

Foreword Volume 11 (2005/2006): Africa - Escaping the Primary Commodities Dilemma

This Volume 11 of the African Development Perspectives Yearbook is considering in great detail African countries' options to escape the primary commodities dilemma, to diversify their exports of products and services, to upgrade production and processes in order to serve markets for higher valued goods and services, and to improve Africa's position in international global value chains. Forthcoming Volume 12 of the African Development Perspectives Yearbook is complementary to this Volume 11, adding further aspects on the role of commodities in Africa. Volume 12 deals - in the form of country cases and country units - with African countries' state of commodity dependence, their efforts for export diversification, and their vulnerability to crises and disasters. These problems are considered in the context of the continent's abundance of natural resources, especially the strategic oil resources. Resource curse problems are discussed in various contributions. African countries are highly dependent on the export of a few primary products for their economic well-being, and export diversification is therefore without doubt one of the major challenges for Africa's development. The necessity to diversify exports of products and services and to enter new product lines is indisputable. Moreover, the diversification by export regions and by trading partners is necessary to make Africa benefit from the abundance of raw materials. What is however disputable is how the manifold constraints to successful diversification can be overcome and how successful strategies could be applied in this respect.

The units and contributions in Volume 11 of the African Development Perspectives Yearbook therefore address firstly, successful cases of diversification; secondly, strategies to improve African countries' position in international trade and production; and thirdly, diversification efforts of commodity producers in the SADC region. Other two units present book reviews and book notes, as well as news and information with respect to the overall topic of Volume 11. The relevance of these issues for Africa's development has increased tremendously in view of the repercussions of the globalisation trend on Africa. This volume is a joint effort by many contributors and editors who have presented analytical essays on the theme, country case studies, informative reports on necessary policy changes in Africa, and case studies of successful diversification strategies in specific sectors. The issue how to escape from the primary commodities dilemma and how to promote horizontal and vertical diversification attempts was carefully considered by referring to policy areas and to action levels, such as national economies, sub-regional entities, local communities, and social groups. The implications for the required policy changes were analysed at the level of national economies, regions and sub-regions. References were also made to the relevant strategic positions of regional organisations in Africa that have highlighted the perspectives of Africa in the years to come. Volume 11 of the Yearbook comprises five Units in total.

In Unit 1, cases of successful diversification strategies are presented. Of interest are successful cases of diversification and options for upgrading value chains and redirecting the course of economies so that strategies can be formulated that will allow African economies to escape from the high commodity dependence that built up from colonial times. Six different criteria for "successful strategies" are formulated and best practices are compared. Successes are, firstly, related to the degree of overcoming the extent of commodity dependence, as measured by indexes of export diversification. Secondly, successes are related to the ability of countries to sustain a redirection of economies towards broad-based world market integration, on the basis of a higher speed of adjustment and with more beneficial repercussions on the economy and the society. Thirdly, successes relate to the means and ways by which enterprises and countries can exploit their competitive advantages to be able to enter global value chains with their local factors of production in order to maximise local value addition. Fourthly, successful strategies refer to the

prices of products gained at the world markets. An upgrading of product qualities and of related services in conformity with higher income elasticity of demand markets is at least as important as the conventional strategies pursued to remain price competitive with regard of established products and markets. Fifthly, successful strategies have a lot to do with own institutional mechanisms that allow it to gain access to world markets by indigenous firms and independently from foreign firms. Sixthly, successes refer to the distribution of results from new modalities of the production and trade of commodities, since a more equitable distribution of returns to producers will enhance overall development.

