

# Cutting the Umbilical Cord: The Changing Determinants and Patterns of Sub-Saharan African Trade

Kwadwo Ofori-Brobbe, Associate Professor of Management, Texas Southern University, Houston, TX

Lucy Ojode, Associate Professor of Management, Texas Southern University, Houston, TX

Habte G. Woldu, Clinical Professor, Strategy and International Management, University of Texas - Dallas

## ABSTRACT

*Trade patterns may be viewed through various theoretical lenses. This paper adopts the classical framework to view Sub-Saharan Africa (SSA) trade patterns and finds the Heckscher-Ohlin model insightful but inadequate in explaining the patterns. Other factors such as the colonial legacy and reliance on a few export commodities also play crucial roles. In particular, the export of a limited range of primary commodities appears to adversely affect SSA's economic growth. We suggest that for SSA to achieve growth through trade, it must not only diversify into value-adding processed exports but also build trading partnerships beyond its colonial trading ties.*

## INTRODUCTION

Exports have historically served as the prime engine for economic growth in Africa. The well-endowed countries in the continent that exploit their endowments for export, have generally seen more prosperity than those lacking such endowments. However, since economic growth depends on the vicissitudes of a demand external to the region, such export-led growth has resulted in several challenges for the continent. Consequently, Sub-Saharan Africa's (SSA) trade has not grown in unison with world trade since the 1950's but has lagged behind other regions (Helleiner, 1992; Svedberg, 1992). Svedberg suggests that while in 1950 the share of SSA in world total exports was above 3%, a gradual decline has reduced the share to 1.2% by 1987, and by 1988 the total exports of SSA with a total population of over 400 million people, were below those of Singapore with a total population of 2.5 million. The United Nations (1993) also estimates that excluding fuel exports, Africa accounted for only 2%-3% of world trade in 1990.

Several theories have been advanced to explain SSA's poor trade performance. One school of thought attributes the poor performance to external factors such as a slow volume of growth of world primary commodity markets and deteriorating terms of trade (Svedberg, 1990). Others (e.g., Quarcoo, 1990 and N'geno, 1990) attribute the decline to internal or individual country policies such as import protection, high taxes on exports, over-valued exchange rates and inefficiencies of state (*parastatal*) marketing boards that are prevalent in the region. We believe that these two factors, as well as SSA's trade patterns contribute to this poor performance. According to the UN Economic Commission for Africa (1992), the heavy reliance on mainly unprocessed, low value added primary commodities underlie the economic decline in the continent. Exacerbating the problem is most countries' overwhelming dependence on one or two export commodities. Further, for a long period of time trading partnerships within SSA have largely been driven by colonial heritage where the ex-colonizers were the primary trading partners leaving only *surplus* exports for elsewhere. Such monopsonist trends can have adverse effects on SSA trade.

Although some studies (e.g., Svedberg, 1990; Davis 1990) have examined SSA trade, most concentrate on trade policies. Despite their policy focus, these studies provide a rich springboard to explore the role of contextual variables such as the environmental, historical, and social forces in SSA trade patterns. In this paper, we examine the direction of export trade in selected SSA countries and review whether the trading patterns have changed since independence. We also review some of the challenges that result from a strategy of growth through primary product exports. The paper suggests that for SSA to reverse the poor performance of its export trade and escape from the inevitable trade gap associated with primary exports, it should re-examine trading partnerships and diversify into value-added or semi-processed exports. The next section reviews the relevant trade theories.

## **Theoretical Perspective**

The importance of trade and the relationship between trade and economic welfare has been examined in economic theory. Adam Smith first espoused the benefits of free trade that David Ricardo (1772-1823) built upon to emphasize that a nation must specialize in the production of goods in which it has comparative advantage. Specialization and exchange lead to greater output and greater consumption. In Ricardo's theory, trade is based on labor productivity differences between nations. The Heckscher-Ohlin (H-O) theory refines Smith and Ricardo's idea of unfettered trade to imply that countries need to export products based on factors in relative abundance and import products that require factors in relative scarcity (Schneewes, 1985). Thus, under the H-O theory, the larger a country's physical capital endowment, the more physical capital-intensive will its exports be (Havrylyshyn, 1985). Similarly, larger endowments of human capital would lead to more exports of human capital relative to labor. The framework emphasizes comparative advantage in production through technology or resource endowments as an explanation of the volume and composition of international trade. Termed "classical", the theories of Smith, Ricardo, and Heckscher-Ohlin help to explain the pattern of international trade observed in most of the world economy. However, before exploring its efficacy at predicting SSA trade patterns, we need to delve in its basic assumptions.

