OECD Papers

Volume 1, No. 2

OECD Papers

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Third Global Forum Fostering Democracy and Development through e-Government Naples 15-17 March 2001

Findings and Recommendations

THIRD GLOBAL FORUM
FOSTERING DEMOCRACY AND DEVELOPMENT
THROUGH e-GOVERNMENT
NAPLES, 15-17 MARCH 2001

FINDINGS AND RECOMMENDATIONS

At the invitation of the Italian government, representatives of 122 countries, including many ministers, the multilateral agencies, the business community and non governmental organisations came together in Naples at the Third Global Forum. The Forum recorded its appreciation of this unprecedented opportunity to debate and explore the potentials of ICT for government in both developed and developing countries and their capacity to foster democracy and development.

More than 900 international experts and practitioners contributed to a wide ranging debate which highlighted the key challenges facing governments in the design and implementation of e-government strategies to meet the expectations and demands of their citizens for more accessible, transparent and accountable government.

The debate centred on the following six themes:

- Governance issues in the on line era
- ICT impact on the organisation of government
- Implementing e-government
- Services to citizens
- Services to business
- Digital divide and international co-operation

The findings and conclusions reached set a challenging agenda for future work.

Main findings

The Forum recognised the power of ICT to **transform the way in which governments work**. This is most evident in the case of the delivery of services and access to information. Many examples were offered of governments creating greater accessibility to services and improving the ways to provide quicker and more certain results. E-government can consistently improve the quality of life for citizens and can create a sharp reduction of costs and time. Such savings could be “invested ” in more active forms of citizenship.

In other areas, such as **strengthening decision-making and policy formation**, it was noted that ICT had the potential to integrate data and facts in a more structured and comprehensive form through better knowledge management. Moreover, it was recognised that the quality of data itself will improve through better collection and analysis. ICT would also facilitate information sharing and the involvement of experts as well as broadening the basis on which governments seek to identify and reconcile conflicting interests and goals. A major benefit of ICT lies in its capacity to involve citizens and civil society in the policy debate through direct interaction.

ICTs bring deep changes in the content of work and administrative organization. They force the reengineering of the administration in a way which meets citizens' needs. Wider information sharing at all levels of government often makes hierarchical relationships unnecessary.

A number of speakers stressed the importance of these potential developments for the strengthening of governance, the framework within which governments bind themselves to act in the interests of their citizens and to promote their well-being. At the core of good governance lie the principles of **accountability and transparency**. It was agreed that **nothing is more powerful in combating corruption than conducting transactions openly** and with public knowledge of the rules and criteria to be applied. This is not only important at the national and regional level but locally also, in relation to the transactions between the citizen and the state, whether the issue of permits, the collection of taxes or the receipt of benefits. Through its ability to spread accurate and comprehensive information, to automate processes and to provide a record of each transaction, ICT can be a powerful tool for good governance.

It was generally recognised that these benefits are not only potentially available to the developed world but are **a key factor in the development process**. Experience has demonstrated the **value of ICT in improving services even for the most disadvantaged communities**. And the ability to communicate quickly can reduce the sense of isolation of remote areas and contribute to their economic development. But for these benefits to be realised, the developing world needs access to technology, lower costs of access and the training to use it effectively. Otherwise the digital divide would lead to an ever-widening gap. This must not be allowed to happen. That is why initiatives such as the dot.force and other parallel activities are of such importance.

The need to reorient policies for international cooperation and development was recognised by many parties. Actions to ensure that the primary needs of survival are met remain paramount, but basic education and ICT development appear to have become the second and third top priority. The latter is reasonably inexpensive to implement, does not consume large quantities of energy and respects the environment. This development should be addressed to enable developing countries to make full use of technological resources and to boost autonomous, self-sustained processes of development and growth.

Although there was a large element of consensus that ICT in government could have widespread and beneficial results, the Forum insisted that **risks to privacy and security must be addressed**. The new technology must be used for the benefit of citizens not against them. Public servants must not only be trained to use ICT effectively, but they must do so in a culture, which respects the rights of citizens within a framework of good governance.

Nevertheless, **advanced technologies and adequate systems engineering are able to offer stronger guarantees in security and privacy**. They can also allow the effective control of the use made of personal and sensitive data by the citizen. These guarantees are safer and more secure than the traditional ones.

Finally, it was also recognised that the full potential of ICT has yet to be realised even in the more advanced economies. And the implications for new forms of democracy and active citizenship are vast.

Third Global Forum
Fostering democracy and development through @-government
Naples, 15th-17th March 2001

Key points

Discussions in plenary sessions and workshops led to the following conclusions:

Delivering better services

- New electronic means of accessing public information and of delivering public services facilitate a peer-to-peer relationship between State and citizen and between State and business. In this new relation of "equals", the client-provider system is no longer the administration that controls the citizens, but rather the opposite.

- Thus, citizens are not the recipients, but the co-deciders in e-government systems: public services have to be citizen- and customer-oriented.

- ICT projects for citizens and businesses can only work if the end-users are involved in their development. Cooperation and consultation are key tools of participation in this new democratic process.

- Improved accessibility requires well-constructed portals, simple navigation and user-friendly design.

- ICT offers the possibility of tailoring services to individual needs and 24 hours a day/7 days a week response.

- Services need to be redesigned to achieve the full potential of the application of ICT and be offered through the best provider.

- The barriers of geography and social exclusion can be overcome by new technology and enhanced service arrangements.

- There are two sides to the ICT coin: they further enable globalisation and access to the world, but they are nonetheless rooted at the local level and they may contribute to strengthening social bonds and building communities of concern.

Transforming government

- ICT requires investment in people rather than just technology. Effective human resource management to attract new skills and achieve cultural change is an essential component of successful ICT projects.

- E-government will eventually transform the processes and structures of government to create an administration that is less hierarchical and empowers civil servants to serve citizens better and to be more responsive to their needs.

- In order to benefit fully from the availability of new ICT tools, governments need to undertake a simultaneous cultural change in their civil service, including exploiting the potential of home and tele-working to achieve equal opportunities and greater productivity.

- Decision-making can be strengthened through better sharing of information and more consultation, both within government and externally, with civil society.

- ICT will have an impact on the way parliaments function by opening up possibility of a wider debate with citizens.

- Transparency of government action must be enhanced by exploiting all the possibilities offered by ICTs which allow the monitoring of public activities, the reduction of corruption and the enhancement of citizens' trust and their ability to intervene.

- In developing countries, e-government can reduce economic and social gaps, but in such contexts a particularly strong public action is needed to guide the process, and avoid an exclusively "business approach".

- A priority problem is the development of infrastructures to allow access to ICT and education of the population.

Guaranteeing privacy and security

- E-government creates expectations and anxiety, which need to be actively managed by governments. Citizens will reject e-government unless protection of their personal data and the security of their transactions is guaranteed.

- Protecting citizens is a duty of governments: therefore, regulatory frameworks should enforce this protection and specific advanced technologies should be adopted so as to guarantee absolute privacy, security and safety to users.

Bridging the digital divide

- The digital divide within countries and between them is the result of the broader social and economic divide, which is not only widening but also becoming increasingly unbalanced. Thus, policies for bridging the digital divide cannot substitute for interventions in the basic fields of education and health care, but should complement and reinforce them, in a new holistic vision of development assistance.

- ICTs are not a goal per se, but can be a very powerful and a relatively cheap tool to help reduce and eliminate these other divides. If well managed ICT can effectively assist in the achievement of sustainable socio-economic development, by empowering individuals and societies and fostering institutional capacity building. Thus, projects for development should include ICT to the maximum possible extent.

- The huge potential for development that lies in the ICTs is not yet adequately reflected in development policies from donor countries and international organisations. Broader awareness in this field is necessary, also through high profile international initiatives like the Naples Global Forum.

- Infrastructure is only one part of the digital divide; multi-level human capacity building is no less important to extract the full potential value of ICT for development, and to manage information. ICT should be incorporated in general education and professional courses, as well as in specific initiatives for raising the awareness of government officials, teachers, doctors and business people in developing countries.

- The needs of developing countries as far as digital divide is concerned are quite diverse in each country or region. They should be addressed by having a clear picture of them, with initiatives supported by strong local political commitment, a sustainable agenda and a synergetic approach profiting from partnerships with national and international NGOs and the private sector. Thus, National ICT readiness assessment and action plans are encouraged, as well as the creation of National ICT Council in which political leadership should be deeply engaged, in partnership with local and international NGOs, the private sector, the international institutions and the donor countries.

- E-government, as demonstrated by many significant examples during the Naples Global Forum, must be given serious consideration also in the developing countries not only for its potential for stronger institutional capacity building, for delivering better services to citizens and business (thus increasing local social and economic development), for reducing corruption by increasing transparency and social control, but also for "showing the way" to the civil and business society. Thus, the exchange of experiences and the sharing of best practices, also in a South-South co-operation framework, as occurred during the Naples Global Forum and the Naples seminars.

- The creation of a light but effective regulatory framework in the developing countries is vital for attracting investments and protecting ICT users. Developed countries and international organisations should provide advise and know-how to developing countries in the field of better regulation.

- Public-private partnership is considered a good avenue at both national and international level for harnessing the potentials of ICT for development. Thus, initiatives based on this new approach, such as the G8 dot.force and the UN ICT task force are encouraged.

Managing for success

- Strategies based on an overall vision and a clear timetable are an essential requirement for success.

- Strategies should not only be based on governments' requirements, but take into account the interests and needs of citizens, parliaments and civil society.

- Full and comprehensive assessment of risk is essential in managing large scale IT investments.

- Sharing experiences, building on best practice and learning from mistakes increases the prospects of success and diminishes the risk of failure. Adapting successful models speeds implementation and reduces costs.

- Citizens need to be educated about the potential of new technologies.
  Government has a role to play in achieving a cultural shift in improving society's use of new technologies, given proper legal and consumer protection.

Recommendations

The following **actions and policy options** are strongly encouraged by the participants to the Third Global Forum of Naples:

- Multiply occasions for international best practices sharing and mutual learning on e-government issues;

- E-government action plans must be built in partnership with private sector, consumers and non profit organisations, having specific consideration for equal opportunities and the principle of subsidiarity;

- Special consideration must be paid to the gender divide and equal opportunities when designing e-government initiatives;

- Attention must be paid to the needs of disabled and elderly people when building websites and projecting electronically delivered services;

- Citizens' privacy must be considered of paramount importance and broader use made of the existing technologies for protecting personal data and to avoid malpractice;

- Establish a peer-to-peer e-relationship between State and citizen, and between State and business, when a public service is delivered electronically, also in order to improve accountability, transparency and trust;

- Redesign and not merely adjust processes when introducing ICT in government;

- Extending the electronic delivery of public services to all the population, including the "Internet – illiterate" by means of, e.g., smart cards, Internet kiosks …

- Favour the creation of websites for comparing the best examples of e-government and portals to provide advice and training for e-government implementation for both developed and developing countries;

- Foster the setting up of international standards for technical requirements of digital documents;

- That the OECD, taking into account the findings of the Naples Global Forum, contribute through its future work programme to the deepening of understanding of the potential and implications of e-government and sharing the results as widely as possible. Moreover, OECD could study tools for a high quality regulatory framework in e-government related matters;

- That the G8 dot.force stresses, in its report, the importance of: ICT for development and for fighting poverty; need for specific ICT action plans for each country or group of countries; ICT policies' need for a strong political commitment and of partnership with private sector and NGOs; need for light but effective regulatory framework in order to attract investment and protect privacy of users; human capital enhancement, knowledge-sharing and South-South cooperation;

➢ Support for UN Secretary-General action for ICT for development initiatives (UN ICT task force) and underline the need for coordination with other international initiatives;

➢ Favouring common training initiatives for civil servants in ICTs for governments;

➢ Naples seminars for developing countries on e-government, based on peer sharing and practical education on ICT tools, are considered a good example to be replicated; appreciation is expressed on the announcement that these international seminars will be repeated on an annual basis in Italy;

➢ Fostering regional poles for e-government training based on strong public, private and NGOs partnership;

➢ Fostering indigenous knowledge, local languages and preservation of local cultures by means of ICT.

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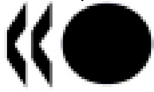
A decade of Trade Liberalisation in Transition Economies

drafted by Blanka Kalinova

Unclassified **CCNM/TD(2000)110/FINAL**



Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

11-May-2001

English - Or. English

CENTRE FOR CO-OPERATION WITH NON-MEMBERS
TRADE DIRECTORATE

CCNM/TD(2000)110/FINAL
Unclassified

Working Party of the Trade Committee
Trade Relations with Economies in Transition

A DECADE OF TRADE LIBERALISATION IN TRANSITION ECONOMIES

English - Or. English

JT00107417

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

The document, prepared in the framework of the activities of the OECD Centre for Co-operation with non-members, was discussed in the Working Party of the Trade Committee in December 2000. It was drafted by Blanka Kalinova of the Trade Directorate.

This text is released as a general distribution document under the responsibility of the Secretariat General of the OECD.

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Introduction and Executive Summary

1. The Trade Directorate has traditionally devoted particular importance to trade issues concerning non-member countries in general and transition economies in particular. In October 1990, the Trade Committee started its trade policy dialogue on issues arising in the transition process with a Workshop in Paris, which was then followed by several similar events, in particular in Berlin (1991), Minsk (1993), St. Petersburg (1995) and Prague (1997). The dialogue at these workshops, along with a regular exchange of views with transition countries in informal meetings of the Working Party of the Trade Committee, served as a basis for several OECD publications[1].

2. In the framework of the activities of the OECD Centre for Co-operation with Non-Members (CCNM), the Trade Directorate organised in July 2000 a Round Table on "10 years of trade liberalisation in transition economies". This meeting attracted some 75 participants, including trade officials from OECD member countries and trade representatives and experts from the Baltic States, Bulgaria, Romania, Russia, Slovakia, Slovenia and Ukraine, as well as representatives of several international organisations (WTO, EBRD). The discussions benefited from extensive background material prepared by a number of consultants from transition countries and the OECD Secretariat[2]. These contributions and discussions at the Round Table were used for the preparation of this document.

3. The purpose of this paper is to provide a preliminary assessment of the trade reforms undertaken by transition economies since the beginning of the 1990s and to draw possible lessons from this experience for the trade liberalisation process in general. The paper shows that uneven progress and diverse outcomes of the reforms in individual transition countries result from the complex interaction of initial economic and political conditions prevailing in individual countries and the choice and coherence of their reform strategies. It argues that regional integration and multilateral disciplines have played a critical role in this process. Both have offered an "external anchor" for trade reform, provided legal and regulatory guidance for designing new trade policies and, by imposing trade policy commitments, helped to stabilise trade liberalisation achievements and reduce the risk of protectionist reversals.

4. Regional integration under the auspices of the EU has proved to be a particularly efficient instrument to support trade policy reform. The ambitious regional co-operation programme embodied in the Europe Agreements (EA) signed by 10 Eastern and Central European countries with the EU covers a large spectrum of political and economic areas and benefits from strong political support in candidate countries for EU membership. Moreover, it imposes far-reaching policy objectives whose enforcement is subject to a monitoring and surveillance mechanism. With respect to trade policy, the EA have not only led to the removal of tariff barriers but steered the development and rationalisation of trade regimes and the harmonisation of legal and institutional structures with the existing EU framework. The success of this strategy is illustrated by a relatively rapid recovery of most Central and Eastern European countries (CEECs) from post-transformation recession and by their integration into international trade and foreign investment flows.

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1 These publications include: "Integrating emerging market economies into the international trading system" (1994); "Barriers to trade with economies in transition" (1994); "Trade policy and the transition process" (1996); "Designing new trade policies in the transition economies" (1997) and "Improving the economic and legal framework for Russia's trade in services" (2000).

2 The Agenda, the "Issues and Suggested Points for Discussion", the Report on the Round Table as well as executive summaries of all background papers presented at the Round Table are available on the special website: http://www.oecd.org/ech

5. In other transition economies, notably the Commonwealth of Independent States (CIS), regional integration efforts have been less structured and far-reaching and therefore less likely to play a similarly influential role in trade policy and trade flows. The CIS should therefore rely more on multilateral trading disciplines for accelerating their trade reform and rationalising their trade policy. Multilateral commitments would help them improve the domestic and external credibility of the trade liberalisation process and help policymakers resist protectionist pressures.

6. The accumulated experience of transition economies highlights the importance of legal and regulatory issues in trade policy making. It also points to the need for the coherence and coordination of trade policy with other economic policies. Trade policy reform should include not only the removal of tariffs and traditional trade barriers, but also the development of appropriate regulations and institutions. The success of trade reform is determined by the coherence of trade policy measures with other economic policies, and its sustainability and public support depend on the capacity of the governments to deal with inevitable adjustment costs that emerge in the initial stages of the reform process. Trade liberalisation should be assessed not only in terms of its effect on trade flows, but also by its contribution to stimulating economic growth, increasing overall economic efficiency, improving economic regulations and institutions and creating a favourable business and economic environment.

7. Part I examines the principal aspects of trade reform in transition economies, describing its main stages and analysing the chief factors underpinning the pace and outcomes in individual transition countries, with particular attention to the respective role of initial economic and political conditions and the adopted reform strategy. Although it is difficult to disentangle the effects of trade liberalisation from other elements of the transition process and therefore quantify them with precision, Part II proposes several indicators for assessing the impact of trade policy reform on trade flows and general economic performance. It also addresses the issue of adjustment costs associated with trade liberalisation. The subsequent sections focus on the interaction between trade reforms in transition economies and regional integration (Part III) and international trading disciplines (Part IV). Part V draws lessons from the first decade of trade liberalisation in transition economies and considers its more general relevance for these economies and other countries.

I. Trade policy reform in transition economies

1.1. Main stages of trade liberalisation in transition economies

8. Trade liberalisation has been an integral part of the transition process undertaken by former centrally planned economies at the beginning of 1990s[3]. In strictly economic terms, trade liberalisation was expected to deal rapidly and most efficiently with two major flaws of the centrally planned economic system: (i) the distorted price structure, resulting from the previous system of administered prices, and (ii) the centralised and highly integrated production system formed by large monopolistic enterprises. In other words, trade opening was designed to "import" world prices and to "inject" more competition into national economies that were dominated by a few large domestic producers.

[3] It is noteworthy that trade opening was also a centrepiece of China's economic strategy adopted at the beginning of the 1980s. However, in the Central and Eastern European countries and the former Soviet Union, adoption of a market-oriented strategy had, in addition to trade opening, three distinctive features: abandonment of central planning, rapid privatisation and radical political transformation towards a multiparty system.

9. Economic theory provides a straightforward rationale for trade liberalisation, and most trade reformers agree on the main elements of trade reform. In the first stage, they suggest to replace implicit or quantitative trade restrictions (especially export and/or import quotas) with tariffs and limiting administrative restrictions (e.g. licensing) on trade transactions. In the subsequent stages, it is recommended to rationalise of the tariff structure, in particular reduce average tariffs, limit the number of different tariff levels and avoid tariff peaks.

10. At the outset of the transition, trade opening was essentially seen as a means to maintain exports. This was mainly due to specific problems encountered by transition economies at this time, in particular a deep post transformation recession and related contraction of domestic demand, aggravated by the collapse of previous intra-regional links within the Council of Mutual Economic Assistance (CMEA) and the disintegration of the former Soviet Union. Transition economies' efforts to find alternative export markets were facilitated by the removal by OECD countries of most trade barriers that had affected former socialist economies. Trade reform generally focussed on measures to encourage and redirect the transition countries' exports, though limited budgetary resources usually made it impossible to use systematically targeted export promotion measures. The first liberalisation measures consisted of phasing out the state foreign trade monopoly, allowing registered operators to carry out foreign trade transactions and freeing their access to foreign currency for trade purposes. The opening to foreign direct investment (FDI) was mainly seen as a means to expand and upgrade export capacities.

11. At that time, strongly undervalued exchange rates provided efficient import protection and made the introduction of additional import restrictive measures generally unnecessary. However, even without explicit import restrictions, domestic producers have been rapidly exposed to external competition. Import pressures have further intensified because of slow progress in economic restructuring. Most transition countries were unable to adapt rapidly their production to more sophisticated domestic demand, which had to be largely satisfied by imports. At the same time, development of more competitive exports has also been slower than expected. As a result of an upswing in imports and lagging exports, both further aggravated by progressively appreciating national currencies, most countries were confronted with widening trade imbalances. In response, several transition countries resorted to import restrictive measures, by resuming or increasing customs duties and/or introducing import surcharges.

12. During the first years of trade reform in transition economies, the competition-enhancing effect of import liberalisation and its contribution to general economic efficiency have generally been underestimated. Still, the role of trade liberalisation in facilitating economic restructuring is particularly important in the context of transition economies. Former socialist countries inherited economic structures that were not necessarily underdeveloped but rather distorted and ill adapted to the rapidly evolving economic environment. Characterised by over-industrialisation and a neglected service sector, transition economies needed to undertake deep industrial restructuring and "marketisation" of their economies, i.e. to develop and diversify market services, such as the financial sector (Popov, 1999). Trade liberalisation, through imports of modern equipment, inward investment and internationalisation of production, had to play a central role in stimulating sound economic growth, based on the exploitation of economies of scale, increased competition and faster transmission of modern technology and knowledge (Nagarajan, 1999).

13. This structural effect of trade liberalisation requires close coordination of trade policy with other macroeconomic policies, such as exchange rate policy, and with structural reforms, in particular the privatisation process. As regards exchange rate policy, most transition economies initially adopted fixed exchange rate regimes as part of their stabilisation packages. Several countries--Estonia (1992), Lithuania (1994) and Bulgaria (1997)--instituted currency boards. This policy allowed most countries to reduce significantly high inflation rates, but gradually became inappropriate from a trade perspective and less compatible with the growing exposure of these countries to international capital markets. Most countries have moved from a fixed exchange rate regime to a more flexible exchange rate policy (see Table 1). Most

transition countries that apply managed floating exchange rates have so far avoided excessive exchange rate volatility. Their trade balance remains nevertheless vulnerable, especially to the variations in import demand in the EU, their main trading partner, and for some countries, to economic developments in Russia.

14. Most transition economies have undertaken trade liberalisation measures autonomously as part of their general economic reforms. This endogenous trade liberalisation process has generally proceeded simultaneously with the so-called exogenous trade liberalisation, i.e. acceptance of trade liberalisation commitments within preferential regional integration agreements and/or as multilateral obligations. External commitments have been critical to the success of trade policy reform, because they have increased its internal and external credibility and contributed to maintaining the momentum for trade liberalisation in the face of protectionist resistance.

1.2. Main factors explaining different outcomes of trade liberalisation in transition economies

15. Ten years of transition and trade liberalisation is a sufficiently long period to allow a preliminary assessment of this unique, almost “laboratory” experiment, carried out simultaneously and under similar conditions by a relatively large number of countries. The difficult analytical task is to explain inter-country differences in the outcome of the reform process and to identify the main factors responsible for a relatively more rapid economic recovery and more successful restructuring in most CEECs in comparison with the CIS.