Based on these six criteria for successful policies and strategies of commodity-producing countries in Africa, the analyses and cases as presented in Unit 1 brought out interesting new results of what can be done in the years to come to reduce Africa's commodity dependence. Case studies for Botswana, Uganda and Cameroon and analytical surveys identify possibilities and ways how to reach such successes by policy reforms, by reforming institutions, and by identifying and developing appropriate market niches. These analyses and cases also demonstrate that there is no quick fix for all these problems, but that a new strategy path has to evolve over time, that new policies have to be sustained over years in order to generate successes, and that countries can and should learn from each other to identify new possibilities for effective world market integration. It is also clear that traditional strategies to reduce commodity dependence have largely failed and that therefore new ways and means should be encouraged. This Unit 1 presents new avenues by focussing on structural changes so that African countries can also benefit from high-income market segments and can gradually overcome their lack of trade capacity and are enabled to exploit those markets. In this Unit 1 a comprehensive strategy for diversifying, upgrading and redirecting the commodity sector of African economies was formulated; the authors of the various contributions have significantly improved knowledge about opportunities and new policies.

In Unit 2, interventions to improve the position of African countries and firms in international trade and in the global value chains are discussed from different perspectives. Considering that most African countries are still limited to the export of minerals and few food products, they are very vulnerable to external shocks. In addition to the well-known problems of fluctuating and deteriorating terms of trade and a low domestic value addition of primary commodities' exports, the prevailing international constellation of supply and demand is then worsening the terms of trade even further if many developing countries with a similar factor endowment enter into the market with the same product. Therefore, the best market niches are those where the competition pressure is modest and where products are difficult to copy so that the barriers of entry are comparably high. These niches allow producers to reach a high value addition of their exports. To enter these market niches requires that producers upgrade either their products or their processes, what is however difficult to realise for many African countries. The authors of Unit 2 discuss from different perspectives African countries' position in international trade and the options to upgrade products and processes, taking the respective development level of countries, the supply- and demand-side constraints, and a rapidly changing trading environment into account. The problem of Africa's unfavourable position in international trade is discussed and options how to improve Africa's participation in the global value chains are analysed from a global perspective, a regional perspective (West Africa), national perspectives (Eritrea, Botswana, Namibia, Swaziland), and sector perspectives (based on the examples of fish, cocoa, and food industry). The contributions show that successful examples of entering into higher value products and markets exist, and that there is scope for improvement so as to overcome the manifold supply-side constraints that hamper diversification efforts in African countries as well as the demand-side constraints that exist in lucrative export markets.

In Unit 3 a focus is on global raw material markets and diversification efforts of commodity producers in the Southern African Development Community (SADC). SADC comprises 14 very heterogeneous countries in southern and eastern Africa, which have in common that they are, with South Africa being the exception, highly dependent on few primary export commodities. The

authors argue that the escape from the primary commodities dilemma does not necessarily imply the retreat from producing primary commodities per se but that there are different routes of diversification, depending on the development level of the respective country and its production structure. Considering the resource-richness of most SADC countries, primary commodities can play an important role in their diversification efforts as the example of Botswana shows, which has used the revenues from diamonds to promote economic development and diversification. However, a considerable number of resource-rich SADC countries has not used their resources in a development-oriented way and have not performed according to their potential. The authors discuss what could be done to overcome the "Dutch Disease", how the lack of qualified human capital could be tackled, and how primary resources could be used as a motor for economic diversification and development in the SADC region. The main message that comes from Unit 3 is that the SADC countries should invest in the use of their resources and should establish sound and proper primary sector industries in order to market their primary commodities internationally more successful and to reduce their risk of exposure. Factors that affect investment into primary sector industries and that limit the chances to enter international markets are discussed, and policy recommendations how these constraints could be overcome are formulated.

In Unit 4, relevant books, magazines and documents dealing with the topic of primary commodities dependence and diversification strategies as well as other most important publications about socio-economic developments in African countries are presented in book reviews and book notes. It is interesting to see how many research institutes, international organisations and development policy institutions add to the knowledge in this field by presenting new books, journals, seminar reports and discussion papers on various issues. More and more editors, authors and publishers send their publications for review to the Review Editor of the African Development Perspectives Yearbook, and the Yearbook Editors hope that this trend will continue.