An important assumption in the classical trade theory that the H-O model represents is that factor endowments in different countries are not mobile. This assumption has led some economists to regard traditional trade theory as too simplistic (Gray, 1982) and therefore inadequate in explaining today's trade patterns. Further, in several empirical investigations, the linkage between the theory and modern trade remains tenuous (Francois and Kaplan, 1996; Deardoff, 1984; Leamer, 1984; Bowen et al 1987). For example, what explains the heavy volume of trade within the Triad (North America, Western Europe and Japan)? This trade pattern doesn't appear to be based on comparative advantage in production through technology or natural resource endowments. There is therefore the need for an expanded trade theory that captures a number of factors that influence trade. Such a theory may be emerging with a broadened scope that include factors such as counter trade (Korth 1988) and export controls (Nollen, 1987). Similarly, Markusen (1986), Bergstrand (1990) and Hunter (1991) have addressed the relevance of non-homothetic factors such as a tremendous share of actual trade involving similar products between similar countries.

In response to the realization that the classical trade theories and the H-O factor endowment model do not adequately explain the pattern and direction of modern trade, particularly the inter-Triad trade, a new trade theory emerged. Deardoff (1984) has summed it up that the growth of intra-industry trade is an empirical phenomenon not explained by the older, traditional theories. The new trade theory has now reached its maturity and contributors include Ethier (1982), Krugman (1984, 1986), Grossman and Horn (1988) and Grossman and Helpman (1991).

In pithy, the theory stipulates that trade is altered when markets are imperfect or when the production of a specific product is subject to the economies of scale (Deraniyagala et al, 2001). The theory further states that in addition to increasing returns to scale, the learning curve effect can further lead to a decline in production costs. In other words, economies of scale and experience curve can allow a nation to become a low-cost producer as if the nation had a factor in abundance under the H-O model. Chandler (1990) has suggested that a nation may be able to realize scale economies ahead of later entrants and thus benefit from lower-cost structure. Such a first-mover advantage may explain the dominance of certain nations in some industries.

Other researchers have sought alternative frameworks that incorporate geographic distance in predicting contemporary trade patterns. Such works include Anderson's (1979) gravity model that provides that after controlling for size, trade between two regions decreases in relation to the bilateral trade barrier relative to the average barrier of the two regions to trade with all their partners. Thus, the greater the barrier to trade with all others in a region, the higher the likelihood that a country or region will trade with a given bilateral partner (Anderson et al, 2000). McCallum (1995) also considers geographic distance and estimates that two regions separated by 500 miles will trade more than 2.67 times as much as two regions separated by 1000 miles. While geographic distance could play a role, trade in SSA is essentially a North-South phenomenon that is primarily based on differences in factor endowments (Markusen, 1986). Thus, the H-O model's emphasis on different factor endowments (technology in the industrial countries and land or labor in the developing world) appears more pertinent to SSA trade patterns.

## Sub-Saharan Africa Trade Patterns

Although trade pattern normally refers to the direction and composition of a country's exports and imports (Frimpong-Ansah et al., 1990), we include the nature and volume of SSA imports and exports. Direction implies the final destination of exports or origin of imports but we also consider direction of trade as the percentage of a country's exports going to a particular trading partner, i.e., country or region. Nature and composition refer to the types of commodities or products exported and imported. Under the volume of trade, we shall briefly discuss the physical quantities or the monetary values of exports and imports. In this study, our focus is on exports since exports to some extent determine the level of imports and subsequently the growth and development of SSA countries.

SSA encompasses about forty-two countries demarcated in the north by the Sahara desert that separates the region from Arab Africa. Most of the countries share similar characteristics. For example, excepting Ethiopia, European countries (i.e., Britain, France, Belgium and Portugal) colonized all SSA countries. However, since the 1960s, SSA countries have achieved political independence. Similarly, save for Botswana and Gabon that are medium-income, all SSA countries are classified as low-income (World Bank, 2000). Due to its peculiar past and atypical economy, we omitted South Africa from the study. We also omitted others due to data unavailability. In total, we obtained complete data on 20 SSA countries (Table 1 below) from several archival sources (e.g., World Bank, UN, and the IMF) from 1960 to 2000. The next section goes beyond factor endowments and suggests other factors that we believe affect SSA's trade patterns.