16. For this purpose, some studies, such as a recent IMF analysis (Berg et al. 1999), use quantitative and economic modelling methods. This study examines three main categories of factors: macroeconomic variables (e.g. fiscal balance), structural policies (including external liberalisation) and initial conditions (e.g. the state of pre-transition reforms) in 26 transition countries. It then evaluates and quantifies the respective role of these variables in the countries’ recent economic performance. The main conclusion of this study is that, while none of these three examined sets of factors can explain by itself cross-country differences, structural policies, rather than initial conditions, seem to influence most the time period necessary to overcome post-transformation recession. Furthermore, the study argues that fast and radical structural reforms allowed the countries to resume growth at an earlier date and to record higher growth rates in comparison with countries adopting a more gradual and incremental approach.

17. A recent study seeks to explain divergent economic performance of the former Soviet Union and Central and Eastern European countries, by further differentiating within this group between the early and the late reformers (Fischer, Sahay, 2000). It concludes that, even adverse initial conditions such as those faced by Poland and the Baltic States were more rapidly overcome if the countries introduced adequate anti-inflationary policies and rapid structural reforms. The explanatory factors analysed in the study include several macroeconomic policy variables (inflation and fiscal balance) and structural reform indicators, measuring in particular the progress in privatisation, price and trade liberalisation, competition policy and banking reform. An EBRD analysis of the main determinants of growth in transition economies (Falcetti et al. 2000) also confirms a decisive role of structural reforms such as liberalisation and privatisation, and evidences an important albeit gradually diminishing impact of initial conditions on growth and reform pace in these countries.

18. Other studies using a more qualitative approach confirm the importance of starting conditions (more or less broadly defined) and stress the primacy of a coherent reform strategy for initiating dynamic economic growth. Starting conditions cover a relatively large spectrum of variables, including the general geographical situation and factor endowments of individual countries, such as large versus small economies, energy and raw material rich versus countries with limited natural resources. Among the

specific features of the economic and political system characterising the pre-transition period, the most frequently mentioned aspects are the following: the size of the private sector (which often determines the extent of entrepreneurial mentality among the population), the existence of a legal and institutional framework relatively better adapted to the market economy, the quality of existing infrastructures and the scope of inherited macroeconomic imbalances (IMF, 2000).

19. A similar idea can also be expressed by the notion of "distance" between countries' specific political and economic conditions inherited from the previous period and market economy structures. This historical perspective could be roughly evaluated by the number of years spent under the centrally planned system. The gravity of distortions determines the capacity of different countries to bridge more or less rapidly the historical gap by renewing entrepreneurship and dealing efficiently with the post-transformation disruption of economic ties within the countries and the region. The notion of "distance" can also be understood in strictly geographical terms. The proximity to alternative markets in Western Europe allowed several CEECs to overcome their recession and trade isolation more rapidly than other transition countries, such as the CIS, which had greater geographical distances from new markets.

20. In examining different explanatory factors, many analysts emphasise the critical importance of political factors, especially the timing of the reforms and success in maintaining of public support. Reform-advanced countries usually based their strategy on "extraordinary politics" (Fischer, Sahay. 2000). That is, they took advantage of an early political window of opportunity, when the population was ready to accept rapid changes, even if associated with high social hardship. These political considerations, which justified the adoption of "shock therapy", as in Poland, contributed to the success of trade liberalisation. At the beginning of the reform process, trade opening represented a clear and visible signal of radical economic changes, while traditional protectionist lobbies, generally still disorganised at that time, were unable to prevent trade liberalisation and effectively defend their sectoral interests.

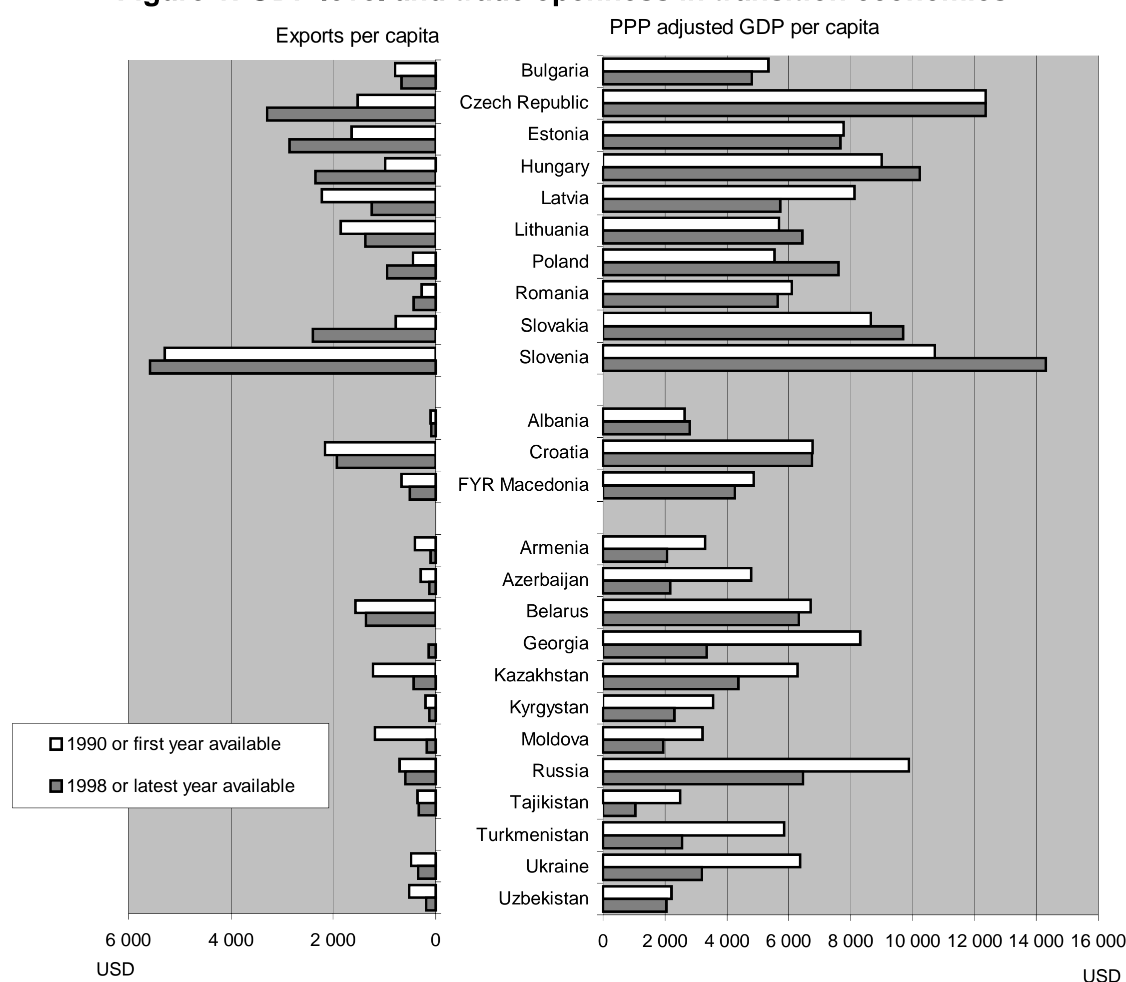
21. The criticisms of trade liberalisation focus on its high adjustment costs, though the causality, nature, magnitude and duration of these costs continue to be subject to debate (Matusz, Tarr, 1999). The recent experience of transition economies with trade liberalisation brings no definitive answers to these complex analytical problems. Aggregate macroeconomic data are not always easy to interpret, but several general trends clearly emerge. In 1999, only three CEECs (Poland, Slovakia and Slovenia) succeeded to outstrip their 1989 GDP level and few others (the Czech Republic, Hungary and Albania) almost reached their pre-transformation GDP. General economic performance of other CEECs in 1999 varied between more than three quarters (Croatia, Estonia and Romania) and two thirds (Bulgaria, Latvia and Lithuania) of their 1989 GDP level. In contrast, in 1999 none among the CIS (with the exception of the special case of Uzbekistan) approached the GDP level recorded in 1989. In several CIS, in particular Georgia, Moldova and Ukraine, 1999 GDP represented only one third of its 1989 level (see Table 1).

22. As regards inflation, all transition economies were confronted with the one-time jump in prices that accompanies price liberalisation carried out at the beginning of the transition process. However, effective monetary policy allowed most CEECs to reduce in 1999 their inflation under 10%, while in most CIS (with exception of Armenia, Azerbaijan and Georgia), its level remains still high. Unemployment is generally higher in the CEECs than in the CIS, confirming that the painful restructuring process has not yet started in the latter economies. However, in several transition countries, in particular Hungary, Poland and Slovenia, unemployment has recently started to decrease. These general observations, though requiring some further qualifications taking into account specific economic and political situations in individual countries, show that the transition countries having adopted a rapid and radical reform approach have been able to deal more rapidly and efficiently with post-transformation shocks and imbalances. They generally succeeded to overcome initial disruptive effects and reduced inflation rates significantly. The recent stabilisation of unemployment confirms that fast reforming countries have already started to reap the benefits of their reforms, including of the trade liberalisation process.

23. Recent developments in transition economies also show a clear parallel between recent GDP performance and trade openness in transition economies (see Figure 1). In general, between 1990 and 1999, most CEECs saw their GDP and exports per capita increase simultaneously. Few exceptions to this general trend can be explained by special situations of individual countries, recently affected by regional conflicts (Bulgaria) or by the 1998 financial and economic crisis in Russia (Latvia, Lithuania). By contrast, all CIS were confronted with the parallel contraction of GDP and exports per capita.

24. The experience of transition countries brings additional evidence to some analytical findings in other policy areas. It confirms in particular that the choice of trade policy measures is not neutral in relation to the rise of corruption (Broadman, Rocanatini, 2000). For example, the extensive use of quotas, differentiated tariff structures, and FDI incentives or preferential concessions, increases opportunities for administrative discretion by governments or customs officials and therefore for rent seeking. The ranking of transition economies according to various trade liberalisation and market access indicators corresponds roughly to their ranking according to available transparency and corruption indexes (see Table 2). Among the CEECs, Estonia, Slovenia and Hungary record generally the best scores in this area, while among the CIS, Ukraine and Azerbaijan are perceived as the least open and, at the same time, the most corrupted countries. There is therefore a close correlation between sound trade policy and fair business conditions as the countries that have liberalised trade also tend to have less corruption.

Figure 1: GDP level and trade openness in transition economies



Source: World Development Indicators, World Bank

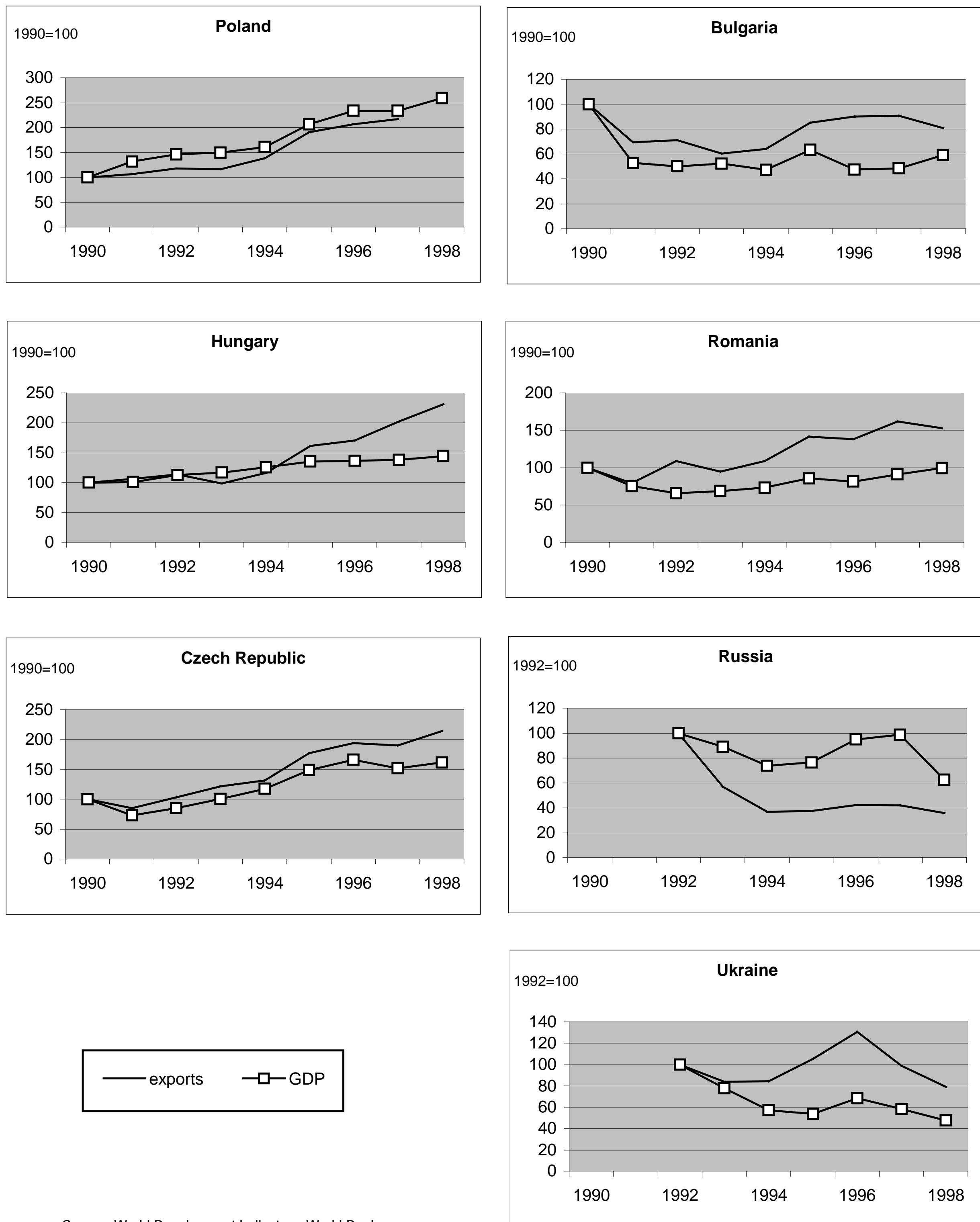
II. Measuring the impact of trade liberalisation

2.1. Trade liberalisation and economic growth

25. The measurement of the effects of trade liberalisation, especially its impact on economic growth, has been examined in the theoretical literature and frequently debated in specialised publications and the press. As already noted, the principal analytical task is to isolate the effect of trade liberalisation from other government policies and macroeconomic variables such as excahnge rate, monetary, fiscal and regulatory policies that are associated with trade opening. It is therefore difficult to establish direct causality between the narrowly defined trade reform and the dynamics of economic development (Baldwin 2000). However, economic theory and factual analysis converge in recognising a growth stimulating effect of trade and investment, due to their role as a major vehicle for technological progress, exploitation of economies of scale and for enhancing competition. It is also largely agreed that other policies, such as developing adequately functioning institutions and investing in education and training (Nagarajan, 1999), seem to play an important role. However, disentangling the impact of trade openness from other policies remains difficult, as trade liberalisation is usually part of a broader economic package, including macroeconomic stabilisation and other structural adjustment policies. The recent experience of transition countries also confirms that successful reformers generally put in place a "virtuous" association of these various positive elements. The countries that overcame the post-transformation recession most rapidly and experienced dynamic economic growth adopted a coherent reform strategy, combining broad trade opening with rapid macroeconomic stabilisation and development of market oriented institutions.

26. As already noted, available data clearly show that the transition countries with the best GDP performance also have the highest trade openness, measured by the share of exports in GDP. These results should nevertheless be interpreted carefully. In particular the indicator of trade openness reflects, not only deliberate trade policy, but also the size of the economy of the given country. Furthermore, trade flows could vary because of the variations of the exchange rates without necessarily reflecting equivalent changes in trade volumes. It is nevertheless interesting to observe recent GDP developments in relation to export variations in different transition countries (see Figure 2). In most transition economies, export growth has since the beginning of the 1990s evolved in parallel with the GDP growth rate and generally outpaced it, in some cases significantly (Bulgaria, Romania, Ukraine). Russia's case is specific, reflecting mainly the country's large economic size and its dependence on developments of world oil prices.

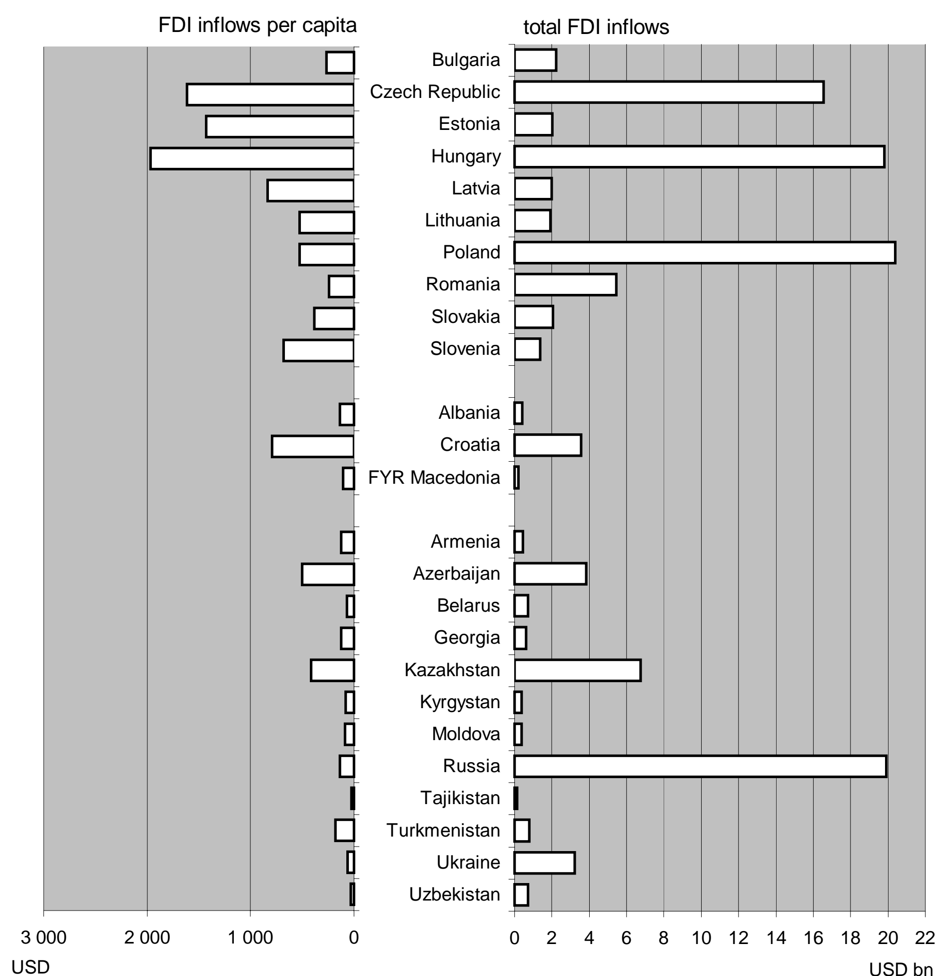
Figure 2: Developments in GDP growth and exports in selected transition economies



Source: World Development Indicators, World Bank.

27. In addition to trade openness, outward economic orientation could also be measured by the amount of foreign direct investment attracted by different countries. FDI represents a good synthetic indicator that reflects the deliberate policy of the authorities and, at the same time, expresses the result of this policy, indicating the overall perception of the economic and political situation by external operators. In this sense, it can be used for assessing the success of trade reform in general (Czaba, 2000). It is nevertheless necessary to interpret this indicator carefully, as the level of FDI also depends on specific privatisation strategies adopted by different countries, in particular the role attributed to foreign investors in the privatisation process. With these caveats in mind, cross-country variations in the level of FDI per capita indicate the overall progress in macroeconomic stabilisation and structural reforms, including trade liberalisation. The comparatively better performance of the CEECs, especially Hungary, in attracting FDI confirms the positive attitude of these countries towards foreign investors and, in parallel, a positive external assessment of the general economic environment by foreign investors in host countries. In contrast, the underused potential of the CIS as FDI beneficiary countries reflects the patchy policy of these countries vis-à-vis foreign investors and the lack of confidence of foreign investors in their economic and legal environments.

Figure 3: Cumulative FDI inflows total and per capita (1989-1999)



Source: Transition economies, UN-ECE.

2.2. Trade liberalisation and trade flows

28. It is of course legitimate to assess trade reform according to its impact on trade flows. As already noted, the most common indicator measuring achievements of trade liberalisation is the increase in trade openness. In addition, trade liberalisation in former socialist countries was expected to facilitate the reorientation of trade flows from politically, rather than economically, based trade ties with CMEA countries towards more "natural" trading partners. The timeframe and scope of this shift were commonly estimated by gravity models. Actual intra-regional flows remain still slightly superior in the CEECs and significantly higher in the CIS than the "normal" level as computed by these models (EBRD, 1999).

29. The situation of the CIS has indeed been more complex. The political disintegration of the ex-USSR had a considerable disruptive economic impact, proportional to the strength of previous ties among producers in the formerly unified economic space, on trade relations among these countries. To date, regional integration initiatives within the CIS have not been very effective in rebuilding regional trade links on a new, economically sound basis. These countries have also encountered more difficulties in re-orienting their trade flows towards new alternative markets, mainly because they have delayed structural reforms, but also because they have not institutionalised their links with third countries in effective regional preferential agreements similar to those concluded by the CEECs.

30. Available data confirm that most CEECs have rapidly reoriented their trade towards new partners, which gradually compensated for losses resulting from the disruption of previous intra-regional links (see Table 4). For some CEECs, which had already extensive trade relations with developed countries at the beginning of the 1990s (e.g. Poland, Hungary and Slovenia), the switch was less considerable than for some others. For instance, between 1990 and 1998, the share of developed countries in Bulgaria's total exports increased by more than 50 percentage points. In 1998, the share of developed countries in the CEECs foreign trade varied between 59% (Bulgaria) and 78% (Hungary). In contrast, the CIS continue to suffer from interrupted production and trade ties. There has been some trade re-orientation in the CIS, most of it reflecting the re-direction of exports of raw materials to more solvent partners outside the region. The share of developed countries in their foreign trade is considerably lower than in the CEECs, generally around 30%, with the exception of Russia, exporting its energy products mainly to trade partners outside the region.

31. Trade reform has also been expected to accelerate the transformation of the commodity structure of transition countries' foreign trade in line with their comparative advantages. For the CEECs, the main goal has been to develop processed and higher value-added exports, capable to compete on more demanding western markets. After the loss of CMEA markets, most CEECs succeeded in a relatively short time period in reorienting and diversifying their exports. In 1998, the share of manufactured products represented more than half of total exports of most CEECs. In contrast, the share of manufactured products decreased between 1995 and 1998 in total exports of Russia and Ukraine (see Table 5).

32. The increase in intra-industry trade can be used as an indicator of international economic integration, showing that the countries concerned have been participating actively in the international division of labour (Fidrmuc, Fidrmuc, Wörgötter, Wörz, 1999). Intra-industry trade corresponds to the intensification of trade in similar products, or simultaneous exports and imports of goods belonging to the same commodity group. Available data clearly show that, in contrast to the CIS, the CEECs have been able to develop their intra-industry trade, especially with EU partners. In line with other indicators, recent statistical data confirm that the reform-advanced countries, in particular the Czech Republic, Hungary and Slovenia, recorded a particularly good performance in this area (see Table 6).