In Unit 5 Profiles, News and Information are presented. In this Unit information on new initiatives for Africa, new research projects, and new development networks on and for Africa are presented with special focus on diversification and upgrading of Africa's commodity production. Reports about new researches and documents on key issues for Africa's development are coming in from institutions and experts that are part of the global network which was created already in 1988 by the Research Group on African Development Perspectives in Bremen. These reports and documents also come in from Africa, and they are of great importance because they are proof of the collective will and effort of African people to change their situation by determined action. It is also part of the editorial policy of the African Development Perspectives Yearbook to broaden and to deepen its research network and to make most important documents, reports and researches from the continent available to the public, giving authentic proof of African intentions, plans and objectives for the development of the African continent.

The theme of the current Volume 11 of the African Development Perspectives Yearbook is of great importance for the future of Africa, as it is now more and more pressing to work out strategies how to diversify African economies in a sustainable way so as to work towards a more successful economic development path in African countries. In order to realise this goal a more facilitating international environment and the combined efforts of African governments, the civil society and the enterprises, but also of international donors and the international community are requested. There is a role of large importing countries by giving better market access to African countries and producers so that they become better integrated into the global markets and the global value chains, and to improve gradually their overall position in international trade and production. The WTO Doha Round is only partially an answer to this global task. Much more is necessary in terms of commitment and support from the side of the national stakeholders and from the international community to overcome Africa's primary commodity dependence.

Also, the complementary Volume 12 of the African Development Perspectives Yearbook with the title "Africa - Commodity Dependence, Resource Curse and Export Diversification" will highlight the discussion on how to revitalise and ultimately to transform African economies. In this volume, the focus is on the vulnerability of resource-rich, mainly oil-exporting, African countries. Volume 12 discusses strategies of export diversification, strategic options how to overcome political instabilities that impede investment, and strategies how to work towards reconstruction and sustainable economic and political development; this is done by highlighting in great detail examples from various resource-rich countries. It is discussed in various contributions how these countries can manage to escape from the primary commodities dilemma by pro-active economic policies and especially by solving political conflicts that have arisen from the distribution of resource rents. With now 11 volumes, the African Development Perspectives Yearbook has become an important source on Africa, and we look back at a highly successful working period of the Research Group on African Development Perspectives in Bremen. The work on Volume 12 with the title "Africa - Commodity Dependence, Resource Curse and Export Diversification" is finished, and preparations for Volume 13 with the title "New Growth and Poverty Alleviation Strategies for Africa" are underway.

The Research Group on African Development Perspectives has discussed in these 11 volumes of the African Development Perspectives Yearbook such important themes for Africa as the human dimensions of structural adjustment; the role of agriculture for industrialisation; the role of new energy policies; the importance of active labour and employment policies; the role of regional labour and employment strategies; the issue of good governance for African development; economic and social empowerment strategies and policies; the options and problems of Africa's reintegration into the world economy; the issue of African entrepreneurship and private sector development; the problem of how private and public sectors can be successfully balanced in African countries; and, with this newly available volume of the Yearbook and the complementary one coming next, the central issues of primary commodity dependence and diversification efforts in African countries are covered.

With these issues of the African Development Perspectives Yearbook that were presented over the years to an international readership we have covered central issues of African development and have also formulated innovative strategies how to cope with these relevant problems. This may help to shape in a future-oriented way the fabric of the economies and societies in Africa by analyses and projections that are telling us what needs to be achieved during the next decades. In future we will continue to focus on the necessary changes of economies and societies in Africa and on the new role of Africa in the world economy and society, especially in the context of the global informational and technological revolution. Thus, the views of the Research Group on African Development Perspectives in Bremen are focussed on a future vision for Africa that is based on a fair global order, on principles of sound political and economic governance, and on an African society that is reflecting the demands for and the opportunities of the globally emerging knowledge society.

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