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Introduction

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II. Business in Africa Introduction

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I consider this an opportunity and also a privilege to have submitted this introduction. There are two very important challenges to Africa’s development—i.e., Trade and HIV-AIDS. The trade act of 2000 is the trade engine that will be needed to drive the economic development in Africa. Yes, this remains a very strong formula. However, if we fail to consider a Healthy Human Capital as a very important factor in the trade equation—i.e., without addressing the HIV-AIDS pandemic in Africa, then we have a very weak formula. The ultimate formula for cultivating and for nurturing a Sustainable Economic Development program for Africa must include a Free Market Economic Environment and the collateral Democratic infrastructure necessary to provide the fertile ground in-order to germinate a healthy economy for Africa.

It is hard to overestimate the magnitude of the changes rippling through the global economy and the implication of these changes for the economy of Africa. The intensification of global competition and high speed communications are rapidly accelerating the productive capacity of many nations in the global marketplace. To succeed in the global economy, Africa must replace the old notion of business development as a “buffalo hunt” with a new vision focused around the twin notions of “trade” and “value-added.”

Trade is the engine that creates wealth and jobs, the fuel of economic development. Economics generate wealth and create jobs when they gather materials, process them and sell them elsewhere at a higher price. In short, when they add value to things. The more sophisticated and specialized the goods and services an economy produces and trades, the more value it adds, the higher the quality of its jobs and the greater the wealth it generates. For Africa, the need for a strong traded sector of high value-added goods and services present a special challenge. Historically, trade in Africa has been concentrated not on high but on low value-added products—i.e. raw materials rather than finished products. For example, much of the money generated from oil and a few minerals come not from oil and mineral production concentrated in the villages but from marketing and distribution that is concentrated in cities.

The economic challenge for Africa is also challenged by a lack of industrial diversity. The African economy depend heavily on a single industry, be it oil, mining or textiles. The more a country depends on a single industry, the less economic insurance it holds should that industry decline or new competition emerge. The big question is—How can

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Africa develop a strong, diverse, high value-added economy? How can it strengthen its traded sector and increase the production of wealth producing finished products? The answer lies in a carefully targeted economic development program—a program that is multi-dimensional rather than one tracked, and a program that capitalizes on the economic strengths and minimizes the weaknesses of the continent. The development plan must address some critical areas of need—Market access; Capital availability; Capital building; Development assistance; and Technology transfer.

To that end, the Southern Africa Development Communities (SADC) is trying to do for Southern Africa what the E.U. and NAFTA have done for Europe and North America respectfully. However, Ben Chigara draws a sharp contrast with these organizations and the developing world. Chigara illustrates how optimism in the WTO in protecting developing countries’ fortune in trade is illusory for SADC members. Chigara writes that whatever their aspirations, developing countries and their organizations are at the whims of the developed world and their economic interests. Chigara argues that in order to uphold the WTO principle of fairness and balance in trade, the WTO needs to “substitute a psychology of mutual cooperation for the psychology of dominance and subjugation.”

Koku’s article looks at Ghana and how market forces and the rule of law—torts and contracts—impact the quality of life of everyday Ghanians. Koku chooses to focus on Ghana for two reasons: a) Ghana—a former British colony—uses the common law and adheres to stare decisis; and b) a comparison of Ghana is easier because of this adherence to the common law for Americans wanting to learn more about the continent. Koku argues that the rule of market economies and their accompanying rule of law are essentially alien to Africa. Nonetheless, it is the success of these institutions in Ghana—the first British colony to gain independence—that has been instrumental in elevating the quality of life in Ghana. Both articles show how trade, through the rule of law can elevate the plight of everyday Africans, but as Chigara argues governments have to play a role and ensure that the developed world works with Africans in all rungs of society to ensure this process.