33. Developments in trade in services also reveal the impact of trade reform. Progress in economic restructuring usually results in an increase in service sector activities and more active participation in

foreign trade in services. Furthermore, the ability to export more sophisticated goods is strongly influenced by a more active participation of services, either ex ante (customisation) or ex post (repair). In this area too, the data show clearly the advance of several CEECs. Although the share of trade in services in GDP is generally lower in the CEECs than in most developed countries, this share increased significantly between 1990 and 1997 (see Table 7). Like for trade in goods, the next stage in the development of the export sector may be the diversification of traded services, in particular the increase in exports of more sophisticated services, such as communication technology, insurance and financial services.

2.3. *Trade liberalisation and adjustment costs*

34. The most serious adjustment costs associated with the transition process and trade liberalisation are social costs reflected in different indicators of poverty or measured by the level of unemployment. The phenomenon of poverty and inequality is today understood in a broader context, beyond material deprivation. A recent report by the World Bank emphasises a multi-dimensional nature of poverty and its political and institutional aspects (World Bank, 2000a). Recent experience of transition economies also confirms the importance of better public and private governance and a favourable business climate for reducing poverty.

35. In addition to social costs, trade liberalisation is often made responsible for the deterioration in the trade balance and fiscal problems stemming from the contraction of foreign trade related taxes in budget revenues. Although the direct causality between trade reform and these different adjustment costs could be sometimes questioned, public support for, and the overall success of, trade liberalisation ultimately depend on the willingness and capacity of the authorities to handle different adverse effects of the trade reform preferably in the early stages of the reforms.

2.3.1. Social costs

36. As already noted, social costs are rightly considered the most politically and economically harmful element accompanying trade liberalisation. In transition economies, unemployment appeared simultaneously with trade liberalisation, but it would be mistaken to attribute its emergence to trade liberalisation alone. All post-socialist countries were confronted with the inevitable “creative destruction” of inefficient production capacities, often concentrated in heavy industries and large, outdated facilities whose production was oriented to protected CMEA markets. An important task of the transition process has been to replace these structures by more competitive production and encourage the emergence of new activities in previously neglected areas such as services. Trade liberalisation has been just one element in this inevitable restructuring process, along with other reform measures, in particular privatisation.

37. The countries adopting radical reform, including rapid trade liberalisation, were confronted in the first years of their transition process with rapidly escalating unemployment, but in general, they started more quickly to reduce it in further stages of their reform. A rapid expansion of the private sector and development of new activities allowed fast-reforming countries to create additional job opportunities in export oriented sectors and in new activities, such as services. In contrast, a relatively slow initial increase in unemployment and its persistence in subsequent years usually signal a more hesitant reform strategy. However, the pace at which initial negative trends in the labour market are outweighed by positive developments, depends not only on the approach to trade reform. Other variables, particularly demographic trends, skill endowments and governmental policies, such as the support for unemployed workers and active labour policy, should be taken into account.

2.3.2. Fiscal constraints of trade reform

38. The impact of trade liberalisation on the budget depends on the type of trade reform and the role of tariff proceeds in tax revenues. For example, if trade reform led to the replacement of quantitative measures by customs duties, corresponding tax revenue would increase. In contrast, a reduction in tariffs, even though they may be partially offset by an increased volume of trade transactions, often leads to a loss in tax revenues, thus threatening the fiscal balance and therefore macroeconomic stability.

39. The former socialist countries had not relied heavily on customs tariffs for tax revenues. However, following the introduction of standard trade regimes and, in some cases, the massive use of export taxes, foreign trade related taxes have become a not negligible source of government revenues. In the context of growing fiscal constraints, there was significant pressure to use these different foreign trade taxes for increasing budgetary revenues. In some transition countries, tariff revenues measured as a share of imports increased significantly after 1990, but remained negligible in some other countries, such as Estonia, which eliminated its customs duties. With the implementation of their commitments under the Europe Agreements, EU candidate countries have seen their tariff revenues decrease significantly (see Table 8). In contrast, the CIS continue to rely extensively on foreign trade related taxes, often on export rather than import duties.

40. The problems of the CIS are similar to those of many developing countries. Given their still relatively narrow tax bases and persistent difficulties in collecting taxes, these countries are more dependent than developed countries on relatively easily collected foreign trade taxes. In 1990, foreign trade taxes in OECD countries represented on the average of 0.5% GDP, but were close to 16% of the GDP in developing (high middle income) countries (Kubota, 2000). To avoid further worsening of the fragile fiscal equilibrium in these countries, trade reform should thus be associated from the beginning with tax reform, aiming at diversification of tax revenues and streamlining of tax collection.

2.3.3. Trade imbalances

41. In addition to social costs and possible fiscal problems, trade liberalisation might also exert an adverse impact on foreign trade balances. At the beginning of the transition process, many CEECs recorded a trade surplus, due to drastically devalued exchange rates, which further accentuated downward pressures on already weak domestic demand and therefore on imports. Later, exchange rate appreciation and a revival of domestic demand fuelled import growth, while exports started to lag behind, partly because of the contracting of external demand, but mostly due to the delays in restructuring. As a result of these cumulative effects, most transition economies faced serious deterioration of their trade balance. Measured as the percentage share of the GDP, current account deficits reached critical levels in several transition countries, both among the CEECs (11% of GDP in Lithuania in 1999) and the CIS (46% of Turkmenistan’s GDP in 1999). In this regard, Russia, as a major commodity exporter, has been an exception (see Table 9).

42. As already noted, most countries reacted by imposing import restrictions. The countries, that accepted regional and international commitments, have only limited leeway in the area of tariffs and thus introduced import surcharges. 0ther countries, especially among the CIS, have responded to the risk of the trade balance deterioration by adjusting tariff levels.

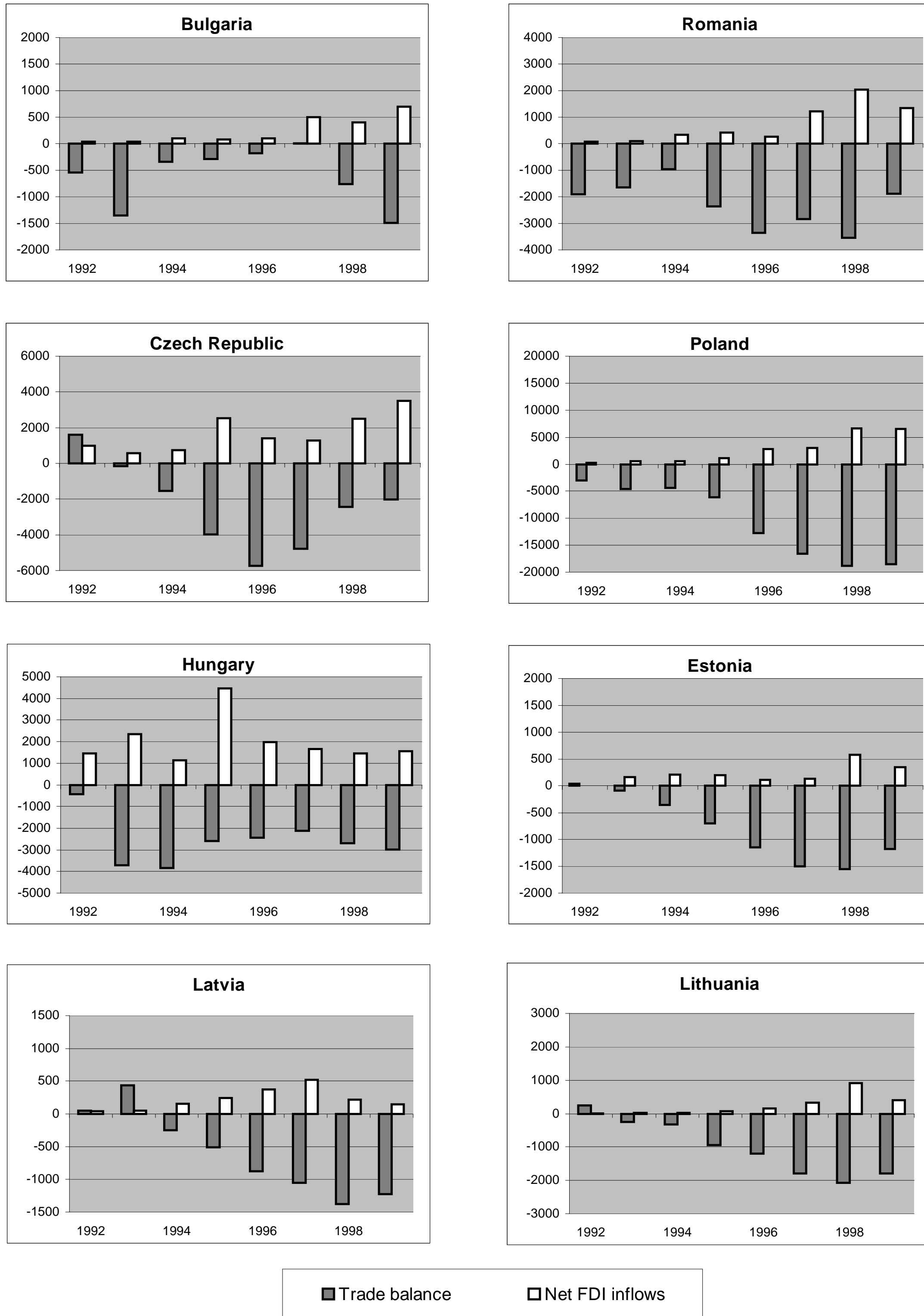
43. A large and persistent trade deficit can have negative consequences for the overall macroeconomic situation (in particular the stability of the exchange rate) and for the attitude of international financial markets. It may also generate political resistance to trade reform. High and lasting

sectoral trade imbalances generally signal growing sectoral unemployment and possible mobilisation of sectoral lobbies resisting trade liberalisation.

44. When evaluating effects of trade deficits in the transition economies, it is important to examine the role of the trade balance in a country's general economic development. If the trade deficit is mainly due to imports of machinery and equipment, it can be justified by ongoing restructuring and related modernisation needs. In contrast, if the trade deficit is due to large-scale imports of consumer goods, the trade deficit may reflect a short-sighted solution to the problem of domestic producers' inability to respond to internal demand.

45. Another element to be considered in evaluating the impact of persistent trade deficits is the modalities of their financing. If a current account deficit is financed mainly by FDI inflows, the situation is sustainable and, if it reflects mainly a country's modernisation needs, also economically sound. However, a lasting gap between the level of the trade deficit and net FDI inflows indicates growing risks for the country's macroeconomic stability and external financial situation (Krkoska 2000). In this regard, the situation has evolved differently in individual transition countries. Recently, several transition countries have been faced with an increasing trade deficit that has not been compensated by the amount of annual FDI inflows. Only the Czech Republic saw its position improving in the last two years as its trade deficit has been reduced and FDI inflows increased (see Figure 4).

Figure 4: Coverage of trade balance by annual FDI inflows in selected transition countries



Source: Economic Survey of Europe, UN-ECE

III. Role of regional integration in trade liberalisation of transition economies

46. Over the past 10 years, regional integration has become an increasingly influential factor in the international trading system and in the trade regimes of most countries. The transition countries have actively participated in these developments. For the Central and Eastern European countries, the politically and economically most important event was the signing of the Europe Agreements (EA), concluded to date by 10 countries. Most transition economies also signed geographically more limited and generally less ambitious regional agreements, notably the Central Eastern European Free Trade Agreement (CEFTA) and the Baltic Free Trade Agreement (BFTA).

47. After the political and economic disintegration of the ex-USSR, the CIS have sought to build up intra-regional relations on new sound economic grounds. They also established cooperation links with some third countries, in particular with the EU within the framework of the Partnership and Co-operation Agreement (PCA). However, the co-operative arrangements undertaken by the CIS have had less pronounced effects than those of the CEECs.

48. This section considers the impact of various integration initiatives involving transition economies. The expected economic gains of regional integration for transition economies are not very different from those experienced by other countries. The integration to a larger economic space allows participating countries to benefit from economies of scale, offers them better access to modern technology and contributes to the creation of a competitive environment for their domestic enterprises. When consistent with WTO disciplines, preferential trade agreements should encourage mutual trade flows without inducing major trade diversion and discrimination of third countries (World Bank 2000b). However, the impact of regional integration commitments goes beyond tariff reductions applied in mutual trade relations. The EA have brought to transition countries significant non-economic gains, shaping - mainly through legal harmonisation requirement - the institutional and legal framework of their trade policy.

49. In comparison, the effect of regional integration involving the CIS has been significantly less important. In general, existing agreements do not define ambitious mutual trade preferences, do not impose similar disciplines as regards legal harmonisation and do not rely on an implementation surveillance mechanism. This different role of regional integration in the CEECs versus the CIS is probably one of the main factors underpinning divergent results of the whole transition process in these two groups of post-socialist countries. Although there were important differences in the endogenous liberalisation processes as designed and implemented by the domestic political elite in the two groups of countries, the final outcome of trade reform has been to a great extent determined by the role played by exogenous liberalisation.

3.1. Trade effects of preferential trade agreements

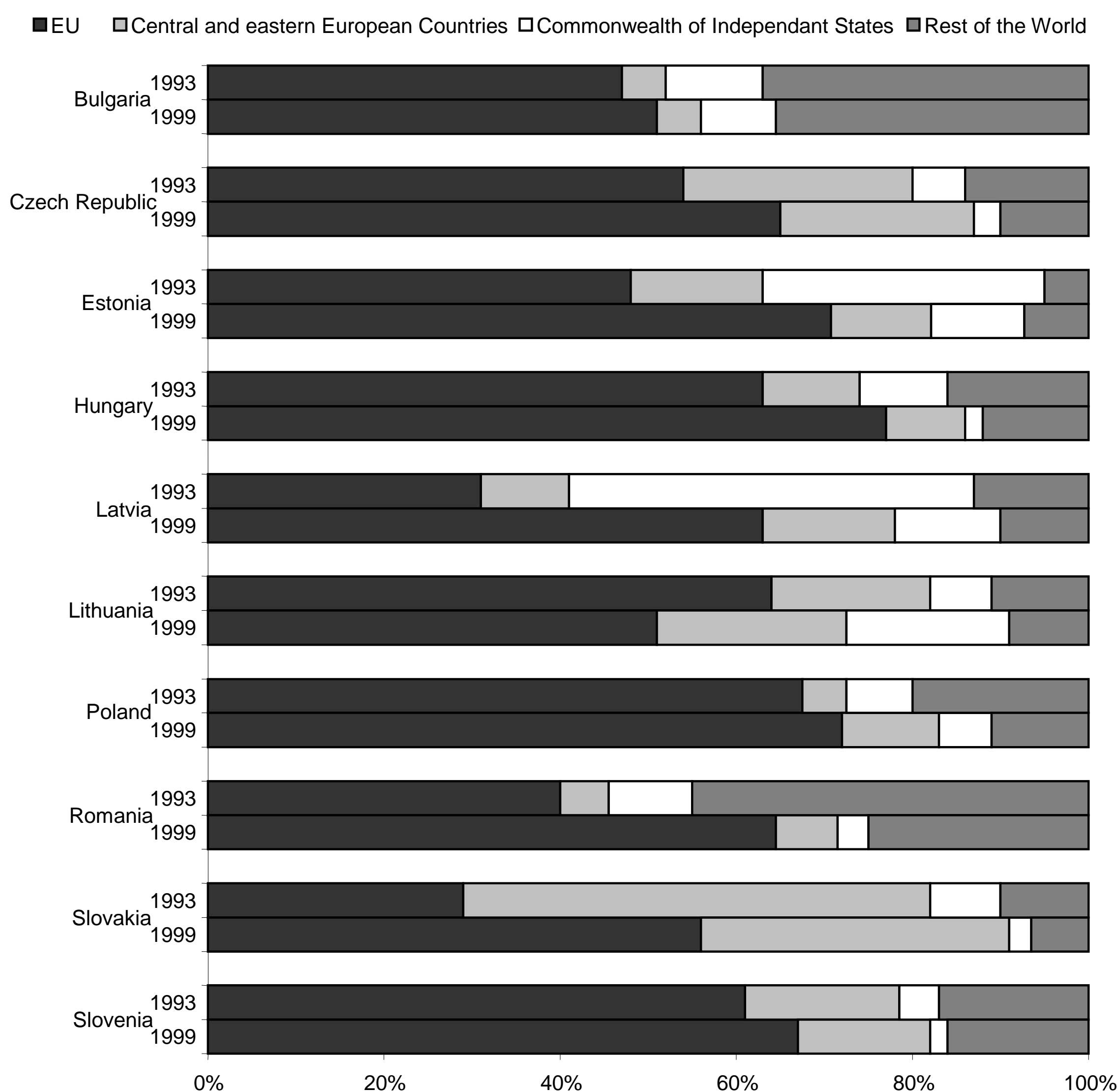
50. Trade effects of different regional agreements depend primarily on the scope of agreed mutual preferential trade concessions and the timetable of their implementation. In this respect, the contrast between the effects of regional integration involving the CEECs and the CIS is striking.

51. Based on an asymmetric approach, the Europe Agreements rapidly liberalised the access of transition countries' exports to the EU market, but introduced a longer transitional period for dismantling tariffs by transition countries on their imports from the EU. During the first years of the application of the EA, most transition economies succeeded in boosting significantly their exports to EU partners. With a certain time lag, transition countries' imports from the EU have become more dynamic. The large scope of the preferential treatment and the rapidity of its implementation thus led to a considerable increase in the volume of mutual trade. For the CEECs, the EU-12 became the major trading partner and this trend was

reinforced after the EU enlargement as new members (such as Austria for Central Europe and two Nordic countries for the Baltic States) were generally important partners for neighbouring transition countries.

52. Mutual trade relations remain nevertheless marked by a certain imbalance. The CEECs continue to be separately and as a group relatively minor trading partners for the EU. In contrast, these countries are very strongly oriented to the EU markets (see Figure 5). This overwhelming share of the EU in their total trade may even be a source of vulnerability if there is a contraction in EU demand.

Figure 5: Geographical structure of exports of selected transition economies



Source: World Economic Outlook, IMF.

53. Several trade agreements among the CEECs, in particular the Central European Free Trade Agreement (CEFTA) and the Baltic Free Trade Agreement (BFTA) were conceived to complement the EA and adopted a similar model. The asymmetric approach characterising the EA was replaced by mutual and simultaneous trade concessions among the parties. In general, these agreements succeeded in stopping the post-transition decline in mutual trade and contributed to revive regional trade flows. As regards the CEECs, the share of CEFTA partners in their trade remains below 10%, with the exception of the Czech Republic and Slovakia, members of a Customs Union. For the Baltic States, the share of mutual trade is generally larger, but remains under 14% (see Table 10). It could be nevertheless considered that the potential of mutual cooperation is not yet fully exploited, in particular as regards intra-industry trade, mutual trade in services and FDI flows.

54. It remains difficult to quantify to what extent the recent revival of mutual trade among the CEECs has been due to preferential trade agreements. The analysis of the case of Slovenia indicates that the main stimulus for developments in the country's trade flows with CEFTA partners were its efforts to find alternative outlets after the collapse of ex-Yugoslavia markets (Damijan, 1999). On the other hand, Croatia's situation could be mentioned as a counter-example. Slower developments in its exports in comparison with other CEECs reflect not only Croatia's more difficult political and economic environment, but also the absence of institutionalised links with other trading partners, both with the EU and the CEFTA.

55. The decisive trade impact of regional integration for the CEECs is due to the combined effect of a large number of preferential partners and considerable trade concessions embodied in existing agreements. Consequently, the major part of CEECs' trade is now largely liberalised: most of transition countries' exports enjoy preferential trade treatment in their most important market, and the major part of their imports have only low customs tariffs or enter completely duty free. Some third countries, especially the CIS, remained concerned about the potential for trade diversion due to preferential trade agreements with the EU and within the CEFTA. However, the CEECs' representatives generally consider that existing preferential agreements largely consolidate the situation with countries, which already represent the overwhelming part of their foreign trade. They also underline that third partners also benefit from access to this large market and the more transparent business environment with unified regulations and standards.

56. The CIS have also signed a number of intra-regional agreements, some of them establishing rather ambitious integration objectives, in particular the Customs Union between Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan, which aims at the creation of a unified economic space. However, these different agreements remain generally declarations of intentions that have so far been followed by only a few concrete actions. In general, intra-regional trade flows have severely contracted and the commodity structure has not evolved favourably as it remains concentrated on raw materials. Regional trade relations continue to be dominated by Russia, which often records a relatively large trade surplus vis-à-vis other CIS (see Table 11).

57. The CIS have also sought to develop their trade relations with other countries outside of the region. In general, these agreements stipulate mutual MFN treatment, thus giving a more stable legal basis to CIS trade relations. This is particularly important for the CIS that are not WTO members. Some agreements, in particular the PCA with the EU signed by most CIS, go further and propose a more structured framework for mutual co-operation. However, the trade impact of the PCA remains relatively modest compared to the EA, mainly because of a relatively limited scope of trade liberalisation commitments.

3.2. Impact of regional integration on trade policy in transition economies

58. The impact of regional integration should also be judged by its influence on the trade policies of participating countries. Discussions on trade policy implications of regional integration generally focus on its complex interaction with multilateral trade principles, in particular the possible discriminatory impact of preferential trade treatment on third countries. Recent experience of transition economies brings some additional insights to this debate.

59. The compliance with WTO disciplines embodied in particular in Article XXIV, aims at ensuring that benefits of regional integration outweigh its possible costs. The objective is to maximise the gains from trade for all member countries and avoid perverse effects of regional liberalisation, namely economically harmful discrimination against third countries. It is generally recognised that existing international disciplines in this area are not sufficient. Some observers even consider that regional integration may be an obstacle to the efforts for a broader based liberalisation in the WTO, as some regional partners might see multilateral liberalisation as a possible threat to their current preferential market access.

60. Similarly to trends observed in trade flows, the trade policy implications of regional integration have been much more important for the CEECs than for the CIS. Traditionally, the tariff structure is first and most immediately affected by preferential trade agreements. In the case of the CEECs, substantial tariff reductions were introduced in their trade both with EU and CEFTA partners. Possible trade diversion effects can be judged by the differential between the level of preferential versus MFN tariffs. If substantial, this tariff differential might encourage the diversion of trade flows in favour of regional traders discriminating against third parties' deliveries, even if the latter are initially lower priced. Some analysts noted that substantial tariff liberalisation by the CEECs at the regional level has not always been accompanied by parallel reduction of their MFN tariff rates. This also means that some candidates for EU membership should undertake an important reduction of their MFN tariff levels, which should be harmonised with the existing EU common external tariff (Kaminski, 1999).

61. Considering the impact of preferential trade agreements should not be limited to tariff implications. In the larger context of trade policy in general, the influence of the EA has been of outstanding importance. The impact of the EU on applicant countries goes far beyond trade policy. It is increasingly important for guiding their macroeconomic policies as well as for developing good public and corporate governance practices (Macedo, 2000). However, given the essentially trade perspective of the EA and well defined prerogatives of the EU with respect to trade policy, the EA prove to be a particularly efficient policy instrument in the trade policy area. This is due not only to the large scope of trade commitments and fast schedules for trade liberalisation commitments, but also to legal harmonisation requirements and regular monitoring procedures embodied in the EA. Legal harmonisation requirements have led applicant countries to shape their trade regimes in line with the EU's trade policy and regulatory framework. The EA implementation surveillance procedures represent an efficient peer pressure mechanism and a sort of policy conditionality. As a result, trade liberalisation objectives, though often included in reform programs of transition countries' governments, were subject to strict external disciplines and monitoring, making it difficult to backslide.