**Table 1: List of Selected Countries in Sub-Saharan Africa Used in Study**

Country	Location	Ex-colonial master	Vegetation	Year of independence
Angola	S	P	F	1975
Cameroon	C	F	F	1961
Central African Rep.	C	F	F	1960
Congo Demo. Rep	C	BL	F	1960
Congo Republic	C	F	F	1960
Cote d'Ivoire	W	F	F	1960
Ethiopia	E	-	S	1942
Gabon	C	F	F	1960
Ghana	W	B	F	1957
Kenya	E	B	S	1963
Malawi	S	B	S	1964
Mali	W	F	S	1960
Mozambique	S	P	F	1975
Nigeria	W	B	F	1960
Senegal	W	F	S	1960
Sierra Leone	W	B	F	1961
Sudan	E	B	S	1956
Tanzania	E	B	S	1964
Uganda	E	B	F	1962
Zambia	S	B	S	1964

Legend:

Location: S (south); C (central); E (east); W (west)

Ex-colonial master: B (Britain); F (France); P (Portugal); BL (Belgium).

Vegetation: F (forest); S (savanna)

## Colonialism and SSA's direction of trade

Sub-Saharan Africa has traded with Europe ever since the Portuguese established trading posts along the costs of the continent in the 15<sup>th</sup> century. Indeed, parts of the continent such as the Gold Coast (Ghana) and the Ivory Coast (Cote d'Ivoire) derived their names from the major exports from those colonies. According to Reynolds (1984), "Europeans came to associate West Africa with the prominent trade items they produced." Trade with Europe was given a greater impetus when the colonial condition necessitated the production of agricultural products and mineral ores for export. Thus production for export was a fulfillment of the colonies' obligations (Chudson, 1984). Frimpong-

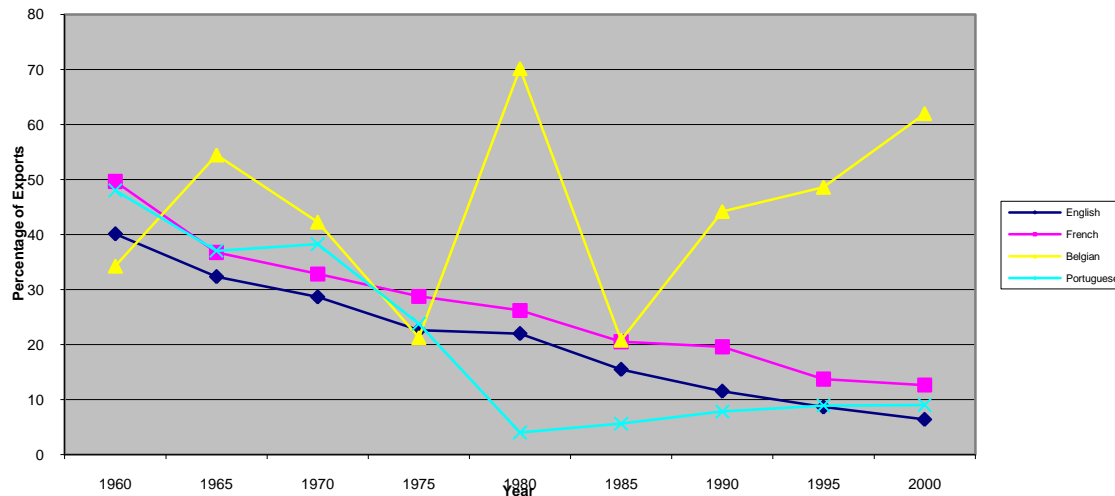
Ansah et al (1990) observe that prior to the 1920s, the objective of the colonialists was to develop the colonies as an integral part of the imperial trade network. In their opinion, this led to the production of only primary commodities and mineral ores for export. Any attempts to locally produce a substitute for an import was discouraged. For example, the distilling of a local gin called *akpeteshie* was banned in West Africa to prevent it from competing with imported gin. In return, the colonies imported capital goods as well as manufactured consumer goods. That is, the colonies exported commodities that reflected their factor endowments and imported goods for which they lacked factor endowments.

