Adedeji, A - "Development and Economic Growth in Africa to the Year 2000; Alternative Projections and Policies", *Alternatives Futures for Africa*, Edited by Timothy Shaw, Boulder, CO: Westview, 1982.

33 IMF 1982, 1987, 1989, *op.cit.*

benefiting from the advantage of larger economic markets. With present conditions of structural deficiencies and dismembered markets, NA and SSA countries would not effectively gain bargaining positions in international markets. With expanded markets, not only can SSA and NA subregions be more efficient in producing their staple commodities, but also they can enhance their competitive positions to attract new growth industries in secondary as well as tertiary activities.

Conclusions

The increasing economic and spatial integration of the EC will produce a variety of adjustments for trade and development at three spatial scales: (1) European, (2) Afro-European, and (3) global. First the spatial impact in Europe refers to adjustments that have been going on and will continue to take place with respect to relations between the EC, EFTA and EE. The EFTA has been reduced to only six countries since some of its former members joined the EC. One of its present members, Norway, defeated by popular referendum an option to join the EC but is seriously considering a reapplication for membership. Although EFTA lost some territory in the 1975-1988 period, its trade with the EC grew by the highest rates compared to those for all the other trading subregions including trade within the EC (Table 5b)³⁴. Indications are that EC and EFTA markets will merge even more. Actually, negotiations are taking place at present to create a European Economic Space (EES) which would coalesce EC and EFTA markets. The situation of EE minus East Germany is uncertain. Whatever the outcome of their political and economic changes, EE countries, including the Soviet Union, will likely expand their economic relations with the EC. The need for development funding will soon compel the Soviets to liberalize their markets and create an environment for closer dealings with the West in general.

The second spatial adjustment resulting from the economic federation of the EC will be at the level of the entire trading area of AETA. Based on their geographic proximity and common attributes of culture and advanced economies, the EC and EFTA would play a dominant role in the AETA. EE would occupy a semi-peripheral status in Europe. The African subregions of NA and SSA would be even more marginalized. NA, because of its geographic proximity and mineral and agricultural resources, would be

34 Lodge 1989, *op.cit.*, p. 237.

relatively favoured in its economic relations with the European core. SSA, at least in the short run, would be disadvantaged because of their relative geographic remoteness, political instabilities, structural deficiencies and general economic malaise³⁵.

The third and final spatial economic adjustment, resulting from the strengthened EC trading block, is global in scale. The economic federation of EC and resulting subregional adjustment in Europe affecting EFTA and EE would enable Europe to assert its sphere of influence and dominate its portion of the globe as the US and Japan would continue to reshape theirs in view of the unfolding post-glasnost global system of center-periphery relations. Europe would be the core of one of the three "pan-regions" using Africa and part of Asia as its raw material and cheap labor periphery. The US and Japan may strengthen their own respective domains in Latin America and Asia and Oceania respectively³⁶.

The total developmental impact of spatial adjustment at all three geographic scales is a major question for the 1990s. An important issue is whether the economic federation of the EC, and perhaps enlarged by the addition of EFTA, would be advantageous or deleterious to growth and development in the other subregions. There are two possible interpretations of the lessons from the Lome accords. The first is that the Lome accords did not achieve the desired results. The second is that they prevented even more disastrous consequences from happening. But, if the objective has been to improve the relative standing of Africa in the North-South trading system from 1975 onwards, the accords have achieved very little³⁷. The African subregions of NA and SSA, unless they realize the benefits of an integrated approach to improve their economic future, will certainly face further stagnation and increasingly weaker roles in their trade relations with an increasingly united and stronger Europe³⁸. The time is here to rethink about Africa's own economic unity on at least subregional basis. The decision in 1991 by the OAU Heads of State to establish an African Common Market comes at a critical stage in Africa's development. Although there will be

35 Senghass 1985, *op.cit.*, pp. 66-69.

36 Taylor, P. J. - *Political Geography: World-Economy, National-State and Locality*. New York: John Wiley & Sons, Inc., 1989, pp. 45-51. Wallerstein, I. - European Unity and its implications for the inter-state system". *Europe: Dimensions of Peace*. Edited by B. Hettne. London: Zed., 1988, pp. 1-36.

37 Forbes 1986, *op.cit.*; Hoogvelt, A.M.M. - *The Third World in Global Development*. London, Macmillan, 1987. Lister 1988, *op.cit.*; Twitchett 1978.

38 Cohen, R.B. - "The New International Division of Labour, Multinational Corporations and Urban Hierarchy". *Urbanization and Urban Planning in Capitalist Society*. Edited by M. Icar & A.J. Scott, London: Nethuen, 1981; Forbes 1986, *op.cit.*, pp. 77-91. Gilbert, A. Latin America - "The World Recession and the New International Division of Labour", *Tijdschrift voor Econ. en Soc. Geografie*, 77 (1986), pp. 368-77. Wallerstein 1988, *op.cit.*

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considerable difficulties ahead to realize an Africa-wide economic integration, the declaration of intent should buttress subregional entities such as the ECOWAS and PTA to forge ahead.

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