62. The EU experience has also been valuable for developing trade policy decision-making and negotiation skills of trade policy officials in the CEECs. Permanent contacts with EU representatives and structured dialogues helped them to enhance their participation in multilateral negotiations and improve their negotiation techniques in discussions with the domestic business community. Regional agreements, especially the CEFTA, have also contributed to boost co-operation in trade policy matters within the region.

63. The experience of the CEECs with regional integration inspired recent calls for the gradual integration of the countries of South Eastern Europe in the existing regional framework. Trade liberalisation and developments in trade policy under auspices of regional cooperation agreements are viewed as a prerequisite for stimulating economic growth and political stability in these countries (Daskalov, Mladenov, 2000).

64. In parallel with their modest influence on trade flows, intra-CIS regional integration initiatives have also been less effective with respect to their influence on trade policy of participating countries. Given the lack of a monitoring mechanism in current intra-CIS initiatives, they were unable to provide the policy and legal support to trade policy makers in these countries. Similarly, the PCA, given their more modest cooperation approach, did also not provided the kind of legal and regulatory boost as the EA did and therefore could not play the strong supportive role in designing more rationalised and coherent trade regimes in the CIS.

65. Aware of the important contribution of the EA in the CEECs' context, in particular in terms of accelerated trade liberalisation, legal harmonisation and an efficient monitoring mechanism, some observers suggested using a similar "external anchor" for the CIS and particularly for Russia. This would imply in particular boosting the cooperation and surveying mechanism within the PCA (Sutela, 2000). It is also increasingly acknowledged that it would be useful to envisage some surveillance mechanisms providing for monitoring of progress in transparency and predictability of the countries' trade regimes also within international or bilateral financial and technical assistance programmes.

66. Regional integration might have some negative trade policy impact, comparable to the trade diversion effects affecting trade relations with third countries. It was noted, for example, that the acceptance of EU regulations and technical standards by the CEECs might create additional technical barriers to other partners, especially the CIS. Attention was also drawn to the fact that domestic lobbies in transition economies, seeing similar practices in other countries, may push for more active use of some trade measures, such as anti-dumping.

67. So far, these concerns have not materialised in the CEECs, as these countries have not widely introduced non-tariff measures (NTM). The frequency ratio for NTM (i.e. the proportion of national tariff lines affected by NTM) decreased, for example in Hungary from almost 20% of imports in 1991 to less than 12% in 1997. The NTM coverage ratio (i.e. the percentage of imports subject to NTM) remains nevertheless still higher than for the Quad countries, reaching for example 22% of Hungarian imports in 1997 compared to 11% in case of the EU (Kaminski, 1999).

68. Accession to the EU will imply important trade policy adjustments in the Central and Eastern European countries that are candidates for EU membership. Most of these adjustments will encourage further trade liberalisation in the CEECs. As already mentioned, some countries will be required to reduce their MFN tariffs in line with the existing levels in the EU. Some countries should also complete their 100% tariff binding and reduce the dispersion of their tariff range (Daly, Kuwahara, 1999).

69. Some other requested adjustments with existing EU standards and practices could be more controversial. For instance, some countries with lower tariff levels, such as Estonia, are obliged to align them when adopting the EU common external tariff. Some countries will replace currently used ad valorem tariffs with specific duties, which are generally less transparent and potentially more distorting. The acceptance by candidate countries of EU policy orientations, for example in agriculture or some service sectors, has also been subject to concerns in third countries. It is nevertheless likely that most changes in transition countries' trade policy would be necessary even without EU membership, which has often only accelerated necessary transformations, for example in the service sector (Mortensen, Richter, 2000).

70. In summary, the role of regional cooperation in trade liberalisation should be assessed not only strictly in trade terms but also from the trade policy perspective. In this respect, the EA played a crucial role for the CEECs, providing legal, regulatory and institutional guidance and a strong monitoring mechanism. Policy makers in the CEECs have thus benefited from EU policy support for designing trade and other related policies. The mechanism for controlling implementation of agreed commitments has guaranteed a thorough application and prevented backward revisions of trade liberalisation targets. Given the high political priority to EU accession for the governments and generally also the public at large, trade liberalisation objectives and trade policy commitments have often enjoyed a strong sense of "ownership" by the political elite and public alike. In general, regional integration mechanisms functioned well in the CEECs but were rather inefficient in the context of the CIS. These differences seem to constitute an important factor explaining contrasting results of the overall trade liberalisation and the transition process in general in these two groups of countries.

IV. Role of multilateral trade disciplines in the trade policy reform of transition economies

4.1. Transition economies and the WTO

71. Until the beginning of the 1990s, the socialist countries were not active members of the international trade community. Emerging market economies have naturally aspired to be more closely integrated into the international trading system. Some transition countries that were already GATT contracting parties normalised their previously non-standard positions and became WTO founding members. Several transition countries recently succeeded in finalising their accession procedures and joined the WTO. Other transition countries obtained WTO observer status and are now in different stages of the accession process (see Table 13). Transition countries thus represent a rather heterogeneous group with various interests and concerns related to the present functioning and future developments of the international trading system.

72. The multilateral trading system and related trade disciplines were enhanced and reinforced after the acceptance of the Uruguay Round Agreements and the creation of the WTO in 1995. Like other country groups, transition countries benefited from the trade liberalisation achievements of the Uruguay Round, either directly as WTO members or indirectly as beneficiaries of MFN treatment granted by bilateral agreements. As WTO founding members or newly acceding members, transition countries generally accepted significant trade liberalisation commitments and participated actively in recent liberalisation initiatives.

73. For example, seven CEECs taking part in the 1997 financial services negotiations under the GATS (i.e. Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovak Republic and Slovenia) undertook more liberal commitments than the Asian and Latin American participants. Furthermore, in contrast to many other countries, their commitments in financial services go beyond the existing status quo. Indeed, several CEECs accepted pre-commitments for future liberalisation, in some cases contingent on parliamentary approval of new legislation (Matoo, 1999). Therefore, they have been actively using WTO commitments, not only for "locking in" already introduced trade liberalisation achievements, but also for setting up an internationally bound timetable for future liberalisation targets.

74. For reform-advanced transition countries participating in ambitious regional trade agreements, the acceptance of multilateral trade disciplines has generally not posed serious problems. Furthermore, these countries have already been subject to regular monitoring and surveillance, in some respects stricter than current WTO mechanisms for controlling the implementation of multilateral commitments. Nevertheless, certain countries, especially among the new WTO members, have encountered some

difficulties, in particular relatively high administrative costs related to the compliance with specific requirements such as notification procedures.

75. The situation is radically different for other transition economies that are still in the initial stages of their market reform process. The acceptance of multilateral trading disciplines is for them a very demanding task, especially because the areas and disciplines covered by the WTO have been considerably broadened. These countries often stress their difficulties in taking on firm and ambitious commitments, arguing that such commitments reduce their room for manoeuvre at a time when their domestic economic situation is still not stabilised. The problem seems particularly acute in agriculture, still in the painful transformation process. Several transition countries recently tabled a joint proposal asking for a specific provision to be included in the Agreement on Agriculture, giving them more flexibility in applying domestic support reduction commitments (WTO 2000). Some representatives also remarked that, during recent accession procedures, candidates for WTO membership have frequently faced requests for higher commitments, which they characterise as a "double standard" in the accession process. They note that existing mechanisms designed to add flexibility, such as the provision in the TRIP agreement allowing for a longer transition period for these countries, are not easy to negotiate in the accession process. They therefore ask for a more flexible approach to negotiating transition provisions, allowing candidates for WTO membership to be given longer time periods to develop institutions and implement new policies.

76. Although an extraordinary challenge, the acceptance of multilateral disciplines is even more indispensable for these countries, because they can rely only marginally on domestically driven reforms and do not participate in any ambitious regional integration initiative. Multilateral disciplines are therefore critical for these countries in order to stabilise their trade liberalisation achievements, give stronger external and internal credibility to their trade reforms and therefore provide a better guarantee against subsequent protectionist reversals. As much as possible, these countries should use available WTO disciplines not only for stabilising their trade reform achievements within standstill commitments but also for promoting further their trade liberalisation targets.

77. In the framework of its mandate, the WTO addresses international trade issues and, despite its widening coverage, has not yet clearly defined its role in dealing with domestic institutional and regulatory trade-related problems as well as commercial law and practices though these different aspects increasingly affect trade flows. Multilateral disciplines are also often seen by some countries as a policy tool for imposing standstill commitments and existing possibilities, as within the GATS, to use available procedures for "locking in" further trade liberalisation target are not always fully exploited. In some areas, the WTO disposes of efficient surveillance mechanisms. In particular, tariff binding and notification procedures contribute significantly to transparency and predictability of WTO members' trade regimes. However, in some other areas, the WTO procedures do not allow address directly the source of implementation problems. For example, customs valuation procedures are subject to the WTO implementation control mechanisms, but the shortcomings in their effective application are often due to administrative deficiencies or lack of qualified staff (Centre for Strategic and International Studies, 2000). Obviously, in this area additional mechanisms are required, in particular adequate technical assistance, whether international or bilateral.

V. Trade liberalisation in the context of transition economies

5.1. Specific features of trade liberalisation in transition economies

78. The 10-year trade liberalisation experiment in transition economies has several specific characteristics due to the initial situation of post-socialist countries and the scope and depth of their

transition process, especially the need to carry out simultaneously macroeconomic stabilisation and far-reaching economic reforms such as privatisation. These unique features of the trade liberalisation process in transition economies have entailed larger than expected adjustment costs. They have also been responsible for longer than expected delays in realising the anticipated results and have made overall co-ordination of the trade policy reform with other economic policies particularly difficult.

79. Although of variable strength, the main distortions were quite similar in all transition countries: severe macroeconomic imbalances, excessively centralised production structures, considerable sectoral imbalances (in particular over-industrialisation and an underdeveloped service sector) and the lack of some basic pre-conditions, such as strong private sector and financial system, for a functioning market economy. External openness was generally limited, especially with respect to FDI. The trade structure was often inadequate, characterised by biased regional orientation and a backward product structure.

80. A longer than expected time lag between trade liberalisation and its anticipated outcome in transition economies can be illustrated by the effect of trade reform on the inflation level in these countries. After the inevitable one-time jump in domestic prices caused by price liberalisation, monetary and exchange rate policy have been the main instruments in the fight against inflation. Import liberalisation was also expected to play an important role, especially by intensifying competitive pressures on domestic producers. However, despite a major opening to imports in many transition economies, domestic prices have remained under strong upward pressures. This persistence of inflation has been linked with systemic transformation in price setting, which implied considerable modifications in the price structure. The previous state-administered system, which maintained artificially low prices, was abolished and replaced by market-based prices set up essentially on the basis of world prices. However, most of these “imported” world prices were generally higher than the domestic price level.

81. Due to these specific conditions, reflecting the initial situation and the particularities of the transition process, the expected effect of trade liberalisation on prices has not, at least temporarily, materialised as most domestic prices continued to rise, further reducing the buying power of the population. Only a few categories of products, such as consumer electronics, which were priced higher than world prices in the pre-reform period, saw their prices reduced. The expected anti-inflationary effect of trade liberalisation started to operate only when most domestic prices reached world price levels, and only if other conditions, such as increased competitive pressures in the distribution sector, had been fulfilled.

82. Trade reform is not limited to trade policy and requires careful co-ordination with other economic policies, in particular exchange rate, monetary, fiscal and competition policies. However, sequencing and co-ordination of different reforms have been particularly complex in the context of the transition process towards a market economy. The role of trade liberalisation in this process was to intensify competitive pressures on domestic producers through their external exposure, which was expected to initiate restructuring of inefficient domestic enterprises and stimulate the reallocation of resources from unproductive to productive sectors and firms. Firms able to adapt more demanding internal and external markets would survive and develop or - in the absence of such an adaptation - would be forced to exit. However, the behaviour of enterprises and their capacity to react to external opening and face greater competitive pressures depend on many other factors, in particular selected privatisation methods and the role assigned to the State, foreign investors and the banking sector in the restructuring process. Obviously, some transition countries have been more successful than others in creating favourable conditions necessary for stimulating firms’ behaviour in increasingly more open and competitive markets.

83. The analysis of these different elements of market-oriented reform strategies is beyond the scope of this publication. Suffice it to say that the pace and the scope of restructuring have been essentially determined by foreign investors’ involvement and by imposed hard budget constraints. In contrast to the

initial restructuring undertaken by both state and private enterprises, usually by shedding excess labour, the subsequent, deeper restructuring, entailing additional capital funding, changes in product mix and improvement in organisational and marketing techniques, has been carried out in most cases by newly created firms, often with foreign participation (Barrell, Holland, 2000). Similarly, restructuring and increased competition through trade opening is ineffective without imposing hard budget constraints. The firms, even if they faced foreign competition, would not be forced to undergo the necessary adjustment if they benefited from privileged access to financial resources or more favourable administrative treatment. Therefore, the success or failure of individual transition countries in enhancing the competitiveness of domestic producers through trade liberalisation depends on the ability of the authorities to put in place other economic policies, especially encouraging foreign investment and imposing hard budget constraints on domestic firms.

84. These specific aspects of transition countries' experience are illustrated by the divergent results of trade reform in the CEECs compared to the CIS. Although distortions inherited by the CIS from the previous economic system were certainly deeper than those prevailing in the CEECs, the example of the Baltic States clearly shows that the final outcome is determined decisively by the choice of the reform strategy. Like their ex-USSR partners, the Baltic States confronted serious economic imbalances and had relatively little recent exposure to market conditions. However, their radical reform strategy, including far-reaching trade liberalisation, enabled them to overcome these handicaps more rapidly than other ex-Soviet republics. A hesitant and erratic reform strategy has often meant that the initial post-transformation recession has lasted longer without reducing the social costs of economic adjustment in the longer term. The anticipated positive impact of trade liberalisation was further delayed, as trade has continued to expand slowly and the commodity structure has been upgraded insufficiently. Fast reforming countries have been generally able to attract significant FDI inflows, thus creating new job opportunities in new sectors and restructured production units.

5.2. Main lessons from the trade liberalisation experience of transition economies

85. Although the 10-year trade liberalisation experience of the transition economies has been in many respects unique, it highlights several aspects of more general interest and can thus provide some useful lessons for the trade liberalisation process in general. This publication addressed several issues in this respect.

86. First, radical and fast trade liberalisation initiated in the early stages of the reform process has been more successful in overcoming initial distortions and brought more rapidly positive results in the trade area, including trade re-orientation and a more efficient use of comparative advantages of individual countries. In this context, political considerations should also be taken into account. In particular, sustainability of the whole process depends on political consensus and public support, both determined by the ability of policy makers to develop credible reform strategies and deal promptly with adjustment costs. Trade liberalisation presents an additional challenge as efficiency gains often appear in the longer term and are not necessarily identified with trade liberalisation. From the political perspective, rapid external opening initiated in an early stage of the transition was a unique opportunity, as the public was more likely ready to accept inevitable negative consequences of trade reform, and protectionist interest groups were generally still weak and disorganised.

87. Second, the trade liberalisation experience of transition economies clearly demonstrates the critical role of legal, regulatory and institutional settings for the success of trade reform. Most transition economies have made substantial progress in establishing a formal legal framework, for example for trade in services (OECD, 2000). However, many countries continue to face considerable problems in building appropriate institutional structures and ensuring adequate implementation of trade liberalisation

commitments. It is generally relatively easier to build up the "law on the books" (i.e. judicial foundations of legal structures) than to develop the "law in action", i.e. to improve the effectiveness of legal institutions and their capacity to enforce the law and enhance the readiness of the public and enterprises to comply with the law and legal decisions (Pistor, Raiser, Gelfer, 2000). Initial exposure and familiarity with a market oriented legal framework and institutions was an advantage, which allowed some transition countries to progress more rapidly than others. However, the past does not explain all. In this area too, progress depends to a great extent on political willingness of the authorities to address the required legal and institutional reforms and adopt a long-term strategy for their implementation.

88. A third observation based on the experience of transition economies is the essential contribution of an "external anchor" to the success of trade reform. The acceptance of external commitments helps countries to boost the internal and external credibility of reforms and combat pressures to revising existing trade liberalisation achievements. Such an external anchor also provides a legal, regulatory and institutional blueprint for reforming countries. This factor critical for the success of trade reform is ensured through the compliance with multilateral trade disciplines as embodied in the WTO. In some cases, regional integration agreements may play a similar and complementary role.

89. Once again, the comparison of recent developments in the CEECs and the CIS can illustrate these general observations. The most successful CEECs adopted a fast track reform approach and opted for rapid trade opening. Whereas they had generally better knowledge of market institutions than the CIS, their capacity to develop more rapidly a market-oriented legal and institutional framework reflects their firm acceptance of trade liberalisation commitments. This process has been reinforced through the powerful mechanism for monitoring implementation of these commitments under the EA and legal harmonisation requirements related to EU accession. Given that this process is generally perceived as a political priority by the domestic leadership and population, it also benefits from a strong sense of "ownership" by the political elite and the public in general.

90. The CIS have not yet been subject to the same external disciplines. Most of them are not yet WTO members and do not participate in far-reaching regional integration agreements. The WTO is therefore essential for improving transparency and predictability of their trade regimes, especially through tariff bindings and different trade-related disciplines. These countries should also fully use existing WTO disciplines not only for stabilising their trade liberalisation achievements under standstill commitments but also for introducing an internationally bound timetable for their future trade liberalisation objectives. However, existing WTO disciplines are not yet sufficiently strong in some other areas, in particular as regards some regulatory issues related to domestic policies and with respect to a mechanism for monitoring implementation.

91. Recent success and shortcomings in trade policy reform carried out by transition economies do not contradict the theoretical underpinning of trade liberalisation. They nevertheless show the need to take into consideration specific conditions of different countries and adapt general prescriptions for trade reform in light of the concrete situation in individual countries. The experience accumulated by transition economies is also important for the consideration of the risks of possible reversals and setbacks in the trade liberalisation process. These risks remain high because, in many transition economies, adjustment problems persist, and their vulnerability to external shocks is still acute. Some interest groups, now bettter organised, oppose actively open trade policies. Trade reform remains a complex economic and political undertaking, entailing a long process of legal change and institution building and persistent implementation efforts. Lack of coherence of trade policy and arbitrary implementation of trade measures risk encouraging costly rent-seeking activities and discouraging foreign investors.

92. These different aspects characterising trade policy developments in transition economies are increasingly taken into account in recent reform strategies and integrated in technical assistance programmes. In particular, more attention is devoted to institutional and implementation issues (Transition 2000a) as well as to transparency and implementation requirements (IMF Survey, 2000; Transition b). Future analysis should also continue to deal with legal, regulatory and institutional aspects of trade policy and assess the efficiency of various mechanisms for monitoring implementation as available in the multilateral context or developed in regional agreements.

Table 1. Main aspects of the reform process in transition economies

	Stabilisation programme date	GDP		Inflation			Unemployment			Exchange rate regime	
		Lowest output year	**2000 (1989=100)**	Maximum end-year inflation rate(s)	Peak inflation year	**2000 (avg. % change over previous year)**	Maximum (% of total labour)	Peak year	**1999**	Current regime	since
EU candidate countries											
Bulgaria	**Feb 91**	1997	**67**	1 082	(1997)	**7.0**	16	(1993)	**16**	currency board, fixed euro	1997
Czech Republic	**Jan 91**	1992	**95**	52	(1991)	**3.9**	9	(1999)	**9**	free float, euro reference	1997
Estonia	**Jun 92**	1994	**77**	1 076	(1992)	**3.8**	7	(1999)	**7**	currency board, fixed euro	1992
Hungary	**Mar 90**	1993	**99**	35	(1991)	**9.5**	12	(1992)	**10**	euro pegged, crawling fluct. band	2000
Latvia	**Jun 92**	1995	**60**	951	(1992)	**2.9**	9	(1998)	**9**	SDR pegged	1997
Lithuania	**Jun 92**	1994	**62**	1 021	(1992)	**1.0**	10	(1999)	**10**	currency board, USD pegged	1994
Poland	**Jan 90**	1991	**122**	506	(1990)	**9.9**	16	(1993)	**13**	free float	2000
Romania	**Oct 93**	1992	**76**	256	(1993)	**45.0**	12	(1999)	**12**	managed float	1992
Slovakia	**Jan 91**	1993	**100**	61	(1991)	**11.9**	19	(1999)	**19**	managed float, euro reference	1998
Slovenia	**Feb 92**	1992	**109**	207	(1992)	**8.6**	16	(1993)	**13**	managed float, euro reference	1992
Other Eastern European countries											
Albania	**Aug 92**	1992	**95**	226	(1992)	**0.4**	27	(1992)	**18**	managed float	
Croatia	**Oct 93**	1993	**78**	1 518	(1993)	**6.5**	21	(1999)	**21**	managed float, euro reference	1994
FYR Macedonia	**Jan 94**	1995	**74**	1 664	(1992)	**8.5**	47	(1999)	**47**	managed float, euro reference	
Commonwealth of Independant States											
Armenia	**Dec 94**	1993	**42**	5 273	(1994)	**-0.5**	12	(1999)	**12**	free float	
Azerbaijan	**Jan 95**	1995	**47**	1 664	(1994)	**1.5**	1	(1998)	**1**	managed float	
Belarus	**Nov 94**	1995	**80**	221	(1994)	**168.0**	4	(1996)	**2**	managed float	1998
Georgia	**Sep 94**	1994	**34**	15 607	(1994)	**4.4**	8	(1997)	**6**	floating	1998
Kazakhstan	**Jan 94**	1998	**63**	1 892	(1994)	**13.2**	4	(1996)	**4**	managed float	
Kyrgystan	**May 93**	1995	**63**	855	(1992)	**18.6**	5	(1996)	**3**	managed float	
Moldova	**Sep 93**	1998	**31**	1 276	(1992)	**32.0**	2	(1999)	**2**	floating	
Russia	**Apr-95**	1998	**57**	1 526	(1992)	**20.7**	13	(1998)	**12**	managed float	1998
Tajikistan	**Feb 95**	1996	**44**	2 195	(1993)	**24.2**	3	(1999)	**3**	managed float	1995
Turkmenistan	**Jan 97**	1997	**64**	3 602	(1993)	**10.0**	..	..	**..**	USD pegged	1998
Ukraine	**Nov 94**	1998	**36**	4 735	(1993)	**28.0**	4	(1998)	**4**	crawling peg	1996
Uzbekistan	**Nov 94**	1995	**94**	1 568	(1994)	**30.0**	1	(1999)	**1**	managed float; multiple rates	