Furthermore, by viewing the colonies as integral parts of their trading networks, any territorial encroachment was challenged or resisted. The Portuguese, for example, forbade Africans in their sphere of influence to trade with other Europeans, often executing interlopers (Blake, 1937). In fact, several wars were fought not only to protect areas of influence but also to acquire them. For example, the Dutch and the Danes fought in 1776 for the control of Accra and its hinterland (Norregard, 1966). According to Norregard, the colonialists went to every extent to protect their colonies. For example, he claims that the Danes forced native leaders to “eat fetish to swear everlasting loyalty ... for the safety of the trade routes for us Danes”. In short, under colonialism, the colonies had little or no choice in the selection of their trading partners. This meant that exports from ex-British colonies went to Britain while those from ex-French colonies went to France, a trend that still persists in some form (Quarcoo, 1990). This implies that unless a country was never colonized, as is the case of Ethiopia, there was no liberty to choose trading partners even if geography circumscribes the country’s export structure.

Colonial influences on SSA trade patterns can also be seen in the choice of crops cultivated for export. Nowhere were such policies more apparent than Cote d’Ivoire and Ghana and to some extent in Nigeria and Cameroon. Cote d’Ivoire and Ghana are contiguous and share identical geographical conditions. Based on the H-O trade theory, Cote d’Ivoire and Ghana should export identical products. Yet, during the colonial period and even after independence, the emphases were on different commodities. The British encouraged Ghana to cultivate and export cocoa, while in Cote d’Ivoire the French emphasized coffee. Indeed, cocoa generated more than 60% of Ghana’s export revenues, while coffee provided similar revenue percentage for Cote d’Ivoire (World Bank, 2000). Similarly, in Nigeria the emphasis was on cocoa and oil palm while in neighboring Cameroon, coffee was the crop of choice.

Administratively, the colonialists also pursued different policies. Nadel (1964) cites the French historian Leroy-Beaulieu (1870) that the greatest utility of the colonies was “to give commerce of the metropolis large scope, to activate and maintain its industry and to provide the inhabitants of the mother country, manufactures, workers, and consumers.” However, the colonial powers employed different approaches. According to Chamberlain (1985) French colonial policy hinged on the belief that universal laws should govern all men. The French, Chamberlain claims, therefore felt fewer inhibitions in changing other people’s cultures or assimilating them into French culture. Those assimilated (from SSA) became black Frenchmen or *evolue’* (Boahen, 1966). Chamberlain (1985) further adds that the French believed they were on a civilizing mission in *La France d’outre-mer* (France overseas). The Portuguese and the Belgians also pursued similar policies of assimilation, turning Africans into black Portuguese (*assimilado*) or black Belgians (*immatricule’*) respectively. To this end, France, Portugal and Belgium and their ex-colonies achieved a high degree of economic integration.

Instead of direct rule and assimilation, the British chose the policy of indirect rule (Chamberlain, 1985). The British treated their colonies as separate entities that formed part of a commonwealth, and subsequently there was no need to achieve a high level of political and economic integration. Thus, because of the loosely-coupled relations between Britain and her ex-colonies, the latter achieved a greater diversification of export markets than ex-French, Portuguese and Belgian colonies which had very close relations with their ex-metropolitan countries. In other words, during the period under study, exports to Britain from her ex-colonies decreased considerably. Fig.1 shows that although exports to all ex-metropolitan countries declined over the study period, Britain on average absorbed the smallest percentage (20%) of exports from her ex-colonies. Belgium absorbed the greatest percentage (50%) while France and Portugal absorbed 31% and 21% respectively.



Source: UN: World Trade Statistics

**Figure 1: General Trend of Exports to ex-Metropolitan Countries**

### Change in Direction?

The 1960-70 decade ushered in political independence for most of SSA. Political independence offered opportunity to loosen colonial ties or cut the umbilical cord that bound the colonies to the metropolitan countries and alter trading patterns through diversification. Several SSA countries have taken advantage of their new freedom and have been able to substantially alter direction of trade since independence. For example, at the time Ghana's independence in 1957, 37% of her exports went to UK, that supplied 42% of Ghana imports (Rimmer, 1984). The corresponding figures for 1977 were 19% and 14% respectively. Similarly, at Nigeria's independence in 1960, 48% of her exports went to the UK from where she obtained 42% of her imports. By 1977, only 2% of Nigeria's exports went to the UK, from where she obtained 22% of her imports. The situation was not different in the French ex-colonies. For example, in 1960, France took in 53% and 82% of the exports of Cote d'Ivoire and Senegal respectively. In the same year, France supplied Cote d'Ivoire with 70% of her imports and 69% of Senegal's imports.

