

Renewing Africa through Globalisation and Intra-Continental Trade

LSE's Duncan Njue explores how African countries can become bigger players in global trade.

Economists define globalisation as a process that involves the integration of economies – products and services; labour, capital and knowledge markets – across international boundaries. In the western world, more so in Europe, North America and in the Asian powerhouse economies of China, Japan, South Korea, globalisation has entrenched itself and has brought huge economic benefits to its people. However, Africa has not largely benefited and continues to be a small player on the global front. In fact, the continent's share of global trade – of goods and services – in 2015 stands at only 3% of \$18 trillion worth. Yet Africa's population share is about 16% of the world's total. With a population of over a billion, the second highest in the world, there is a huge latent demand for its goods and services.



Hoe farming, common in so many African countries, needs to become a thing of the past Credit: International Institute of Tropical Agriculture via Flickr (<http://bit.ly/1VqOtoa>) CC BY-NC 2.0

The ongoing and established integration of markets must be commended and encouraged. It is certainly a step in the right direction. The **continued deepening co-operation between Common Market for East and Southern Africa (COMESA), the East African Community (EAC), and the South African Development Community (SADC)** will yield huge opportunities to regional trade. The continued co-operation in infrastructural projects in energy, transport and communication networks such as LAPSSSET and Northern Corridor Integration Projects ongoing in East Africa currently will for sure be critical in the economic transformation of these regions. They will foster trade. But Africa's trade must shift from the traditional importation-and-distribution from the developed economies and focus on value adding the made-in-Africa for export both within the continent and to the rest of the world. This is what will truly lift the people from poverty to dignity. To achieve this each African country must determine what its comparative advantage is and should be and then develop a clear and effective strategy to strengthen that advantage on a global scale. It could be specialised agriculture, manufacturing, tourism, labour market, knowledge economy, service industry. The age of doing a little of everything is long gone and no longer sustainable.

Education needs to be restructured and curricula revised and streamlined in order to churn out human capital relevant to current, projected and planned market requirements. As integration of trade strengthens, there is need to set up joint research institutions to advance studies and

innovations that will aid Africa overcome its greatest challenges namely agricultural productivity, health, technological innovation and diffusion.

In the face of the ferocious and unforgiving globalisation, state corporations have been devastated: some because of technological obsolescence, others because of low efficiency and rigidity in adopting newer production methods. African governments must stop offering blind bail-outs to state agencies. Instead, support must be pegged on performance particularly improved efficiency and quality and sales volumes. Corporations that fail to achieve their deliverables must be disciplined to ensure that genuine growth and improvement in the quality of products and services that can compete beyond local markets.

Agriculture is and continues to be a huge contributor to Africa's economy. Needless to say it is critical to not only human life sustenance but also to the quality of human capital. But what form of agriculture? The low quality, traditional, subsistence farming will not take the continent far. It holds down a huge proportion of the population with little value addition to the economy. While plough farming was invented over a millennium ago, most African farmers use an even older technology – hoe farming. The continent needs to shift to mechanised, industrialised agriculture and provision of solutions to the sector's perennial problems. Improving the quality and production of farm inputs; upgrading husbandry methods; streamlining storage and transport infrastructure; ensuring predictable market conditions and availing state support are essential for the sector to grow. Regional governments could extend co-operation and jointly set up production facilities to produce fertilisers and seeds for example.

In conclusion, integration of African markets must be enhanced for the people to benefit from trade and people-to-people interactions. The benefits to the economies are obvious. However, Africa must build a strong capacity and presence in the global trade forums. There must be strong lobbying for favourable trade agreements at the World Trade Organisation, UNCTAD, European Union and ASEAN trade conventions to further open up markets and technological frontiers for African countries.

Duncan Njue is a master's student and PfAL scholar at LSE.

The views expressed in this post are those of the authors and in no way reflect those of the Africa at LSE blog or the London School of Economics and Political Science.

February 1st, 2016 | [Development](#), [Featured](#) | [1 Comment](#)

☺