Sources: EBRD, IMF, OECD, UN-ECE, WB

Table 2: Transition indicators

	ATI [1]	LI [2]	EMAI [3]	CPI [4]
EU candidate countries				
Bulgaria	2.9	4.9	57	3.5
Czech Republic	3.4	6.4	60	4.3
Estonia	3.5	5.7	78	5.7
Hungary	3.7	6.8	66	5.2
Latvia	3.1	5.0		3.4
Lithuania	3.1	5.4	73	4.1
Poland	3.5	6.8	60	4.1
Romania	2.8	4.5	70	2.9
Slovakia	3.3	6.1	52	3.5
Slovenia	3.3	6.8	74	5.5
Other Eastern European countries				
Albania	2.5	4.6		
Croatia	3.0	6.5		3.7
FYR Macedonia	2.8	6.3		
Commonwealth of Independant States				
Armenia	2.7	3.4		2.5
Azerbaijan	2.2	2.6		1.5
Belarus	1.5	2.5		4.1
Georgia	2.5	3.3		
Kazakhstan	2.7	4.4		3.0
Kyrgystan	2.8	3.4		
Moldova	2.8	4.4		2.6
Russia	2.5	4.3	52	2.1
Tajikistan	2.0	2.2		
Turkmenistan	1.4	1.5		
Ukraine	2.4	2.6	48	1.5
Uzbekistan	2.1	2.8	32	2.4

Sources:

1. The Aggregate Transition Indicator (ATI) is the average of 8 component transition indicators of structural reforms published in the EBRD Transition report, which measure the extent of enterprise privatisation and restructuring; market liberalisation and competition and financial sector reform. The indicators rank from 1 to 4+, where 4+ indicates structural characteristics comparable to those prevailing on average in the advanced economies, and 1 represents conditions before reform in a centrally planned economy with dominant state ownership of means of production. (Transition report , EBRD)
2. The cumulative Liberalisation Index (LI) issum over the 1989-97 period of the weighted averages of the domestic market liberalisation, foreign trade liberalisation and enterprise privatisation and banking reform indices. The cumulative index gives an indication of the duration of liberalisation. It ranges from 0 to 9: 0 denotes no change and 9 full liberalisation during the whole period. (The World Bank Economic Review, as quoted in World Economic Outllook, IMF)
3. The overall Emerging Market Access Index (EMAI) score of each country is the sum of its scores on 16 areas of market openness including: barriers to trade in goods (average tariff levels, customs regimes, import licensing requirements, import quotas, standards barriers to trade, certification requirements); goods tax structure; intellectual property rights regime (the patent, copyright and trademark systems, prevalence of piracy); barriers to services (including financial, telecommunications, and legal); export subsidies; investment barriers; government procurement policies. Scores are based on the evaluations of a panel of international experts drawn from government and business. The index scales from 0 to 100; 100 for a very open market; 0 for total lack of market access. (Center for Asia and the Emerging Economies, http://www.dartmouth/edu/tuck/fac_research/centers/caee.html)
4. The Corruption Perception Index (CPI) is based on information originating from 8 independent institutions. It aims to the assessment of levels of corruption. The index scores from 10 to 0; 10 for the least corrupt to 0 for the most corrupt country. (Transparency International, http://www.transparency.de/)

Table 3. Foreign Direct Investment in Transition Economies

(net inflows recorded in the balance of payments)

	Net Foreign DIrect Investment inflows					**Cumulative FDI Inflows**	FDI Inflows per capita		**Cumulative FDI-Inflows per capita**	Share of FDI Inflows in GDP	
	1995	1996	1997	1998	1999	**1988-99**	1998	1999	**1988-99**	1998	1999
	(USD millions)					**(USD millions)**	(USD)		**(USD)**	(% of GDP)	
EU candidate countries											
Bulgaria	90	109	505	537	739	**2 228**	64	89	**269**	4	6
Czech Republic	2 562	1 428	1 300	2 720	5 108	**16 546**	265	498	**1 612**	5	10
Estonia	202	151	267	581	361	**2 019**	89	396	**1 430**	11	7
Hungary	4 453	2 275	2 173	2 036	1 944	**19 822**	201	193	**1 967**	4	4
Latvia	180	382	521	357	270	**1 998**	206	88	**836**	6	4
Lithuania	73	152	355	926	350	**1 925**	89	249	**523**	9	3
Poland	1 132	2 768	3 077	5 129	6 757	**20 402**	132	174	**527**	3	4
Romania	419	263	1 215	2 031	961	**5 441**	90	43	**243**	5	3
Slovak Republic	202	330	161	508	240	**2 068**	94	45	**384**	3	1
Slovenia	176	186	321	165	83	**1 355**	83	42	**681**	1	
Other Eastern European countries											
Albania	70	90	48	45	41	**424**	14	13	**138**	2	1
Croatia	101	533	487	873	1 332	**3 552**	195	298	**793**	4	7
FYR Macedonia	9	11	16	118	40	**217**	59	20	**108**	3	1
Commonwealth of Independant States											
Armenia	25	18	52	232	100	**436**	66	28	**124**	12	5
Azerbaijan	330	627	1 115	1 023	700	**3 837**	133	91	**499**	25	18
Belarus	15	73	200	149	250	**722**	14	24	**70**	1	2
Georgia	6	40	203	265	100	**622**	52	20	**124**	5	4
Kazakhstan	964	1 137	1 321	1 158	950	**6 738**	71	58	**414**	5	6
Kyrgyzstan	96	47	83	109	5	**388**	24	1	**83**	7	
Moldova	67	24	76	86	49	**368**	20	11	**84**	5	4
Russia	2 016	2 479	6 639	2 761	2 600	**19 900**	19	18	**135**	1	1
Tajikistan	20	25	30	24	21	**141**	4	3	**23**	2	2
Turkmenistan	233	108	102	64	80	**781**	15	18	**178**	2	2
Ukraine	267	521	623	743	500	**3 211**	15	10	**63**	2	2
Uzbekistan	- 24	90	167	176	184	**723**	7	8	**30**	1	1

Notes: For most countries, figures cover investment in equity capital and in some cases contributions in kind. For those countries (e.g. Estonia. Slovak Republic) where net investment into equity capital was not easily available, more recent data include reinvested earnings as well as inter-company debt transactions.

Sources: Countries in Transition WIIW; Economic Surveys of Europe, UN-ECE

Table 4. Changes in geographical structure of foreign trade in transition economies

(Shares in % of different country groups in total trade)

		1990			1995			1999		
		Developed countries	CEEC	ROW	Developed countries	CEEC	ROW	**Developed countries**	CEEC	ROW
EU candidate countries										
Bulgaria [a]	exports	9	12	79	50	3	46	**67**	3	30
	imports	15	12	73	45	4	51	**58**	6	36
Czech Republic	exports	44	13	44	66	21	13	**75**	16	9
	imports	47	12	40	69	16	15	**74**	11	15
Hungary	exports	54	8	38	69	9	22	**84**	7	9
	imports	53	9	38	70	7	22	**75**	7	19
Poland	exports	63	6	30	75	6	19	**76**	8	16
	imports	66	5	29	74	6	20	**74**	6	20
Romania	exports	44	9	47	62	4	34	**72**	7	21
	imports	31	12	57	60	5	35	**69**	8	23
Slovakia	exports	46	14	41	41	55	4	**..**	29	..
	imports	51	..	..	42	54	4	**..**	22	..
Slovenia	exports	73	6	21	73	5	22	**73**	7	20
	imports	81	5	14	78	7	15	**80**	8	12
Other Eastern European countries										
Albania	exports	..	..	..	85	4	12			
	imports	..	..	..	81	13	7			
Croatia	exports	69	4	27	62	4	34	**57**	3	40
	imports	65	8	26	71	6	23	**67**	6	28
Macedonia	exports	53	11	36	43	25	32	**60**	3	37
	imports	51	11	38	50	19	31	**51**	9	40
Commonwealth of Independant States										
Russia	exports	47	14	38	49	11	39	**51**	11	38
	imports	55	11	35	38	6	56	**52**	5	42
Ukraine	exports	..	..	..	18	10	73	**31**	11	58
	imports	..	..	..	20	8	72	**28**	6	66

Notes:
a. Data for trade with developed countries corresponds to OECD countries
CEEC: Central and Eastern European Countries, ROW: Rest of the World
Sources: Countries in Transition, WIIW; Economic survey of Europe, UN-ECE

Table 5. Changes in commodity structure of foreign trade in transition economies

(shares in % of different product categories in total trade)

		Exports				Imports			
		agricultural products	crude materials	manufacturing products	**machinery and equipment**	agricultural products	crude materials	manufacturing products	**machinery and equipment**
EU candidate countries									
Bulgaria [a]	1992	24	13	34	**29**	8	40	22	**30**
	1999	14	16	34	**36**	6	27	28	**39**
Czech Republic	1990	6	8	32	**53**	8	25	20	**48**
	1999	4	7	33	**57**	6	10	33	**52**
Estonia	1994	22	..	..	**16**	15	..	..	**28**
	1999	9	..	..	**27**	11	..	..	**38**
Hungary	1990	22	8	31	**39**	7	20	30	**43**
	1999	8	4	18	**70**	3	8	27	**61**
Lithuania	1994	12	..	..	**16**	6	..	..	**23**
	1998	10	..	..	**19**	6	..	..	**31**
Poland	1990	12	18	32	**39**	8	28	20	**44**
	1999	9	8	32	**51**	7	10	35	**48**
Romania [b]	1990	6	15	34	**45**	13	44	18	**25**
	1999	4	14	25	**57**	7	14	40	**39**
Slovak Republic	1991	8	6	48	**38**	5	48	17	**30**
	1999	4	9	35	**52**	6	17	30	**47**
Slovenia	1990	5	3	37	**55**	7	17	33	**44**
	1999	4	3	37	**57**	6	11	34	**49**
Other Eastern European countries									
Albania	1993	14	32	50	**4**	22	4	36	**38**
	1999	7	10	77	**6**	27	9	46	**19**
Croatia	1990	8	10	28	**54**	15	23	25	**38**
	1999	9	14	25	**52**	8	13	28	**50**
FYR Macedonia	1990	6	5	53	**36**	13	22	28	**37**
	1999	19	6	34	**40**	15	12	26	**48**
Commonwealth of Independant States									
Armenia	1995	5	..	..	**18**	34	..	..	**9**
	1998	5	..	..	**22**	33	..	..	**14**
Russia	1991	3	60	20	**17**	28	4	28	**40**
	1998	3	46	33	**18**	25	6	30	**38**
Ukraine	1996	12	10	53	**25**	8	51	21	**20**
	1999	12	12	59	**16**	8	48	23	**22**

Notes:
a. Bulgaria: 1998 exports: 1997
b. Romania: 1990 exports: 1994 data
Sources: Handbook of statistics, WIIW; Transition economies, EBRD

Table 6. Intra-industry trade in selected transition economies

	1990	1991	1992	1993	1994	1995	1996	1997
Bulgaria	30	30	31	37	35	33	35	34
Czech Republic	..	..	..	55	57	59	60	64
Estonia	..	..	18	23	35	38	38	36
Hungary	43	46	48	50	51	54	55	57
Poland	33	34	36	36	38	40	39	41
Slovenia	..	..	49	53	56	58	59	58

Notes:
Intra-Industry trade indicator is the share of exports and imports in the same commodity group as the percentage of total trade volume. 0% when only either imports or exports take place to 100% if imports and exports are of equal magnitude.
Source: East-West Trade: 10 years after, Bank Austria

Table 7. Developments in trade in services of transition economies

	Net service exports (mn USD)		Exports of services (% of GDP)		Imports of services (% of GDP)	
	1990	1997	1990	1997	1990	1997
EU candidate countries						
Bulgaria	237	166	5.3	13.9	4	12
Czech Republic	..	1 743	..	15.0	..	11.3
Estonia	..	591	..	29.1	..	15.9
Hungary	484	1 178	8.6	11.6	7.0	8.9
Latvia	..	371	..	19.3	..	12.4
Lithuania	..	135	..	10.9	..	9.4
Poland	353	3 172	5.9	7.3	5.0	4.5
Romania	-177	-615	2.5	4.6	3.1	6.5
Slovakia	..	73	..	11.6	..	11
Slovenia	..	590	..	11.8	..	8
Other Eastern European countries						
Albania						
Croatia	..	2 022	..	20.7	..	10
FYR Macedonia	..	-145	..	..	..	..
	1993	1997				
Commonwealth of Independant States						
Belarus	48	554	..	8.2	..	5
Russia	..	-4 966	..	3.4	..	4
Ukraine	..	2 669	..	10.2	..	5

Source: East-West trade: 10 years after, Bank Austria

Table 8. Tariff revenues in selected transition economies

(per cent of imports)

	1991	1992	1993	1994	1995	1996
EU candidate countries						
Bulgaria	2.4	4.1	7.1	6.9	6.1	4.6
Czech Republic	..	..	3.9	4.1	2.6	2.6
Estonia[1]	..	..	0.9	0.9	0.2	0.1
Hungary	9.1	11.8	12	12.6	12.9	9.6
Latvia	..	2.8	2.9	3.2	1.8	1.5
Lithuania	..	..	1.1	3.2	1.4	1.2
Poland	12.7	14.7	15.3	18.5	15	10.7
Romania	6.7	5	6.6	6	6.2	5.1
Slovakia[2]	..	..	2.3	3.4	3.3	2.9

Notes:
1. excludes differential excise taxes on imports
2. refers to import tariffs, custom duties and import surcharge

Source: Transition Report, EBRD

Table 9. Developments in the trade balances of transition economies

	Current account balance (% of GDP)			Current account balance (mn USD)		
	1990	1995	2000 proj.	1990	1995	2000 proj.
EU candidate countries						
Bulgaria	- 10		- 6	-1 710	- 26	- 700
Czech Republic	- 3	- 3	- 4	- 122	-1 369	-1 770
Estonia	..	- 4	- 7	..	- 158	- 343
Hungary		- 6	- 3	127	-2 480	-1 700
Latvia	..		- 10	..	- 16	- 662
Lithuania	..	- 10	- 6	..	- 614	- 664
Poland	1	5	- 7	600	5 310	-11 500
Romania	- 5	- 6	- 5	-3 254	-1 774	1 750
Slovakia	..	2	- 3	- 767	391	- 680
Slovenia	3	- 1	- 3	518	- 100	- 491
Other Eastern European countries						
Albania	- 6	- 7		- 118	- 2	
Croatia	4	- 8	- 4	-1 170	-1 451	- 798
FYR Macedonia	..		- 5	- 409	- 222	- 320
	1993	1995	2000 proj.	1993	1995	2000 proj.
Commonwealth of Independant States						
Armenia	- 14	- 17	- 14	- 67	- 218	- 269
Azerbaijan	- 12	- 13	- 6	- 160	- 318	- 253
Belarus	- 12	- 4	- 6	- 435	- 458	- 430
Georgia	- 40	- 8	- 7	- 354	- 216	- 199
Kazakhstan	- 7	- 1	4	- 400	- 213	690
Kyrgystan	- 19	- 16	- 13	- 88	- 235	- 150
Moldova	- 12	- 7	- 8	- 150	- 98	- 80
Russia	..	1	17	12 792	5 026	36 100
Tajikistan	- 29	- 13	- 5	- 200	- 86	- 44
Turkmenistan	14	1	- 1	776	24	- 10
Ukraine	- 2	- 3	2	- 765	-1 152	500
Uzbekistan	- 8		- 2	- 429	- 21	- 140

Source: Economic survey of Europe, UN-ECE

Table 10. Share of preferential trade partners (except EU) in foreign trade of selected transition economies

(% of total)

		1993	1994	1995	1996	1997	1998	1999
				Trading partner: **CEFTA countries**				
Bulgaria	xports	..	..	3.8	3.5	3.3	4.9	..
	imports	..	..	4.2	4.5	5	5.6	..
Czech Republic	xports	..	28.9	28.6	30.7	29.5	26.3	..
	imports	..	27.4	26.4	24.6	24.0	21.1	..
	exports	..	14.5	1.6	1.5	1.4	1.3	1.4
Hungary	xports	..	7.5	7.8	10.9	8.9	8.9	8
	imports	..	25.2	2.6	2.3	1.8	1.8	1.8
	imports	..	8.9	10.7	8.6	7.2	6.9	7.3
Poland	xports							7.9
	imports							6.6
Slovakia	xports	49.9	45.7	44.3	41.4	37.2	31.9	29.7
	imports	39.3	34.0	33.1	29.1	27.2	24.6	23.4
				Trading partner: **Baltic countries**				
Estonia	xports	..	13.1	12.0	13.4	13.0	12.9	11.3
	imports	..	5.1	5.0	5.4	5.6	6.1	6.4
Latvia	xports	..	..	9.9	10.6	10.9	11.9	12.2
	imports	..	..	10.1	11.2	11.1	12.9	13.7
Lithuania	xports	..	11.0	9.3	11.7	11.1	13.7	..
	imports	..	4.3	5.0	5.5	5.8	6.7	..

Source: Country reviews, IMF

Table 11: Geographical structure of CIS foreign trade

(% of total trade)

		1992			1995			1999		
		EU	CIS	ROW	EU	CIS	ROW	EU	CIS	ROW
Armenia	exports	..	81	19	18	63	19	..	24	76
	imports	..	52	48	13	32	54	..	22	78
Azerbaijan	exports	..	49	51	8	45	47	..	23	77
	imports	..	65	35	18	34	48	..	31	69
Belarus	exports	..	59	41	12	62	26	..	61	39
	imports	..	68	32	17	66	17	..	64	36
Georgia	exports	..	75	25	4	63	33	..	45	55
	imports	..	80	20	12	40	48	..	37	63
Kazakhstan	exports	..	58	42	22	55	23	..	26	74
	imports	..	61	39	14	70	16	..	43	57
Kyrgyzstan	exports	..	76	24	10	66	25	..	40	60
	imports	..	83	17	6	68	26	..	43	57
Moldova	exports	..	65	35	12	63	26	..	55	45
	imports	..	72	28	14	68	19	..	40	60
Russia	exports	..	21	79	32	18	50	..	15	85
	imports	..	27	73	29	29	41	..	27	73
Tajikistan	exports	..	44	56	46	34	20	..	46	54
	imports	..	48	52	25	59	16	..	78	22
Turkmenistan	exports	..	77	23	7	49	44	..	41	59
	imports	..	47	53	3	55	42	..	34	66
Ukraine	exports	..	56	44	11	53	36	..	28	72
	imports	..	70	30	15	65	21	..	57	43
Uzbekistan	exports	..	62	38	18	39	43	..	30	70
	imports	..	54	46	18	41	42	..	26	74
memorandum item										
Share of Russia in total CIS trade	exports		74			72			71	
	imports		61			59			50	
Share of Russia in intra-CIS exports			51			47			49	
in intra-CIS imports			39			40			41	

Note:
EU: European Union, CIS: Commonwealth of independent States, ROW: Rest of the World
Sources: Transition economies, UN-ECE; UNCTAD; Countries in transition, WIIW

Table 12. Participation of transition economies in regional integration agreements

	EA signature	CEFTA	Bilateral agreements
EU candidate countries			
Bulgaria	1993	1999	FTA with EFTA countries, Macedonia, Turkey
Czech Republic	1993	1993	CU with Slovakia, FTA with EFTA countries, Estonia, Latvia, Lithuania, Israel and Turkey
Estonia	1995		FTA with EFTA countries, Latvia, Lithuania, Faroe Islands, Czech Republic, Slovakia, Slovenia, Turkey and Ukraine
Hungary	1991	1993	FTA with EFTA countries, Latvia, Lithuania, Romania, Turkey and Israel.
Latvia	1995		FTA with EFTA countries, Estonia, Lithuania, Czech Rep., Hungary, Poland, Slovakia and Slovenia
Lithuania	1995		FTA with EFTA countries, Estonia, Latvia, Czech Rep., Hungary, Poland, Romania, Slovakia, Slovenia, Israel and Turkey
Poland	1991	1993	FTA with EFTA countries, Faroe Islands, Estonia, Latvia, Lithuania, Israel and Turkey
Romania	1993	1997	FTA with EFTA countries, Hungary, Moldova and Turkey
Slovakia	1993	1993	CU with the Czech Rep., FTA with EFTA countries, Estonia, Latvia, Lithuania, Israel and Turkey
Slovenia	1996	1996	FTA with EFTA countries, Estonia, Latvia, Lithuania, Croatia, Macedonia and Israel
Other Eastern European countries			
Albania			
Croatia			FTA with Slovenia
FYR Macedonia			FTA with Bulgaria, Slovenia

	PCA signature	CIS FTA agreement	Bilateral agreements
Commonwealth o Independent States			
Armenia	initialled 1995	provisionally applied	
Azerbaijan	1996	effective 1996	
Belarus	1995	provisionally applied	CU with Kazakhstan, Kyrgystan and Russia
Georgia	1996	provisionally applied	
Kazakhstan	1995	provisionally applied	CU with Belarus, Kyrgystan and Russia
Kyrgystan	1995	effective 1995	CU with Russia, Kazakhstan and Belarus
Moldova	1994	effective 1994	trade and ecomomic agreement with Russia, FTA with Romania
Russia	1994	provisionally applied	CU with Belarus, Kyrgystan and Kazakhstan
Tajikistan	..	effective 1997	CU with Belarus, Kazakhstan, Kyrgystan and Russia
Turkmenistan	initialled 1997	provisionally applied	
Ukraine	1994	provisionally applied	
Uzbekistan	1996	provisionally applied	

Notes: EA: Europe agreement, PCA Partnership and Co-operation Agreement, FTA: Free trade agreement, CU: customs union, CEFTA: Central European free trade agreement, EFTA: European free trade association.

Sources: WTO, OECD

Table 13: Position of transition economies in the WTO

	Application	Memorandum	Membership/Observership
EU candidate countries			
Bulgaria	Sept. 86	Feb. 90	1 Dec. 96
Czech Republic			1 Jan. 95
Estonia	Mar. 94	Mar. 94	13 Nov. 99
Hungary			1 Jan. 95
Latvia	Nov. 93	Aug. 94	10 Feb. 99
Lithuania	Jan. 94	Dec. 94	Accession approved Dec. 2000
Poland			1 Jul. 95
Romania			1 Jan. 95
Slovakia			1 Jan. 95
Slovenia			30 Jul. 95
Other Eastern European countries			
Albania	Nov.92	Jan. 95	8 Sep. 2000
Croatia	Sep. 93	Jun. 94	30 Nov. 2000
FYR Macedonia	Dec. 94	Apr. 99	Observer
Commonwealth of Independent States			
Armenia	Nov. 93	Apr. 95	Observer
Azerbaijan	Jun. 97	Apr. 99	Observer
Belarus	Sep. 93	Jan. 96	Observer
Georgia	Jul. 96	Apr. 97	14 Jun. 2000
Kazakhstan	Jan. 96	Sep. 96	Observer
Kyrgystan	Feb. 96	Aug. 96	20 Dec. 98
Moldova	Nov. 93	Sep. 96	Observer
Russia	Jun. 93	Mar. 94	Observer
Tajikistan	not applied		
Turkmenistan	not applied		
Ukraine	Nov. 93	Jul. 94	Observer
Uzbekistan	Dec. 94	Sep. 98	Observer

Source: WTO

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13

New Forms of Co-operation and Integration in Emerging Africa

Obstacles to Expanding Intra-African Trade

By Roberto Longo and Khalid Sekkat

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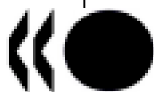

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ACKNOWLEDGEMENTS

The authors would like to thank Federico Bonaglia, Maurizio Bussolo, Colm Foy, Kiichiro Fukasaku, Andrea Goldstein, Carolyn Jenkins, Sam Laird, Jorge Braga de Macedo, Aristomène Varoudakis, and seminar participants at the Graduate Institute of International Studies in Geneva and the Université Libre de Bruxelles for comments and suggestions on earlier drafts. They remain solely responsible for the content of this paper, whose findings and interpretations do not necessarily reflect the views of the OECD, the OECD Development Centre, or their Member countries.