Similar changes occurred in eastern, central and southern Africa. For example, Kenya's exports to Britain fell from 25.13% in 1960 to 10.32% in 1995, a decrease of about 55% as Sudan's exports to Britain declined over 90% from 25.97% in 1960 to 2.5% in 2000. Mozambique's exports to Portugal also fell from 48% in 1960 to about 9% in 1995. Similarly, Congo Republic exports to France fell about 85%, from 61.42% in 1960 to about 6% in 1995. The only non-colonized country, Ethiopia showed no appreciable change in the direction of trade. However, its brief Italian occupation led to a special relationship so that in 1960 about 8.86% of Ethiopia's exports went to Italy while in 2000, 8.65% went to Italy, a decrease of only about 2.4%. The relative importance of the ex-colonialists as export markets and sources of imports declined from an average of 42% of SSA exports to the ex-colonialist in 1960 to about 12% in 2000 (changes in individual country exports to its ex-colonizer data from 1960-2000 is obtainable from the authors). We look at possible causes of the decline in the next section.

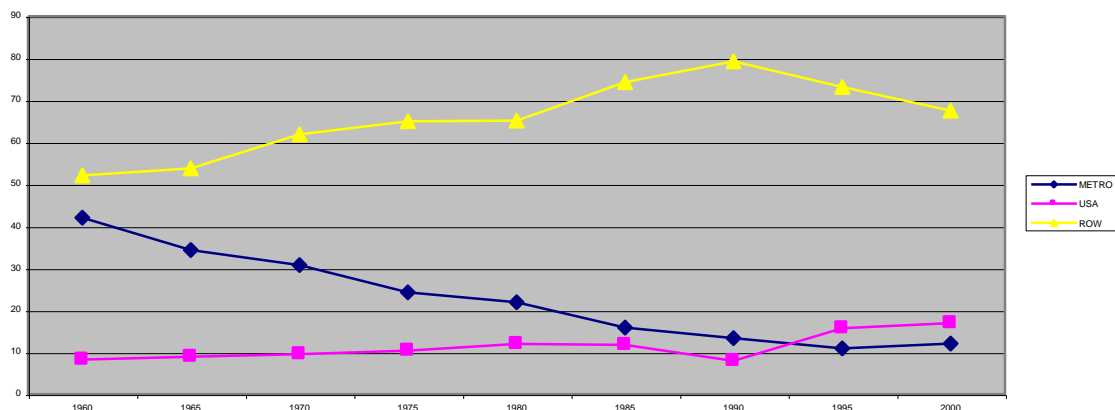
### Post-Independence Policies

In theory, political autonomy implied that the ex-colonies were at liberty to pursue new political ideologies, economic policies and even to look for new markets, particularly in Eastern Europe and North America. Ghana for example, pursued a policy of non-alignment after independence (Quarcoo, 1990). In terms of trade, Ghana's exports to the Soviet block increased from 5% to 24% between 1960 and 1965. Nigeria's exports to the Soviet bloc also increased from negligible amounts to over 10% of her total exports. Whereas most SSA countries appeared to have made efforts at market diversification, countries that pursued socialist policies or active nationalism exerted greater effort in that direction. Countries in this category include Tanzania, Ghana, Ethiopia and Guinea (Frimpong-Ansah et al., 1990). This leads us to suggest that SSA countries that pursued nationalist or socialist economic policies after independence had

more diversified export markets than countries that pursued liberal economic policies. For example, although Ghana and Cote d'Ivoire exported identical products, Ghana managed to reduce her dependence on Britain as a market for her exports (11%) more than Cote d'Ivoire did with her exports to France (15%) during the period under study. Tanzania, another *progressive* country (Frimpong-Ansah et al., 1990) also reduced her exports to Britain from 31.65% in 1960 to about 5.7% in 1995, a decrease of over 70%. On the other hand, its more liberal neighbor, Kenya saw a 60% decline while another liberal neighbor, Central African Republic reduced exports to France by about 53% over the study period.

