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Bringing Down the Barriers –
Creating a Dynamic Export Development Agenda

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Regional Integration: Responding to Necessity?
Breakout Series 3: Building Markets

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Moderator: Taiana Mora-Ramis, Executive Director, CaribExport, Barbados

Regional integration has a variety of drivers. Some come from outside national economies and others are the result of pressure from internal factors. The outcome can be a patchwork of different types and levels of integration within one single region – as in the Caribbean, noted moderator Taiana Mora-Ramis.

Stephen Heieck of the Central American regional project for trade policies in El Salvador, told this breakout session that the integration process in his area is influenced by two factors: a growing deficit in its overall balance of trade, and recognition that bigger markets and ease of access to them are essential. However, the process faces problems rooted in a reluctance to dilute national sovereignty.

There is a general resistance to supra-national projects and an attachment to national trade policies, while a jungle of legal norms creates barriers to cross-border trade. Further, the private sector – and especially SMEs which account for some 30 percent of the region's GDP -- has not been sufficiently involved in the process, leading business in some countries to side with opponents of free trade agreements, especially with the United States.

Efforts are now under way, based on the experience in Colombia and Chile, to build up a dialogue between governments and SMEs and bring the private sector into the process of negotiating an FTA with the European Union, said Heieck.

Closer ties

Elham Zeadat, Managing Director of Bloom Dead Sea Gift Enterprise of Jordan and Enno Bozdo, deputy minister of the economy of Albania, saw the integration process in their regions as influenced in different ways by the prospect of closer ties with the European Union – economically in the case of Jordan and the Maghreb countries, and politically in the case of Albania and other South-east European nations.

Free trade agreements signed by Jordan, said Zeadat, have given her company better access to a range of markets outside the country's immediate neighbourhood through the lowering or abolition of import tariffs and a removal of quotas by some trading partners. The favourable climate for such agreements in Jordan has been largely created by government effort. But there are obstacles to their full exploitation, ranging from a lack of export-oriented sub-contractors – or people with knowledge of international trade – to the overall political situation around Jordan.

Bozdo said the ultimate goal in South-East Europe must be for the region to be fully integrated itself by the time all the non-EU countries are ready to join the Union. Already a project

for a regional energy market is well advanced. Regional trade agreements, as long as they conform to World Trade Organisation rules, are better than having nothing at all.

Necessity drives

Aniebo Akpan Roberts of the Global Partnership Initiative, Nigeria, felt that necessity is driving the integration process in Africa. “African countries are poor because they do not trade enough,” he said. On a regional level, Africa could more successfully tackle the problem posed for trade performance by the small scale of national businesses. However, greater empowerment of business is vital through the creation of trade-related private sector institutions and strategic partnerships. Business must be a better advocate for itself but it must also be given greater access to government councils.

Participants from the floor also emphasised the need for closer involvement of the private sector to achieve regional integration. Several, however, noted resistance in the public sector in many countries to granting business a more influential role, both in advising on development strategies and in helping shape negotiating positions when regional agreements are being discussed.

Formalizing the informal sector

Other issues that emerged in discussion included:

- the need to formalise the informal sector, especially in Africa where one speaker said it accounts for some 90 percent of trade across the continent
- the need to ensure that the growing number of women entrepreneurs are involved in consultations on regional accords
- how governments can be convinced of the long-term benefits from regional agreements when they often involve loss of revenues from customs duties to finance social programmes and other domestic projects.

Are there winners and losers in regional agreements? Bozdo argued that freer trade and liberalization of markets is in the long-term a win-win situation for everyone. “You are better off with an RTA than without,” he said. But this view was challenged by a participant from Bolivia. In his country, he said, farmers would certainly lose out from an RTA.