PREFACE

The Development Centre's research on Africa since 1997 has centred on the theme of Emerging Africa. An in-depth examination of six countries showing some potential for take-off has identified three ingredients leading to high and sustainable growth:

1) access to external non-debt financial resources;
2) legitimate political leadership;
3) a long-term regional focus.

With these tentative conclusions in mind, in 1999 the Centre launched a research project to pass from country-specific to region-wide analysis, to improve the flow of information for the implementation of co-operation efforts, and to derive policy recommendations for donors and other non-governmental development partners. Regionalism may be fashionable but it is not a new phenomenon in Africa. Indeed, the world's oldest customs union exists in Southern Africa, and the list of both past and present multilateral economic agreements is probably longer than that of any other continent. However, while some successful examples of regional co-operation do exist**,** Africa's record of creating and sustaining regional frameworks is generally poor. The pressing need for high output growth, industrialisation, employment creation, increasing export trade, higher social and human capital development, and above all lower poverty, is giving regional integration a new lease of life.

A small number of experts from Africa and Europe have been asked to provide the elements to structure our thinking around two, complementary issues:

1) What is the scope for increased intra-regional trade in sub-Saharan Africa, in the context of current trends towards freer regional trade?
2) Which are the most promising areas of regional co-operation?

The studies included in this special series of Development Centre Technical Papers, together with one by Andrea Goldstein, published in 1999, (TP 154), provide updated analyses on the progress of regional integration in sub-Saharan Africa and will contribute to the debate on this key issue for its development. The papers are also published in anticipation of the Second International Forum on African Perspectives, on the theme of Regionalism in Africa, organised by the Development Centre and the African Development Bank.

Jorge Braga de Macedo
President
OECD Development Centre
March 2001

RÉSUMÉ

Ce Document technique analyse les déterminants des échanges intra-africains afin d'évaluer les obstacles potentiels à leur expansion. Celle-ci pourrait favoriser le décollage économique du continent, comme le montrent les arguments tant économiques que politiques. Les relations commerciales sont toutefois extrêmement réduites en Afrique. D'après les statistiques officielles, le commerce intra-africain ne représente qu'une faible part des échanges totaux de chaque pays et est resté à peu près constant dans le temps. Les divers travaux identifient les principaux obstacles, notamment la politique commerciale, le manque d'infrastructures, la non convertibilité des monnaies, la diversité ethnique, culturelle et linguistique ainsi que la très grande instabilité politique. Pour évaluer l'importance respective de ces obstacles, cette étude propose un modèle gravitaire étendu reposant sur un nouvel ensemble de données couvrant 41 pays africains sur la période 1980-1997. Les flux commerciaux bilatéraux entre les pays africains et leurs principaux partenaires ont été utilisés pour identifier précisément les obstacles spécifiques au commerce intra-africain. Outre les variables classiques (revenu, revenu par habitant, distance et surface), les effets de trois autres facteurs (nfrastructures, politique économique et tensions politiques) ont été pris en compte. Les résultats empiriques montrent que l'état des infrastructures — en particulier les lacunes des réseaux de télécommunications et de transport — freine considérablement les échanges. En revanche, l'adoption de politiques économiques saines, telles que les programmes d'ajustement structurel et une bonne gestion des taux de change, favorise les échanges intra-régionaux.

SUMMARY

This paper analyses the determinants of intra-African trade (IAT) to assess the potential obstacles to greater sub-regional trade. Both economic and political arguments suggest that increased IAT can foster a regional take-off. Trade linkages in Africa, however, are very weak. Official statistics show that IAT is a small fraction of each country's total trade and has remained roughly constant over the years. The main obstacles suggested in the literature include trade policy, insufficient infrastructure, non-convertibility of currencies, ethnic, cultural and linguistic diversity and very high political instability. In order to rank such potential obstacles, the study develops an extended gravity model, using a new panel dataset for 41 African countries during the 1980-97 period. Bilateral trade flows between African countries and their major trading partners have been used to identify specific obstacles to IAT. Besides traditional gravity variables (income, income per capita, distance, and surface area), the effects of three additional factors are included: infrastructure, economic policy conduct, and political tensions. Our empirical findings show that infrastructure, particularly poor telecommunication networks and weak transport communications, is a crucial factor hindering IAT. Moreover, we find evidence that sound economic policies, such as the adoption of Structural Adjustment Programmes (SAP) and good exchange-rate management, are conducive to IAT.

INTRODUCTION

The analysis in this paper builds on recent concerns of economists and policy makers about the policy requirements for fostering a take-off of African economies. Several SSA countries have indeed shown signs of economic recovery during the past decade. Over the 1986-97 period, some countries in West Africa, like Ghana and Guinea, have substantially increased GDP per capita growth. Similarly, growth has resumed in South Africa, after a prolonged economic slowdown, while two other countries in the region, Botswana and Mauritius, have followed exemplary economic development policies. This could lay the ground for a growth take-off in the broader SADC area, as other countries in the region firmly commit themselves to structural reforms and more open trade and investment regimes. Finally, Uganda and, more recently, Ethiopia have substantially improved their growth performance, although starting from very low levels. If Kenya and Tanzania succeed in their reform programmes, growth can also resume on a broader basis in Eastern Africa.

Despite these encouraging, although still to be confirmed, results, Africa still plays a minor role in the world trade arena. Likewise, despite the proliferation of institutions, treaties, protocols and resolutions, the record of regional integration arrangements (RIA) among SSA countries has been disappointing. According to the Lagos Plan of Action, adopted by African Heads of State in 1980, RIAs were supposed to promote “self-sustaining development and economic growth” (Foroutan, 1993). Unfortunately, trade figures as well as most of the literature (e.g. Foroutan, 1993, Elbadawi, 1997) suggest that the regionalism experience has not been satisfactory. Depending on the country, intra-area trade accounted for between 0.02 and 8 per cent of exchanges in 1970 and between 0.1 and 10.5 per cent in 1990. In both levels and rates of growth, intra-African trade (IAT) is very low, especially when compared to other economic integration arrangements.

It has often been claimed that increased linkages amongst African countries, especially through an expansion of intra-regional trade, can play a positive role in fostering a regional take-off. Yet RIAs may produce a variety of outcomes — such as trade diversion, trade creation, terms-of-trade changes, and income convergence or divergence between member countries — and the debate of the net welfare effect of an expansion of intra-regional trade is far from over. In a recent work on regional integration, South-South RIAs were found to be quite problematic (World Bank, 2000). On theoretical grounds, Venables (1999) argues that South-South RIAs are likely to lead to income divergence between member countries.

Nevertheless, other “correct externalities” may provide an alternative rationale for deeper integration (Schiff and Winters, 1997). Insofar as RIAs contribute to intra-regional and extra-regional security, increased bargaining power in trade negotiations, and more policy credibility, their welfare effect is unequivocally positive. Regionalism coupled with good policies (sound macroeconomic management, lower political tensions, and better physical infrastructure) can hence produce welfare gains. In sum, even if pure economic arguments do not alone constitute a sufficient rationale for RIAs, their interplay with politics and policies may nonetheless turn integration into an efficient solution.

On the basis of a new dataset covering 41 African countries over an 18-year period (1980-97), this study analyses the determinants of IAT using an extended gravity model similar to Elbadawi (1997). The obstacles to regional trade most frequently mentioned in the literature (Foroutan and Pritchett, 1993) include insufficient or non-existing transport and communications networks; the existence of a multiplicity of non-convertible currencies for countries outside the CFA franc zone; ethnic, cultural, and linguistic diversity; and very high political instability. Besides these traditional variables, we have added three new sets of variables: infrastructure, economic policy, and threats to political stability. To enhance the explanatory power of our analysis, we included regional dummies for those countries belonging to a RIA to proxy the eventual existence of discriminatory tariffs and non-tariff barriers. Finally, as a robustness check to identify the very specific obstacles hampering IAT, bilateral trade flows between African countries and their major trading partners (EU, USA, and Japan) will also be taken into account.

The paper is organised as follows. In section I, we briefly sketch the recent record of African trade. Section II reviews the relevant literature, while the following section introduces the gravity model, describes the dataset, and presents the empirical results. Section IV concludes.

I. AFRICA'S TRADE RECORD

Africa is a marginal player in the global economy. Its share in world trade in 1998 was equal to 1.9 per cent, or three percentage points below than at the beginning of the 1980s (IMF, 1999)[1]. Moreover, the pace of regional trade integration has not increased markedly: at 11.4 per cent, IAT is still a small fraction of total African trade flows and has increased by 6.2 percentage points only in almost two decades. Foroutan (1998) shows that no RIA has been successful in raising trade among members beyond a negligible portion of each group's total trade. Most African trade flows are with industrialised countries, particularly the EU, which in 1998 accounted for more than 40 per cent of African exports (Table 1). Notwithstanding geographical proximity, all African countries trade more with EU than with the five largest African economies (i.e. South Africa, Algeria, Egypt, Nigeria and Morocco). Although IAT has roughly doubled in the last two decades, the record of African regionalism is still very poor when compared to other RIAs (Table 2). Intra-regional trade as a share of total trade is more than five times higher in the European Union, more than four times higher in NAFTA, and more than twice as large in Mercosur.

Table 1. **The Structure of African Trade 1980-98**

Percentage Distribution	1980	1985	1990	1992	1994	1996	1998
Industrial countries	66.5	71.4	69.3	69.4	65.4	65.0	61.2
European Union	*39.8*	*52.6*	*45.2*	*45.6*	*42.8*	*42.6*	*40.9*
Developing countries	13.8	16.1	16.6	20.9	22.0	26.8	28.9
Africa	*5.2*	*4.9*	*7.3*	*8.0*	*8.9*	*10.2*	*11.4*
Asia	*2.7*	*3.3*	*4.2*	*6.4*	*7.2*	*9.2*	*10.2*
Non-EU Europe	*2.4*	*3.5*	*2.2*	*1.9*	*1.3*	*2.1*	*2.4*
Middle East	*1.1*	*1.1*	*1.5*	*2.3*	*2.2*	*2.2*	*2.1*
Western hemisphere and other countries	*2.6*	*3.6*	*1.3*	*2.4*	*2.5*	*3.1*	*2.9*

Source: IMF (1999), *Direction of Trade Statistics.*

Table 2. **Intra-Regional Trade 1970-98**
(as a share of total exports of the region)

	1980	1985	1990	1995	1998
Africa	5.2	4.9	7.3	10.3	11.4
European Union	60.8	59.2	65.9	62.4	60.2
Mercosur[1]	14.3	6.7	10.6	21.6	25.5
NAFTA[2]	33.6	43.9	41.4	46.2	51.0
East Asian economies[3]	22.4	20.7	20.7	26.4	22.2

Source: IMF (1999), *Direction of Trade Statistics.*
Notes: *1)* Argentina, Brazil, Chile, Paraguay and Uruguay.
2) Canada, Mexico,and the United States.
3) China, Indonesia, Japan, Korea, Malaysia, the Philippines and Thailand.

It should be noted that the level of IAT is probably underestimated. Cross-border trade between neighbouring countries in Africa is not always tracked at customs, while trade with non-African partners is fully recorded. While we are fully aware of this issue, it is currently impossible to estimate non-recorded trade. Hence, in our analysis, we rely on official data on bilateral exports between African countries.

II. THE LITERATURE ON REGIONALISM

Our paper focuses on the actual and potential obstacles to expanding intra-regional trade in Africa. However, before starting, two other topics deserve mention. First, is the level of regional trade in Africa really so low, or, more accurately, lower than expected? Second, could regional integration be an effective component of Africa's growth strategy?

At an empirical level, gravity model analyses have established that trade flows between African countries are not lower than expected. If anything, Foroutan and Pritchett (1993), analysing 19 sub-Saharan Africa (SSA) countries in 1980-83, show that intra-area trade is on average 8.1 per cent of total trade, against a predicted value equal to 7.5 per cent. The picture does not change if considering the region's share in world trade. Controlling for a number of economic characteristics, Rodrik (1998) concludes that African countries trade on average as much as expected. According to Rodrik, the long-term decline in Africa's participation in the world trade arena is due to two factors — slower GDP per capita growth than in the rest of the world and an output elasticity of trade above unity.

Elbadawi (1997) covers 28 SSA countries and two time-periods (1980-84 and 1986-90). His main result is that RIAs have had a negligible effect in removing obstacles on intra-SSA trade. However, such results are far from conclusive. Two points in Foroutan and Pritchett's analysis, in particular, merit attention. The first, as pointed out by the authors, is that the analysis does not consider the evolution of potential trade once some structural barriers (e.g. transport barriers) are lowered. The inclusion of such variables into the model may therefore change the results. Second, while the conclusion may still hold for Africa as a whole, a different picture emerges when individual countries are considered. Indeed, of the 19 countries considered, ten (including regional heavy-weights such as Cameroon, Gabon and Kenya) are importing from other African countries less than predicted. For these countries at least, there is a potential to increase IAT by removing some of the obstacles.

Research on regionalism, as well as insights from growth theory, can help understand what policy prescriptions may be derived from this empirical analysis. The literature on regional integration has evolved from the early work of Viner (1950) on trade creation and trade diversion. The so-called "traditional" gains from increased trade in goods, services, and other factors have been well documented (e.g. Krugman, 1991 and Winters, 1993). Mundell (1984), on the contrary, stresses that if a RIA leaves all prices unchanged and goods are sufficiently strong substitutes, the elimination of internal tariffs may bring about a reduction in the demand for goods imported from third parties.

New insights were provided by showing that increased trade may create growth spillovers between countries [e.g. Rivera-Batiz and Romer (1991*a*, *b*); Grossman and Helpman (1991)]. From an empirical point of view, a number of

studies point to the likely existence of international long-run growth spillovers (e.g. Ades and Chua, 1993). In the case of Africa, Easterly and Levine (1997) found that, *ceteris paribus*, a 1 per cent increase in the growth rate in one given country over a decade resulted in a 0.55 per cent increase in the growth rate in the neighbouring country.

In the presence of scale economies and imperfect competition, theory suggests that potential gains may also arise from market enlargement, both by reducing monopolistic distortion and avoiding firm fragmentation. Moreover, a market enlargement can attract foreign direct investment (FDI) to a region (Blomström and Kokko, 1997)[2]. Economies of scale therefore militate in favour of limiting the number of locations. If IAT is tax-free, market size and access considerations reinforce cost considerations in convincing investors to locate in Africa. On the contrary, if the African market remains segmented, a firm may prefer to locate, for instance, in southern Europe, where, despite higher labour costs, it can easily access the whole African market thanks to trade agreements between Europe and Africa. Without the dynamic advantages accruing from FDI — in terms of technology transfer, organisational know-how, market intelligence, etc. — Africa risks further marginalisation. As Elbadawi (1997: p. 213) notes, "economic integration [could] generate the threshold scales necessary to trigger the much-needed strategic complementarity, and to attract adequate levels of investment (especially FDI) necessary for the development of modern manufacturing cores and the transfer of technology within the region". There are, however, dissenting voices, most notably Venables (1999) who has demonstrated that, especially if an agglomeration effect is at play, South-South RIAs tend to aggravate income disparities between member countries.

If there are both pros and cons in the theoretical literature on regionalism, empirical analyses have failed to solve the puzzle. In a recent gravity model analysis of nine trade blocs, Soloaga and Winters (1999) do not find evidence of a positive effect on intra-regional trade. Using a growth regression technique, Vamvakidis (1998) also finds little evidence of a positive impact of RTAs on growth for the period 1970-90. It is only the EU that has had a positive impact on the area's growth rate, while for the other RIAs (ASEAN, Andean Pact, CACM, and UDEAC) the impacts are statistically insignificant. As regards the terms-of-trade, Chang and Winters (1999) observe a substantial fall in the price of US goods on the Brazilian market relative to the prices of the Argentinean ones and conclude that Mercosur has had a positive effect. Another strand of literature on the welfare effects of RIAs makes use of computable general equilibrium (CGE) models (De Rosa, 1998). Two recent studies that find positive net benefits of South-South RIAs are Lewis *et al.* (1999), on Southern Africa, and Flôres (1997) on Mercosur.

If neither economic theory nor evidence provide a clear-cut answer as to why we should worry about increasing IAT, in the second half of the 1990s new contributions have highlighted the existence and the importance of "non-traditional" gains from RIAs (see Fernandez, 1997 and Schiff and Winters, 1997). These include enhancing security, maximising bargaining power in trade negotiations, locking in

reform, and making institutions more credible. These arguments may be particularly important in the case of Africa in view of countries' high propensity to political and military conflicts, as well as their tendency to overturn policies.

For these reasons, we think that variables expressing the quality of economic policies and the degree of political stability, as well as the stock (if not the quality) of physical infrastructure, should be included in the empirical work to grasp a more precise appreciation of the potential of IAT. In doing this, we extend to the regional level some early contributions at the country-level. Easterly and Levine (1997), in particular, have shown how the inclusion of political variables can improve the results of growth regressions in Africa. Richaud *et al.* (1999), for their part, investigate the role of infrastructure in disseminating growth across Africa. They find that improved infrastructure in a given country raises the profitability of investment by both residents and foreigners, thus raising the overall investment ratio and boosting growth in per capita income. Moreover, expansion in one country raises the profitability of investment in neighbouring countries, as it creates a wider market and improves opportunities for export. This, in turn, feeds back and further enhances growth in the initially expanding economy. Finally, Limão and Venables (1999) find that in SSA, the quality of infrastructure has a strong explanatory power for the limited growth of intra-area trade in 1990.

III. EMPIRICAL ANALYSIS

3.1 The Gravity Model

Gravity equations are a standard empirical framework for investigating patterns of bilateral trade. The gravity model can be derived as a reduced form of a broad class of structural models (see Anderson, 1979 and Bergstrand, 1989). First introduced by Linneman (1966), it relates the value of bilateral flows to national income, population, distance, and contiguity. At an empirical level, such a model has proved successful in predicting the pattern of trade and assessing the effects of commercial and monetary policies. However, insofar as they do not include discriminatory tariffs and non-tariff barriers (TB and NTBs), these models may have a somewhat limited explanatory power. Therefore, in order to capture the eventual existence of discriminatory barriers between the countries, we decided to include regional dummies for those countries belonging to a RIA[3]. It is likely that any preferential relationship between two countries takes the form of a trade agreement, hence the inclusion of regional dummies allows a reasonable specification of the model.

Different specifications of the gravity equation are used in the literature (see Frankel and Wei (1993), Eichengreen and Irwin (1993) and Mekies and van Beers (1994). The basic version is the following:

$$\begin{aligned} TRADE_{ij} = & \\ & \beta_0 + \beta_1 \left(GNP_i GNP_j \right) + \beta_2 \left(\left[GNPPC_i \right] \left[GNPPC_j \right] \right) + \beta_3 \ DIST_{ij} + \beta_4 \left(Area_i . Area_j \right) \quad (1) \\ & + \beta_5 \left| GNPPC_i - GNPPC_j \right| + U_{ij} \end{aligned}$$

where $TRADE_{ij}$ is the nominal value of bilateral trade between countries *i* and *j*; $GNP_i \, GNP_j$ is the product of the two countries' nominal national incomes; $\left[GNPPC_i . GNPPC_j \right]$ is the product of the two countries' per capita incomes (also in nominal terms); $DIST_{ij}$ is the distance between the economic centres of gravity of the two countries (measured in kilometres); $Area_i . Area_j$ is the product of the surface of countries *i* and *j*; and $\left| GNPPC_i - GNPPC_j \right|$ is the difference between the two countries' per capita income in absolute terms. Variables representing commercial or monetary policies (such as RIAs or currency blocs), infrastructure, or the political economy can be introduced and analysed for their impact on trade.

Some studies specify the gravity equation in double-log form (expressing the dependent variable and all independent variables in logs) and estimate it by ordinary least squares (OLS). This permits coefficients to be interpreted as elasticities, but omits country pairs for which the reported value of bilateral trade is zero. This is undesirable insofar as such observations contain useful information on the (low) level

of trade. For instance, when income levels are low and distances are long, potential trade of small quantities is uneconomical. A solution to this problem is to forego the double-log specification for a semi-log form in which *TRADE* is expressed in levels while independent variables appear in logs. While this allows utilisation of the information contained in the observations for which the observed value of trade is zero, OLS is no longer the appropriate estimator. Since the dependent variable is truncated at zero, estimation by OLS will produce biased results and may predict negative trade flows. The appropriate estimator is Tobit, as employed by Havrylyshyn and Pritchett (1991).

3.2 Data Issues

The dataset covers 41 African countries — as reporter and partner countries — and 16 industrial countries (EU[4], US and Japan) as partner countries only, over the period 1980-97 (see Table A2). Hence, the total number of observations is equal to 41 328[5].The dataset has been assembled from several sources of data[6] (see below) and is divided into six different sub-sets of variables. The first one includes bilateral flows between the reporter and the partner country. The second groups traditional gravity model variables. The third sub-set includes infrastructure variables. The fourth concerns economic policy variables. The fifth and the sixth sub-sets include political and control variables respectively. The exact definition and sources of the variables are presented in the Appendix. A brief description of the data is given below.

Bilateral Flows

Bilateral flows in current US dollars are taken from the IMF Direction of Trade (DOT) Statistics CD-ROM (1999). The annual report covers information on flows (origin and destination of imports and exports) between 49 African countries between 1980 and 1998[7]. We decided to consider the export flows only since import classification is not uniform: some data on imports are c.i.f. (cost-insurance-freight) and others are f.o.b. (free-on-board). As already stated (see section I), the figures probably underestimate the actual value of bilateral flows amongst African countries. Nevertheless, even with some underestimation of the actual figures, IMF DOTS for Africa do not present missing values. According to Yeats (1999), IMF DOTS is the most reliable source of data concerning intra-African bilateral flows: data from UN COMTRADE — even if tabulated both in terms of composition and direction — suffers from deficiencies such as “the very erratic and uneven reporting practices of many Sub-Saharan African countries” (Yeats, 1999, p. 6). Moreover, certain countries — e.g. Kenya, Ghana and Mauritius — started reporting data to the UN Statistical Office (UNSO) only in recent years.

Traditional Gravity Model Variables

Gross Domestic Product (GDP) and income per capita (GDPPC) are drawn from the *World Development Indicators* (World Bank, 2000*c*). Both figures are in US current dollars at PPP. The *Surface Area* variable is also taken from World Bank (2000*c*) and represents a country’s total area including inland bodies of water and some coastal waterways. The variable *DISTANCES* between the major economic

centres of the 57 countries has been calculated by the authors on the basis of the US Geological Survey[8].

Infrastructure Variables

Three infrastructure variables were considered for both the reporter and the partner. A dummy variable *(LOC)* takes the value of one if a country is landlocked, zero otherwise[9]. Data on road length *(RD)* per capita (1 000 km per one million inhabitants) are from World Bank Africa Database (World Bank, 2000*b*), World Bank, (2000*c*), World Development Report (various issues), and authors' calculations for the period before 1985. The number of phones *(PH)* per capita is drawn from Banks (1995).