### Emergence of New Trading Partners

The change in the direction of SSA trade away from the ex-colonialists was accentuated by the emergence of other important trading partners in the global economy. For example, in 1960 the USA was not an important SSA trading partner accounting for only 7.8% of exports but by 2000, about 12% of SSA's exports went to the USA, an increase of 67.5% in 40 years. Similarly, countries such as the Netherlands, Germany and Japan became important trading partners of SSA after the 1960s. For example, prior to 1960, Japan was an insignificant SSA trading partner, but by 1980, its reputation for quality and competitiveness had increased trading relations with SSA. Similarly, other industrializing countries such as China, Taiwan, and to some extent, Brazil (classified as "Rest Of the World") became important export market for SSA (Fig. 2).



Source: UN, World Trade Statistics

**Figure 2: Growing Importance of Other Trading Partners**

Another important factor that contributed to the emergence of new trading partners was the emergence of trading blocs. For example, Griffith-Jones (1993) observes that with the formation of an integrated European market, the trade of developing countries suffered. She estimates that efforts at implementing the protocols of integration distracted European attention from multilateral negotiations and from trade with developing countries. Similarly, formation of trading blocks in Africa itself, such as ECOWAS and SADCC influenced the direction of SSA trade, albeit marginally (Asante, 1986).

### Trends in the Pattern of SSA Export Trade

Chudson (1984) estimates that between 1950 and 1960 the value of exports from SSA rose by 70%. This growth rate compared favorably with that of the world and save for Japan. Indeed, SSA outperformed Asia and Latin America. He attributes this remarkable growth to a rapid growth of agricultural production, averaging 3% a year up until about 1957. The greatest growth was, however, realized in the 1950s when increased export production was reinforced by rising prices. Between 1956 and 1960, export production increased by 25%, but with a partial decline in export prices, the value increased by only about 15%. The rise in the value of SSA exports peaked circa 1970 and started to decline (Svedberg, 1992). By 1987 it had declined to 1.2% of total world exports. This figure is even marred by crude oil exports. Indeed, Svedberg estimates that the exclusion of crude oil exports further reduces SSA's share of world exports

to only 0.9%, a far cry from the 1970 level of 2.3%. As stated earlier, economic development in SSA to a very large extent, depends on its external trade. Export revenues enable SSA countries to import capital goods needed for development. This means that an increase in the volume or value of trade can lead to an increase in economic development.

### Nature and Composition of SSA Exports and Direction of Trade

SSA economies are characterized by a few export commodities (ECA, 1996; Svedberg, 1992; World Bank, 1999), usually, basic agricultural raw materials (e.g., cocoa, coffee and tea) and unprocessed or semi-processed forest products or minerals (e.g., iron ore, diamonds, gold, and crude oil). Most countries have a narrow export base. Indeed, some rely overwhelmingly on the export of only one or two commodities. For instance, coffee accounts for 95% and 65% of Uganda and Ethiopia's exports respectively. Crude oil constitutes 95% of Nigeria's exports while Zambia overwhelmingly depends on copper exports. Only a few countries, such as Kenya, Tanzania, Sudan and Senegal, appear to have some diversified export bases. Table 2 shows the number of major exports of the SSA countries in the study. Next we explore the possible connection between the nature of these commodities and the direction of trade.

**Table 2: Number of Main Exports per Country (=> 80% of Total Exports)**

	1960	1970	1980	1990	2000	Average
Angola	5	7	5	4	3	4.8
Benin	7	7	6	5	3	5.6
Burkina Faso	4	3	6	5	2	4
Cameroon	4	5	5	4	6	4.8
Central African Rep.	5	5	5	4	4	4.6
Congo Demo. Rep.	4	4	6	5	3	4.4
Congo Republic	5	5	4	4	1	3.8
Cote d'Ivoire	4	4	6	7	7	5.6
Ethiopia	6	4	5	5	5	5
Gabon	5	3	1	2	2	2.6
Ghana	4	4	5	5	6	4.8
Kenya	7	8	9	9	8	8.2
Malawi	4	5	5	4	5	4.6
Mali	5	6	5	4	2	4.4
Mozambique	6	7	6	3	8	6
Nigeria	4	2	1	1	1	1.8
Senegal	3	8	7	6	7	6.2
Sierra Leone	5	4	5	6	5	5
Sudan	7	5	6	6	7	6.2
Tanzania	6	8	8	8	9	7.8
Uganda	4	3	4	5	6	4.4
Zambia	5	1	1	1	2	2