Economic Policy Variables

These are proxies aimed at capturing the adequacy of macroeconomic policy. A dummy variable takes the value of one for countries implementing Structural Adjustment Program and years when they do so (zero otherwise). The black market premium is from Wood (1988) and FDI inflows in current US dollars are published in World Bank (2000*c*). We consider FDI as a policy variable to proxy confidence in a country's economic management and growth prospects[10].

Political Variables

Links between political variables and trade performance are multiple and analysing them is not easy. We focus on the link between political instability and export and select political variables (for the partner and the reporter country) accordingly. Civil war (coded as *WAR*) is a binary variable. All others are count data. Following Easterly and Levine (1997), *COUP* is the number of extra-constitutional or forced changes in the top government elite and/or its effective control of the nation's power structure; riots (*RIOT*) are violent demonstrations or clashes of more than 100 citizens involving the use of physical force; revolution (*REV*) refer to illegal or forced changes in the top governmental elite, attempts of such changes or successful or unsuccessful armed rebellion whose aim is independence from the central government. The political variables are drawn from Banks (1995), Balencie and De La Grange (1996), and Easterly and Levine (1997). It is worth noting that some variables, such as riots or political assassinations, may be subject to reporting bias and measurement errors.

Control Variables

Given the focus of our analysis, three types of control variables are introduced. First, a dummy variable taking a value of one if a country is an oil exporter. Second, a set of dummies to capture trade diversion effects (*TDRI*). They are equal to one if either the exporter or the importer (but not both) is a member of a RIA. Third, a set of dummies to capture trade creation effects (*TCRI*). They take value one if both the importer and the exporter belong to the same RIA. The last two sets of dummies are the same as in Elbadawi (1997). The RIAs are defined as follows:

- ECOWAS: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo.
- CEAO: Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger and Senegal.
- UDEAC: Cameroon, CAR, Chad (from 1985), Congo, Equatorial Guinea (from 1984), and Gabon.
- CEPGL: Burundi, Rwanda, and Congo Democratic Republic (Zaire).
- COMESA (formerly PTAs): Angola, Burundi, Comoros, Djibouti, Egypt (from 1994), Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique (until 1993), Rwanda, Seychelles, Swaziland, Somalia (until 1993), Sudan, Tanzania[11], Uganda, Zambia, Zimbabwe.
- SADC (formerly SADCC): Angola, Botswana, Congo Dem. Rep., Lesotho, Malawi, Mauritius (since 1995), Mozambique, Namibia, South Africa (since 1994), Swaziland, Tanzania, Zambia and Zimbabwe.

3.3 Analysis of the Results

A large set of infrastructure, economic policy, and political variables was collected. Incorporating all these variables into the regressions, however, poses problems due to potential collinearity. There is a trade-off between the opportunity of using the large amount of information contained in our dataset and the need to arrive at a precise estimation of the impact of the explanatory variables on IAT. We proceed, therefore, in two distinct ways. One method uses principal component analysis to summarise the main features of each of the three sub-sets of variables, then uses the first component as an explanatory variable. The other incorporates all the relevant variables into the regression. This leads to identifying the role of key variables in determining IAT. We start with the second approach.

The following extended version of the gravity model was estimated using the Tobit method:

$$
\begin{aligned}
\mathrm{Trp} = {} & \beta_0 + \beta_1^r \log\left(\mathrm{GNP}_r\right) + \beta_2^p \log\left(\mathrm{GNP}_p\right) + \beta_2^r \log\left(\mathrm{GNPPC}_r\right) + \beta_2^p \log\left(\mathrm{GNPPC}_p\right) + \\
& \beta_3\ \mathrm{Dist}_{rp} + \beta_4 \log\left(\mathrm{Surf}_r.\mathrm{Surf}_p\right) + \beta_5 \log\left|\mathrm{GNPPC}_r - \mathrm{GNPPC}_p\right| + \\
& \beta_6^r\ \mathrm{oil}_r + \beta_6^p\ \mathrm{oil}_p + \\
& \beta_7^r\ \mathrm{Loc}_r + \beta_7^p\ \mathrm{Loc}_p + \beta_8^r \log\left(\mathrm{Road}_r\right) + \beta_8^p \log\left(\mathrm{Road}_p\right) + \\
& \beta_9^r \log\left(\mathrm{Pho}_r\right) + \beta_9^p \log\left(\mathrm{Pho}_p\right) + \\
& \beta_{10}^r\ \mathrm{SAP}_r + \beta_{10}^p\ \mathrm{SAP}_p + \\
& \beta_{11}^r \log\left(100 + \mathrm{BMP}_r\right) + \beta_{11}^p \log\left(100 + \mathrm{BMP}_p\right) + \beta_{12}^r \log\left(\mathrm{FDI}_r\right) + \beta_{12}^p \log\left(\mathrm{FDI}_p\right) + \\
& \beta_{13}\ \mathrm{TDRI} + \beta_{14}\ \mathrm{TCRI} + \\
& \sum_k \beta_{15k}^r\ \mathrm{Pol}_k^r + \sum_k \beta_{15k}^p\ \mathrm{Pol}_k^p
\end{aligned}
$$

where indices *r* and *p* refer to the reporter (exporter) and the partner (importer) respectively; TRP_{rp} is the bilateral trade between *r* and *p* (in log and with zero values when it is already zero in levels); and *POL* indicates the political variables (see Table A2 for a detailed description of the variables).

Equation (2) captures the major factors of the analysis. The volume of trade *(TRP_{ij})* between any two countries *(i, j)* is a function of each country's trade potential and their mutual trade attraction. The absolute trade potential of a country depends on its total economic size *(Y)* and trade intensity. The trade intensity is determined by the level of development, proxied by income per capita *(YC)* and geographic characteristics (such as area size). Whereas *Y* and *YC* are expected to have positive effects on bilateral trade, the impact of size should be negative. The greater the area of the country, the smaller the size of economic activity expected to cross its borders. Trade attraction between two trading partners is also determined by factors that influence the cost of trade, such as transport cost (proxied by distance and by infrastructure), policy and political barriers to trade (trade, currency or regional co-operation schemes), sound economic conditions, and a peaceful environment.

An additional variable is generally included in gravity models to test for the effect of differences between countries' levels of per capita income. Two conflicting effects are involved here. Countries with similar living standards may have a high level of intra-industry trade given that they both produce a broad range of tradable goods (the so-called Linder Hypothesis). However, given that income per capita differences are highly correlated with differences in factor endowments, intra-industry trade may be smaller between countries with similar levels of income.

As far as the parameters are concerned, β_1 and β_2 are expected to be positive, β_3 and β_4 are expected to be negative, while β_5 is unsigned. With respect to infrastructure variables, β_7 should be negative while β_8 and β_9 should be positive. Concerning economic policy factors, β_{10} and β_{12} should be positive and β_{11} negative. If there are trade diversion effects, then β_{13} will be negative. On the

contrary, trade creation effects imply a positive β_{14}. Finally, as political tensions may be harmful to trade, β_{15} is expected to be negative.

Equation (2) is estimated using two different samples. One includes yearly data of bilateral flows between 41 African countries. The other sample contains yearly bilateral flows between 41 African countries, 15 European Union members, the United States and Japan. Given the higher level of development of these 17 OECD countries, only infrastructure, economic policy, and political tensions variables for the 41 African exporters are included in the regressions. The period of observation is 1980-97. Results are reported in Tables 3 and 4 for intra-African trade and extra-African trade respectively. In each table, three sets of results are presented. One refers to the whole sample, the second excludes South Africa, and the third excludes both South Africa and the oil-exporting countries. We decided to present the results both with and without South Africa because of the country's special characteristics — it is by far the most developed country in Africa at the same time as it faced a high degree of political tensions during the apartheid regime.

As usual, the total quality of fit of the gravity model in Table 3 is very high. The regressions explain 75 per cent of the dependent variable, regardless of the sample under consideration. The level of significance of the coefficients for the variables of interests (infrastructure, political stability and economic policy) remains in general similar across regressions. The major differences concern the political variable. The inclusion of South Africa in the sample gives a very different picture. Except for revolution in the partner country, very few political variables are significant in the regressions both with and without South Africa. This confirms the particular status of this country regarding political tensions during the period of observation. Revealing enough is the fact that riots in the exporting country appear as a major obstacle to trade when South Africa is included into the sample, but lose all explanatory power if South Africa is not included. The distinction between samples with and without oil-exporting countries does not seem to be crucial; the inclusion of dummies for such countries is apparently sufficient to capture their idiosyncrasy with respect to IAT. Hence, we focus on the sample without South Africa but with oil-exporting countries.

According to the result in Table 3, the traditional variables of the gravity model are all highly significant except in one case. The size of a country's economy is an important determinant of bilateral trade. Point estimates suggest that a one per cent rise in one country's activity increases its bilateral trade by more than 3 per cent. This is twice the level reported by Elbadawi (1997) and Foroutan and Pritchett (1997). There are differences between our sample and theirs. First, we focus on African countries only, while they also consider other developing countries. This may suggest that the potential for an increased bilateral trade is higher in Africa than elsewhere. The second difference is that we combine cross-section and time series data for almost 20 years. The coefficients for per capita income show that the propensity to export to other African countries declines as incomes rise. This reflects the fact that richer African countries specialise in goods for which there is scarce demand by their neighbours. Insofar as countries with similar level of development trade more, our results confirm the Linder Hypothesis. While Elbadawi (1997) found no per capita income effect, our results are similar to those of Foroutan and Pritchett (1997). Third, distance and surface have the expected negative impact on IAT. Finally, the estimated

impact of regional integration schemes is in general not too different from the one obtained by Elbadawi (1997). There is strong evidence of trade creation and weak evidence of trade diversion. With respect to oil exports, this seems to lower IAT.

The value added by this study results from including variables for infrastructure, economic policy, and political instability. The results show that infrastructure is a crucial factor to the development of IAT. All coefficients are highly significant both for exporters and importers. Landlockness of either the importer or the exporter reduces IAT by about 2 per cent. A 1 per cent increase in the stock of transportation and telecommunication infrastructure in the exporting country boosts its export towards other African countries by about 3 per cent. In the importing country, the multiplier is much lower (between 0.6 and 1 per cent). That infrastructure plays a crucial role in raising IAT, and hence regional growth rates, provides further support to the results of Richaud *et al.* (1999), who, albeit in a different context, estimate that 25 per cent of the total gain from improving infrastructure accrues to neighbouring countries, mainly through trade and FDI.

Economic policy indicators also appear to be an important determinant of IAT. However, the main impacts seem to concern the exporter. Except for the black market premium, the coefficients are significant only for exporters. An exporter who adopts a SAP trades about 1 per cent more with the rest of Africa than one who does not. Consistent exchange-rate management, reflected in a lower black-market premium (by, say, 1 per cent) also favours IAT (by almost 2 per cent). Finally, a suitable and attractive economic and institutional environment also boosts IAT.

The effect of political variables is ambiguous in Table 3. The only significant variable at the 5 per cent level is revolution. However its effect on IAT goes in opposite directions depending on whether the exporter or the importer is concerned. Revolution in the exporting country decreases IAT, while increasing it if occurring in the importing country. If a revolution handicaps production, it follows that imports fill the demand gap while exports decrease. Results concerning the political variable, however, are not robust to the different specifications. One reason may be a high degree of correlation among political variables.

Table 3. **Estimation Results of Equation 2 (Intra-African Trade)**

Parameter	Complete African sample		African sample — South Africa		African Sample — (South Africa + Oil exporter)	
	Estimate	t-statistic	Estimate	t-statistic	Estimate	t-statistic
C	-41.19	-6.64	-72.26	-11.43	-114.07	-12.84
YR	2.97	17.57	3.56	20.95	3.84	15.91
YP	3.3	19.53	3.42	20.23	3.46	14.43
YCR	-4.4	-11.48	-2.69	-7.21	-0.46	-0.94
YCP	-0.5	-1.28	-0.23	-0.61	0.43	0.88
DYRP	-0.88	-8.51	-0.75	-7.23	0.06	0.46
LDIS	-5.59	-25.3	-5.19	-23.8	-5.45	-19.76
LSURF	-0.73	-7.08	-0.67	-6.76	-0.4	-3.05
LLOCR	-0.9	-2.92	-1.62	-5.44	-0.97	-2.79
LLOCP	-1.57	-5.11	-2.04	-6.88	-1.66	-4.35
LROADR	2.79	13.74	2.76	14.12	3.08	13.03
LROADP	0.8	3.98	0.64	3.28	0.19	0.81
LPHONER	3.95	15.72	3.27	13.48	2.15	6.42
LPHONEP	1.34	5.36	1.17	4.84	0.67	1.93
SAPR	1.08	4.39	0.73	3.06	0.8	2.89
SAPP	0.22	0.88	0.3	1.28	-0.09	-0.31
LBLACKR	-1.76	-9.13	-1.92	-10.24	-0.32	-1.24
LBLACKP	-0.91	-4.88	-1.1	-6.06	-1.5	-7.04
FDIR	0	5.6	0	3.57	0	-1.28
FDIP	0	2.86	0	0.68	0	-0.81
RIOTR	-0.93	-10.86	0.23	1.68	0.19	1.02
COUPR	-1.47	-2.2	-0.86	-1.35	-1.22	-1.63
REVR	-0.32	-1.2	-0.56	-2.11	-0.84	-2.57
WARR	-1.71	-4.37	-0.06	-0.15	0.17	0.36
RIOTP	-0.45	-6.22	-0.17	-1.28	-0.17	-1.07
COUPP	-0.8	-1.3	-0.09	-0.15	0.45	0.62
REVP	0.7	2.7	0.55	2.18	0.76	2.41
WARP	-1.51	-3.96	-0.56	-1.44	-1.03	-2.13
OILR	-0.36	-0.96	-2.51	-6.63		
OILP	0.24	0.73	0.09	0.29		
ECOWAS	1.23	2.53	1.05	2.21	1.39	2.22
CEAO	2.26	5.41	2.04	4.99	1.08	2.08
UDEAC	3.14	6.83	3.21	7.2	0.81	1.3
CEPGL	-4.11	-7.54	-1.82	-3.37	-1.74	-2.63
COMESA	-1.54	-4.45	-3.64	-10.46	-1.49	-3.2
SADCC	-2.21	-6.25	0.86	2.34	0.2	0.45
LECOWAS	4.8	5	4.99	5.34	7.85	6.84
LCEAO	9.37	11.34	8.64	10.86	6.37	7.02
LUDEAC	3.21	2.91	3.24	3.06	3.12	1.5
LCEPGL	-1.24	-0.47	4.21	1.67	5.82	1.74
LCOMESA	5.62	9.1	2.14	3.56	4.22	5.66
LSADCC	1.54	1.97	6.92	8.08	7.53	7.68
Pseudo R^2	74.28		75.02		75.9	
No. Obs.	14 098		13 246		8 245	
% positive	40		41		39	

Note: The letters R and P at the end of the first variables indicate when the variables belong to the Reporter Country or Partner Country.

Table 4. **Estimation Results of Equation 2**
(Reporter Countries: Africa; Partner Countries: EU+USA+Japan)

Parameter	Complete African sample		African sample (excluding South Africa)		African Sample (excluding South Africa + Oil exporters)	
	Estimate	t-statistic	Estimate	t-statistic	Estimate	t-statistic
C	-48.45	-16.85	-46.88	-14.63	-60.13	-12.97
YR	2	17.05	1.94	15.38	2.04	10.57
YP	2.39	44.27	2.43	43.64	2.41	36.06
YRC	-0.21	-0.79	-0.21	-0.72	1.6	4.03
YPC	-1.4	-2.28	-1.9	-2.55	-4.41	-2.33
DYRP	-0.62	-1.36	-0.17	-0.29	2.75	1.63
LDIS	-2.62	-15.74	-2.74	-15.37	-3.41	-13.48
LSURF	-0.37	-4.27	-0.37	-4.16	-0.51	-4.15
LLOCR	-0.42	-2.19	-0.4	-2.05	-0.53	-2.33
LROADR	0.06	0.47	0.07	0.5	0.36	2.2
LPHONER	0.31	1.89	0.34	2.01	-0.48	-1.94
SAPR	0.28	1.91	0.3	2.05	0.34	2.04
LBLACKR	-0.31	-2.66	-0.29	-2.46	0.49	3.09
FDIR	0	-0.08	0	0.4	0	-0.19
RIOTR	0	0.03	-0.09	-0.99	-0.17	-1.43
COUPR	-0.45	-1.29	-0.46	-1.28	-0.91	-2.26
REVR	-0.29	-1.92	-0.28	-1.76	-0.22	-1.14
WARR	0.08	0.37	-0.01	-0.02	0.24	0.85
OILR	0.43	1.74	0.55	2.03		
ECOWAS	1.49	4.16	1.48	4	-0.51	-0.98
CEAO	-0.81	-2.41	-0.83	-2.41	0.05	0.14
UDEAC	1.89	4.38	1.85	4.2	-1.18	-1.91
CEPGL	-1.39	-3.43	-1.55	-3.63	-2.36	-4.71
COMESA	2.72	10.18	2.92	10.12	3.06	8.15
SADCC	2.12	7.78	1.96	6.56	2.54	7.15
CFAR	0.62	2.06	0.69	2.25	1.59	4.16
Pseudo R^2	85.87		85.47		84.86	
No. Obs.	7 127		6 914		5 280	
% positive	88		87		85	

Note: The letter R at the end of the variables indicates when the variables belong to the reporter country.

Results for bilateral trade between Africa and developed countries (Table 4) again confirm the good econometric quality of the gravity model. For the three samples, the Pseudo R^2 are around 85 per cent. For the purpose of comparison, we also focus on the sample excluding South Africa but including oil-exporting countries. Dummies for CFA and oil-exporting countries are included. The traditional variables of the gravity model are in general significant, and have the expected sign. As far as infrastructure variables are concerned, the road indicator is unsurprisingly insignificant: clearly African trade with developed countries relies more on sea or air than on roads. Landlockness, however, is detrimental to extra-African trade. Telecommunication infrastructures are also crucial to increased extra-African trade. Except for FDI, the indicators of economic policy all have a significant result and the expected sign. Thus, sound economic policy also benefits extra-African trade. Finally, the coefficients for the political variables do not enable us to reach any firm conclusion about their impact on African trade. At the 5 per cent level, no coefficient is significant, while at the 10 per cent level only one coefficient (REV) is significant.

For the whole set of variables used in the regression, point estimates are lower for extra-African trade than for IAT. This means that an improvement of a given indicator increases extra-African trade less than IAT. Different explanations may be advanced. First, extra-African trade already represents a substantial share of total trade and further increases are necessarily limited. Second, African trade patterns with OECD countries, especially in Europe, are closely dependent on history (colonialism) and culture (language) as suggested by Elbadawi (1997). Third, extra-and intra-African trade flows are different in composition and hence react differently to changes in the incentive regime (as expressed by the explanatory variables).

As already mentioned, one problematic aspect of our methodological approach is that, due to collinearity among some variables, it is not always possible to obtain clear-cut results concerning the respective impact of infrastructure, economic policy, and political indicators. In order to avoid this problem, we used principal component analysis to summarise the main features of the variables of each sub-set. The first component is then used as an explanatory variable. The variables are re-coded so that an increase in the first component implies an improvement in infrastructure and economic policy and a worsening of the political situation. Table 5 gives the cumulative R^2 for the principal components. The first row refers to infrastructure variables, the others to economic policy and political instability variables. The results show that first components explain a large share of the variance of the corresponding variables. For infrastructure the share is almost 50 per cent and for the other indicators it is around 40 per cent.

Table 5. **Principal Components Analysis on Three Sub-Sets of Variables**

	Principal Components			
Variables	I	II	III	IV
Infrastructure	0.49	0.66	1.00	
Economic policy	0.41	0.70	1.00	
Political instability	0.41	0.66	0.87	1.00

Note: Values in the table are the cumulative R^2.

The estimation results using principal components are presented in Table 6. The overall quality of fit is again very good. In general the results are very similar to those presented in Tables 3 and 4. Point estimates and the degree of significance for the coefficients are roughly the same for both traditional gravity variables and RIA variables. The values for other coefficients are improved ones. The coefficient for infrastructure is highly significant and positive for both the reporter and the partner and the policy implication is therefore rather sound — improving infrastructure may help to increase IAT. Similar conclusions hold for sound economic policy: both coefficients are positive and significant. The coefficient for the political situation is highly significant and negative for the reporter and insignificant for the partner. An increase in political tensions in the exporting country clearly reduces its trade with African partners. A final interesting result is that, again, point estimates for the effects of infrastructure, economic policy, and the political situations are always significantly higher in the intra-African trade equation than in the extra-African one.

Table 6. **Estimation Results of Equation 2 Using Principal Components**
(Excluding South-Africa)

	Intra-African trade		Extra-African trade	
Parameter	Estimate	t-statistic	Estimate	t-statistic
C	-112.37	-19.34	-49.92	-16.89
YR	3.88	24.85	2.02	17.85
YP	3.55	23.20	2.43	43.68
YCR	0.99	3.73	-0.07	-0.36
YCP	0.28	1.07	-1.91	-2.63
DYRP	-0.85	-8.08	-0.17	-0.29
LDIS	-5.23	-23.46	-2.75	-15.59
LSURF	-0.86	-9.59	-0.42	-5.54
OILR	-2.82	-7.51	0.57	2.15
OILP	-0.04	-0.14		
INFR	2.04	11.03	0.38	3.19
INFP	1.67	9.27		
EPOLR	0.52	4.07	0.20	2.35
EPOLP	0.46	3.93		
POLR	-0.97	-7.61	-0.23	-3.12
POLP	-0.08	-0.66		
LECOWAS	4.18	4.83	1.41	4.25
LCEAO	8.57	11.02	-0.78	-2.40
LUDEAC	4.99	4.98	1.92	4.51
LCEPGL	2.96	1.15	-1.75	-4.31
LCOMESA	0.71	1.18	2.87	10.10
LSADCC	10.77	13.88	2.10	8.98
ECOWAS	0.72	1.64		
CEAO	1.91	4.82		
UDEAC	4.11	10.11		
CEPGL	-2.45	-4.62		
COMESA	-4.44	-12.69		
SAD	2.96	9.53		
Pseudo R^2	75.05		85.06	
No. obs.	13 246		6 914	
% positive	40.78		87.20	

IV. CONCLUSION

This paper has adopted a normative approach for the analysis of intra-African trade. On the basis of the literature on traditional and non-traditional gains from regionalism, we first argued why RIAs are desirable in Africa. Then, on the basis of a gravity model, we identified current barriers to IAT and quantified the potential benefits from their removal.

The results confirm that the size of a country's economy, its wealth and its stage of development have a great impact on current trade flows. Moreover, as expected, distances and country dimension have a negative impact on trade flows. In terms of elasticities, the role played by economic activity is remarkable: points estimates suggest that an increase in one country's activity by 1 per cent increase its bilateral flows by more than 3 per cent. Moreover, as predicted by the Linder Hypothesis, countries with similar levels of development trade more. While the context may be slightly different, these empirical findings support the argument of Rodrik (1998) who explains Africa's marginalisation on world markets in terms of lagging output growth: "because [African countries] have failed to expand their economies at sufficient rates, their importance in world trade has shrunk" (p. 5).

We also show that infrastructure is a crucial factor in the development of IAT. Although literature findings on the impact of infrastructure on growth — particularly as concerns the direction of causality — are not conclusive (Holtz-Eakin, 1994), in Africa the weakness of infrastructure has been proved to be a major determinant of the low level of IAT. This is in accordance with field surveys, according to which exporters consider the poor state of infrastructure as one of the most important bottlenecks for the expansion of African trade flows (WTO, 1997).