Source: UN, World Trade Statistics

Economists have alluded to the adverse effects of exporting primary products. For instance, Prebisch (1950) and Singer (1950) argue that demand for primary products is less elastic than the demand for industrial goods. Citing Nurkse's (1967) pessimism about agricultural exports as a basis for development, Tomlich et al (1994) assert that the share of non-fuel raw material and food imports of industrial countries has fallen from 39% in 1965 to 17% in 1990. They attribute this decline to Engel's law which implies that food's share of total expenditures diminish with rising incomes. Other contributory factors to the decline include the use of synthetic substitutes, growth of the service sector, and the fact that growth rates are slower than potential increases in supply of some primary commodities. Tomlich et al surmise that the growth in demand for primary exports in world markets is slowing. This means that as incomes of SSA's trading partners increase, progressively smaller percentages will be spent on SSA exports.

Thus, given the production of one or few primary commodities for export, if output doubles, export revenues would not double. Under such circumstances any SSA country that seeks to increase its export revenues must diversify her export base as well as export markets. In other words, if a substantial increase in the export of a particular commodity does not lead to a corresponding increase in export revenues, it may be beneficial for the country to attempt to increase its export revenue through the export of an additional commodity instead of the same commodity.

### **The Future: To Export or not to Export**

Africa depends on international trade. In 1983 it supplied 2.4% of world exports and purchased 2.5 % of world imports, trends that are consistent with its 2% contribution to world GDP and indicative of a higher trade dependence than the rest of the world (Hood, 1984). Some observers view this high trade dependence as pernicious while others opine that SSA's economic growth is dependent on export boost. Others argue that it is the composition of exports that matters for SSA as the region suffers widening trade gap and perpetual trade deficits (Onoh, 1972) due to declining terms of trade for primary exports (Prebisch, 1950; Singer, 1950). Whereas prices of exports have been declining, prices of imports have been rising steadily and the resultant widening trade gap would ultimately negatively impact SSA's quest for capital equipment to facilitate its further economic development.

Primary exports can support industrialization and play a pivotal role in development. Export supplies hard currency necessary for intermediate capital goods that are critical in the structural transformation process (Tomlich et al., 1994). Further, export enables a country to exploit its factor endowments more efficiently and for poorer and smaller countries that may be resource-rich, it may provide a "vent for surplus." This means that such countries can export commodities that have little value at home and stimulate development through economic linkages in the rest of the economy. For instance, increased income from primary exports can stimulate growth of domestic demand and spur expansion of transport and other marketing services. Similarly, input requirements of primary producers may trigger backward linkage to input suppliers and may infuse multiplier effect on the domestic economy. Despite their merits, these arguments do not address Prebisch and Singer's observations and it is doubtful primary export would result in the growth SSA envisages.

## **CONCLUSION**

SSA has engaged in international trade for a long time. Its export has consisted primarily of agricultural, forestry, and mineral products while imports consisted of capital goods. Thus, to an extent, the Heckscher-Ohlin model appears to explain aspects of SSA trade pattern. However, idiosyncratic variables such as colonialism, post-independence policies, and emergence of new trading partners also influence the pattern. These variables have important policy implications that we discuss in the following section.

Studies indicate that the bulk of the SSA exports is subject to Engel's Law. This means that in the long term, even if the prices of these exports rise, they cannot keep pace with the prices of imports. The resultant trade gap hampers economic growth. To close this gap and achieve sustainable growth, it is suggested that SSA diversify into the production of domestic food crops first. This will release valuable hard currency from exports that traditionally goes to food imports for capital equipment for value-added production and export. A related strategy involves exploration of alternative uses for indigenous SSA products. For instance, processing tropical crops such as cotton, cocoa, and coconuts into value-added end uses for home and export can lead to increased resource utilization and promote the narrowing of trade gap and improved prospects for economic growth and development. The strategy should result in the process or manufacture of primary products for export for instance, cocoa bean producers can add value by integrating forward into chocolate and cocoa butter.

Primary export still plays a big role in economies in early stages of development such as SSA as these countries lack requisite capital or technology for manufactured export while they may have a relative abundance of labor and land for agricultural production. However, Prebisch and Singer indicate that such improved and diversified agriculture may only serve as a stopgap measure. Ultimately, SSA needs to reevaluate reliance on a few export commodities and focus

instead on technology and human capital development that are transferable to other sectors of the economy. Similarly, SSA needs to review trading partnerships based on colonial legacy and concentrate on mutual interdependency.

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