Sound economic policies, such as adopting a SAP and following sound exchange-rate management, also appear to be very conducive to a higher IAT. This is in line with the literature on individual African countries which shows that improving economic governance fosters exports and therefore growth (e.g. Sekkat and Varoudakis, 2000). Finally, our results show that (at least in the exporting country) political instability has a direct impact on trade flows.

The *prima facie* inference of our empirical analysis is that improving domestic policies may raise IAT and hence contribute to regional spillovers. As an increasing number of African countries engages in a process of economic reform and promotes openness and competition, more promising outcomes in terms of intra-regional trade are to be expected. Moving from general to more precise implications, as already pointed out in other studies, infrastructure is a key factor for regional take-off in Africa. Combined with the fact that a quarter of the total gain from improved infrastructure benefits neighbouring countries (Richaud *et al.,* 1999), our empirical findings suggest that integration initiatives — and possibly donors' support — should be targeted at investing in, managing, and regulating infrastructure at the regional level. Investment in infrastructure is very costly and may not be bearable by individual countries. Moreover, the fact that benefits are not fully appropriated domestically may generate sub-optimal investment levels[12]. A co-ordinating regional agency could

ensure that externalities are taken into account when investment decisions are made, producing additional benefits in terms of dialogue and co-operation. Unfortunately, up to now the record of such projects is inauspicious (e.g. Goldstein, 2001 in the case of air transport).

Africa is facing a double tragedy: its countries are over-represented among the world's poorest and the frequency of civil wars is the highest[13]. A number of authors have recently shown that political instability is partly the outcome of bad economic performance and poverty. We document the negative impact of political tension on economic activity. While signing agreements, protocols, or conventions is far from enough to eliminate such tensions, improvement in the economic situation will help significantly. Apart from the argument presented in the introduction concerning the role of RIAs in fostering regional peace, if increased intra-African trade succeeded in fostering regional economic take-off and initiating an "African virtuous circle", it could also contribute to reducing political tensions.

APPENDIX

Table A1. **Reporter and Partner Countries**

Report and Partner Countries	Partner Countries
Algeria	Austria
Angola	Belgium and Luxembourg
Benin	Denmark
Burkina Faso	Finland
Burundi	France
Cameroon	Germany
Central African Republic	Greece
Chad	Ireland
Congo, Dem. Rep.	Italy
Congo, Rep.	Netherlands
Cote d'Ivoire	Portugal
Egypt, Arab Rep.	Spain
Ethiopia	Sweden
Gabon	United Kingdom
Gambia, The	Japan
Ghana	United States
Guinea	
Guinea-Bissau	
Kenya	
Liberia	
Madagascar	
Malawi	
Mali	
Mauritania	
Mauritius	
Morocco	
Mozambique	
Niger	
Nigeria	
Rwanda	
Senegal	
Seychelles	
Somalia	
South Africa	
Sudan	
Tanzania	
Togo	
Tunisia	
Uganda	
Zambia	
Zimbabwe	

Table A2. **Variable List**

	Variable Name	Description	Source
Dependent Variable	TRP_{ij}	Log (Exports from country i to country j) — or zero when zero in levels — current international $	IMF DOTS 1999 CD-ROM
Traditional Gravity Model Variables	Y	GDP at PPP — current international $	WDI 1999 CD-ROM
	YC	GDP per capita at PPP — current international $	WDI 1999 CD-ROM
	DIS_{ij}	Distances between main economic centres between country i and country j	Www.indo.com/cgi-bin/dist
	SURF	Country's total area (sq km)	WDI 1999 CD-ROM
Infrastructure Variables	LLOC	Dummy for landlocked country	
	ROAD	Road length per capita (1 000 km per 1 000 000 inhabitant)	WDI 1999 CD-ROM, African Development indicators (1997), World Development Report
	PHONE	Telephone mainlines per 1 000 people	Banks (1995)
Economic Policy Variables	SAP	Dummy for Structural Adjustment Program	
	BLACK	Black market premium	Wood(1988), World Currency Yearbook
	FDI	Foreign direct investment, net — current US$	WDI 1999 CD-ROM
Political Variables	RIOT	Number of violent demonstrations or clash of more than 100 citizens involving the use of physical force	Banks (1994), Balencie and de la Grange (1996), Easterly and Levine (1997)
	COUP	Number of extra-constitutional or forced changes in the top government elite and/or its effective control of the nation's power structure	Banks (1994), Balencie and de la Grange (1996), Easterly and Levine (1997)
	REV	Number of illegal or forced changes in the top governmental elite	Banks (1994), Balencie and de la Grange (1996), Easterly and Levine (1997)
	WAR	Dummy for civil war on national territory	Banks (1994), Balencie and de la Grange (1996), Easterly and Levine (1997)
Control Variables	OIL	Dummy for Oil Exporting country	
	ECOWAS	Country i and country j membership in RI scheme	Elbadawi (1997), Yeats (1998), Official RI scheme internet site
	CEAO	Country i and country j membership in RI scheme	Elbadawi (1997), Yeats (1998), Official RI scheme internet site
Other Control Variables	UDEAC	Country i and country j membership in RI scheme	Elbadawi (1997), Yeats (1998), Official RI scheme internet site
	CEPGL	Country i and country j membership in RI scheme	Elbadawi (1997), Yeats (1998), Official RI scheme internet site
	COMESA	Country i and country j membership in RI scheme	Elbadawi (1997), Yeats (1998), Official RI scheme internet site
	SADCC	Country i and country j membership in RI scheme	Elbadawi (1997), Yeats (1998), Official RI scheme internet site
	L (RI scheme)	Country i or country j membership in RI scheme	Elbadawi (1997), Yeats (1998), Official RI scheme internet site

NOTES

1. In the present paper, the term bilateral flows refers to exports [IMF Direction of Trade (DOT) Statistics].

2. Such an argument is based on the concept of "Investment Deterring Aspects of hub and Spoke" (Baldwin, 1992). His analysis draws on the theoretical works of Krugman (1991) and examines the impact of commercial policies on the location of firms.

3. Information on bilateral tariff and non-tariff barriers could not be included due to the lack of a comprehensive database.

4. Belgium and Luxembourg have been considered as a single country following the aggregation in IMF DOT Statistics.

5. (41*40 + 41*16)*18 = 41 328.

6. We are grateful to Ludwig Söderling for providing the most recent data.

7. The total number of African countries considered in the final dataset has been restricted to 41 due to the data availability of some variables of the RHS (right hand side) sets. Moreover, the IMF DOTS — trade data for South Africa refer to the South African Customs Union, which includes Botswana, Lesotho, Namibia, South Africa and Swaziland. The RHS data have been changed accordingly.

8. Taken from http://www.indo.com/cgi-bin/dist.

9. This variable has been considered since direct access to the sea is a major advantage for trading, especially in Africa.

10. The economic policy variables used in this study are imperfect proxies for structural policies, since outcome variables may not reflect policies only (e.g. exogenous factors could have affected observed outcomes). However, given the broad spatial and temporal coverage of our study, no data are available to measure directly economic policies. To our knowledge, the only attempt to build an indicator based directly on policy variables for Africa is Bonaglia *et al.* (2000). Unfortunately that study covers the period 1985-97 and a smaller sample of countries.

11. In September 2000, Tanzania withdrew from the Common Market for Eastern and Southern Africa (COMESA).

12. National policymakers underestimate the gains associated with the investment in infrastructure because they do not internalise the positive externalities accruing to neighbours. Each individual country only invests up to the point where its marginal cost equals its own marginal gain, which results in sub-optimal investment in infrastructure projects.

13. For instance, the number of civil wars in Africa is about one half of the total number of civil wars in developing countries while its population represents about 20 per cent of total population in developing countries.

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14

Nouvelles formes de coopération et d'intégration en Afrique émergente

La réforme des télécommunications en Afrique subsaharienne

Par Patrick Plane

(French only)

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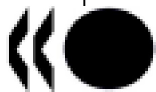

Organisation de Coopération et de Développement Economiques
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22-Mar-2001

Texte français seulement

CENTRE DE DEVELOPPEMENT

CD/DOC(2001)6
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DOCUMENTS TECHNIQUES
No. 174

NOUVELLES FORMES DE COOPERATION ET D'INTEGRATION EN AFRIQUE EMERGENTE
LA REFORME DES TELECOMMUNICATIONS EN AFRIQUE SUBSAHARIENNE

Par Patrick Plane

Texte français seulement

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RÉSUMÉ

Partout dans le monde, les télécommunications sont engagées dans de profondes réformes. L'Afrique subsaharienne n'échappe pas à la remise en cause du mode de fonctionnement d'un secteur longtemps dominé par la stabilité technologique et les arrangements institutionnels entre monopoles publics. Quatre facteurs contribuent à une évolution radicale : le besoin d'une plus grande efficacité des réseaux, la possibilité d'introduire de la concurrence par la déréglementation, les innovations technologiques et organisationnelles, le tarissement des fonds publics disponibles pour le développement du secteur.

Ces facteurs, qui structurent le nouveau paysage des télécommunications africaines, conduisent actuellement à des stratégies de privatisation partielle des opérateurs historiques, mais également à une concurrence effective sur le réseau filaire ou par les licences de téléphonie cellulaire. Ces changements contribuent à une extension et à une amélioration de la qualité des services. Leur accomplissement requiert toutefois un renforcement de l'efficacité et de l'autonomie du régulateur.

ABSTRACT

Throughout the world, deep reforms are being implemented in telecommunications networks. Sub Saharan African countries are not immune to the contestation of the way the sector has been managed to date, dominated as it was by a technological stability and bilateral institutional arrangements between public monopolies. Four factors have contributed to a radical change: the need for a greater efficiency of the networks; the possibility to introduce competition through deregulation; technical and organisational innovations; and the narrow base of public funds available for the sectoral development. These driving forces are structuring the new landscape of the African telecommunication networks, leading notably to partial privatisation of the national incumbent operator, but also to a greater competition through the fixed as well as cellular mobile networks. All these changes should help to provide more services and to promote a much–improved quality. However this outcome requires the establishment of a greater autonomy and more efficiency within the regulatory bodies.

PRÉFACE

Depuis 1997, les recherches du Centre de Développement sur l'Afrique ont été centrées sur le thème de l'Afrique émergente. L'analyse approfondie de six pays caractérisés par des signes de décollage a permis d'identifier trois éléments fondamentaux pour parvenir à une croissance élevée et durable :

1) un accès à des ressources extérieures non créatrices d'endettement ;

2) une direction politique légitime ;

3) un souci de concertation régionale à long terme.

Avec ces conclusions préliminaires à son actif, le Centre a lancé en 1999 un projet de recherche qui visait à transposer l'analyse du niveau national à l'échelle régionale, afin d'améliorer la qualité des informations nécessaires à la mise en œuvre des efforts de coopération et de proposer des recommandations utiles pour l'action des donateurs et autres partenaires non gouvernementaux au développement. Le régionalisme est à la mode, mais il n'est pas un phénomène nouveau en Afrique. De fait, la plus ancienne union douanière du monde se situe en Afrique australe et la liste des accords économiques multilatéraux passés et présents est probablement plus longue en Afrique que dans n'importe quel autre continent. Toutefois, même si l'on observe quelques exemples réussis de coopération régionale, les résultats de l'Afrique en matière de création et de maintien d'accords régionaux sont médiocres. L'urgence et la nécessité pour ce continent de progresser sur les plans de la croissance de la production, de l'industrialisation, de la création d'emplois, des exportations et du développement du capital humain et social et — par dessus tout — de réduire la pauvreté, donnent à l'intégration régionale un nouveau souffle.

Quelques experts africains et européens ont été sollicités afin d'enrichir notre réflexion autour de trois questions complémentaires :

1) quelles sont les perspectives d'expansion du commerce intra–régional en Afrique subsaharienne, dans le contexte actuel de libéralisation des échanges régionaux ?

2) quels sont les domaines de coopération régionale les plus prometteurs ?

Cette série spéciale des Documents techniques du Centre de Développement, ainsi que le Document technique d'Andrea Goldstein paru en 1999 (n° 154) actualisent les analyses des progrès de l'intégration régionale en Afrique subsaharienne et enrichit le débat sur cette dimension clé du développement dans cette zone. Ces Documents techniques sont également publiés dans le contexte du second Forum international sur les perspectives africaines organisé par le Centre de Développement et la Banque africaine de développement sur le thème : « Le régionalisme en Afrique ».

Jorge Braga de Macedo
Président
Centre de Développement de l'OCDE
mars 2001

RÉSUMÉ ANALYTIQUE

La réforme des télécommunications en Afrique subsaharienne

En 1984, le rapport de la Commission Maitland (UIT, 1984) prenait la mesure technique des défaillances des télécommunications africaines. Ce constat reste toujours d'actualité. En 1996, le continent ne représentait que 2 pour cent de l'ensemble du parc mondial des lignes téléphoniques avec une télédensité inférieure à l'unité dans 74 pour cent des 46 pays subsahariens. Pour doter le continent d'un système de télécommunications lui permettant d'accéder pleinement à la nouvelle société de l'information, le chemin qui reste à parcourir est à la fois important et décisif pour la reprise d'une croissance économique forte et durable. L'objectif est conditionné par l'élargissement des flux d'investissements dans le secteur, mais également par une contraction des gaspillages des facteurs travail et capital.

A de rares exceptions, l'inefficience technique des réseaux est importante, rendue pourtant supportable au niveau de la rentabilité financière par des tarifs élevés qui révèlent la nature monopolistique de l'activité et l'extraction de rentes au détriment du surplus des consommateurs. Dans un contexte de libéralisation mondiale et de concurrence, la révision à la baisse des prix internationaux et la correction de la structure interne des tarifs sont des nécessités. L'intégration des communications crée les conditions d'un fonctionnement des réseaux moins favorable à la formation des excédents d'exploitation. Les entreprises publiques sont exposées à des pertes de clientèles par le développement d'une concurrence multidimensionnelle qui prend appui sur les nouvelles innovations technologiques et organisationnelles.

Le prix de la transmission de la parole a sensiblement baissé et déjà, de nouvelles applications de la recherche sont très prometteuses, qui résultent de la convergence de la technologie des télécommunications et de l'information. Le développement du cellulaire connaît un essor remarquable, qui tend à réduire le volume des coûts fixes et notamment des coûts irrécupérables. L'entrée des opérateurs de téléphonie mobile sur le marché africain est à la fois un témoignage de l'intensification de la concurrence, mais également une chance d'extension rapide de la téléphonie rurale. Dans ce nouvel environnement, les télécommunications africaines se voient offrir la possibilité de réaliser des progrès rapides. Leur accomplissement exige toutefois d'étoffer les moyens de financement alors même que le *cash flow* des réseaux publics s'érode. Cette nouvelle donne crée l'exigence d'une ouverture du secteur à des opérateurs privés souvent plus disposés à investir qu'il pourrait y paraître de prime abord.

Lente à se dessiner, la réforme des télécommunications est désormais en phase d'accélération. Progressivement, le service poursuit son émancipation de l'activité des postes dont il continue à être institutionnellement solidaire dans un nombre de plus en plus limité de pays. La séparation juridique a été généralement difficile et s'est heurtée à des résistances au niveau d'un personnel soucieux de ne pas perdre les avantages afférents au statut de fonctionnaire. L'éclatement des deux services s'est accompagné d'un rapprochement des télécommunications du statut juridique de société anonyme. En Afrique francophone, cette mutation s'est couplée avec une stratégie de contrat de plan. Destinée à préciser les droits et avantages inhérents à la direction de l'entreprise et aux tutelles ministérielles sur une période de 3 à 5 ans, cette contractualisation n'a engendré que de modestes résultats. Dans le nouveau décor des années 90, les gouvernements africains ne pouvaient que prendre conscience de ces réalités en se laissant davantage convaincre par l'idée des solutions durables que constituent la privatisation du service et l'intensification de la concurrence.

En 1990, le bilan de la privatisation des opérateurs africains était encore mince. La démarche *stricto sensu* n'avait alors concerné que deux petits réseaux lusophones, en l'occurrence, ceux de Guinée–Bissau et de Sao Tomé et Principe dont un pourcentage de 51 pour cent fut cédé à Portugal Telecom. Dans la première partie de la décennie, la privatisation a dominé sous la forme de contrat de gestion ou d'assistance technique, dans la logique des arrangements institutionnels déjà en vigueur pour d'autres grands services publics. Le mouvement de privatisation, sous une forme impliquant une cession significative du capital, s'est réellement manifesté en 1996 avec le transfert au secteur privé de l'entreprise guinéenne. Cette opération a été suivie de quatre autres ayant concerné quatre des plus importants réseaux subsahariens : Ghana (1996), Côte d'Ivoire (1997), Afrique du Sud (1997) et Sénégal (1997). Le nombre de candidats à la reprise s'est limité à un petit nombre d'opérateurs internationaux à la fois techniquement capables et financièrement désireux d'assumer des risques sur l'Afrique, souvent en partenariat avec des investisseurs locaux (France Telecom, Telecom Portugal, Telekom Malaysia…).

Parallèlement à ces privatisations d'opérateurs historiques, le continent s'est lancé dans la mise aux enchères de licences destinées au développement de la téléphonie mobile. En 1997, une trentaine de pays étaient concernés, où le cellulaire se présentait dans des rapports variables aux réseaux fixes : substituable ou complémentaire dans les services, sous la coupe institutionnelle du réseau public ou concédé à des opérateurs privés. En 1996, le téléphone mobile représentait 8 pour cent des abonnés. La dispersion continentale était forte avec de nombreux pays où le service n'était qu'émergent tandis que dans d'autres, l'Afrique du Sud et le Ghana notamment, il couvrait déjà 20 pour cent du marché.

La déréglementation mondiale des télécommunications constitue un choc redoutable pour les réseaux africains. Elle les astreint à se préparer à une concurrence plus vive que jamais. Le degré de contestabilité du marché ne cesse de croître. Les classiques schémas collusifs entre monopoles publics tombent en

désuétude et contraignent à des baisses de tarifs souvent significatives, doublées d'une restructuration des prix relatifs. Lorsque la concurrence s'installe par le téléphone mobile, l'État doit veiller à donner une harmonie au paysage des télécommunications. Les licences d'exploitation ne doivent pas être allouées selon les principes clientélistes que dépeint la théorie des choix publics et dans la plus grande incohérence technologique et opérationnelle. Le Zaïre et le Nigeria ont l'un et l'autre témoigné de certains dysfonctionnements en la matière. De façon plus générale, les États doivent s'attacher à promouvoir une réglementation efficace, de nature à refléter l'objectif de maximisation de l'utilité sociale. Dans cette perspective, toutes les initiatives propres à développer l'état de droit et à contrarier les visées subjectives de politiciens et bureaucrates exagérément soucieux de leur bien–être personnel sont à soutenir.

La forme institutionnelle que doit revêtir la réglementation ne relève pas d'une science exacte. L'efficacité d'une agence de réglementation du secteur peut aussi bien souffrir d'un manque que d'un excès d'autonomie. Dans les tâches attendues de ces agences, les modalités d'attribution des licences par appel d'offres sont importantes. Elles conditionnent la crédibilité du processus et l'intensité de la concurrence. Les qualités de transparence et d'impartialité semblent avoir, en partie, fait défaut à nombre d'opérations africaines. Une autre tâche, qui s'avère également difficile à exécuter, consiste à établir des règles d'interconnexion susceptibles de faciliter la concurrence et de développer les effets de club.

Les conditions restrictives d'un marchandage coasien[1] efficace entre les opérateurs laissent penser que l'agence de réglementation devra intervenir sous une forme qui a déjà occupé l'attention de nombreux théoriciens. Le réajustement des prix est également un axe d'intervention de portée notable. Même si l'expansion de la concurrence pèse naturellement sur la formation des tarifs, il convient que l'État protège les consommateurs comme il protège les opérateurs entrant sur le marché. Les intérêts des consommateurs, et plus encore le développement des solidarités sur un territoire national donné, commandent également d'accroître les efforts en vue de l'élargissement de l'accès au service universel. Il faut entendre par là que tout agent doit pouvoir accéder au téléphone à des conditions de prix et de distance « raisonnables ». Le rapport de l'UIT (1998) a fait état de différentes acceptions pratiques du concept, toutes observées en Afrique subsaharienne. Gageons que les innovations technologiques récentes permettront d'enregistrer, en la matière, les rapides progrès que rend indispensables une situation actuelle très insatisfaisante.

I. INTRODUCTION

L'Afrique subsaharienne est engagée dans un important effort de restructuration de ses télécommunications. Cette démarche a longtemps rencontré des obstacles politiques, les gouvernements ne voyant aucune urgence à transformer l'environnement économique et institutionnel d'un secteur généralement rentable. En comparaison de la stratégie appliquée dans les autres régions du monde, l'Afrique a donc épousé très tardivement la cause des changements. Elle y adhère aujourd'hui, non sans quelques réticences, qui se marquent dans certaines lenteurs d'exécution et difficultés d'application. Le discours politique a pourtant évolué dans un sens qui traduit la reconnaissance du besoin de réformes. En cela, il prépare les segments de population qui ne seraient pas encore convaincus de la nécessité des changements.

Réunis en octobre 1997 à Ouagadougou, les ministres des Télécommunications de plusieurs pays francophones ne s'y sont pas trompés. Leur déclaration a justement rappelé que la restructuration était « incontournable pour prendre part à la globalisation de l'économie », que le processus de libéralisation et de privatisation était à réaliser, même si les sensibilités nationales étaient à prendre en compte[2]. La direction est donc donnée, même si la rhétorique reste suffisamment prudente pour ne pas en compromettre l'acceptation la plus large.

L'objectif assigné à cet article est, en premier lieu, de dépeindre les raisons qui donnent aujourd'hui une faisabilité à des projets de restructuration qui étaient rejetés dans les années 80. *Mutatis mutandis*, on verra, dans la section II, que cette « restructuration incontournable » procède de l'interaction de forces tout aussi décisives les unes que les autres. La section III donne un aperçu des réformes africaines les plus significatives à ce jour. On y évoque les mouvements de privatisation de la téléphonie de base, avec ou sans perte de monopole. On retrace également la privatisation de l'activité par ouverture du marché à la téléphonie mobile. Tous ces changements demandent à être politiquement gérés. Selon quelle modalité conviendra–t–il d'ouvrir le marché local des télécommunications et avec quels accompagnements institutionnels en matière de réglementation ? La section IV porte l'éclairage sur ces questions dont l'importance est connue, mais dont les réponses sont encore loin d'être assurées. La section V revient en conclusion sur les résultats de l'étude.

II. LES DÉTERMINANTS D'UNE RESTRUCTURATION DEVENUE INCONTOURNABLE

La protection des rentes et les conflits d'intérêt ne rendent que plus difficile l'acceptation des changements de comportement, à moins que la survie des organisations ne soit en cause. Cette logique a prévalu dans le secteur des télécommunications africaines où les évolutions récentes ont été dictées par l'action concomitante et durable de facteurs lourds et déstabilisants. Quatre d'entre eux sont étudiés ici dont les effets se renforcent et se mêlent si inextricablement qu'on a peine à dégager leur influence respective.

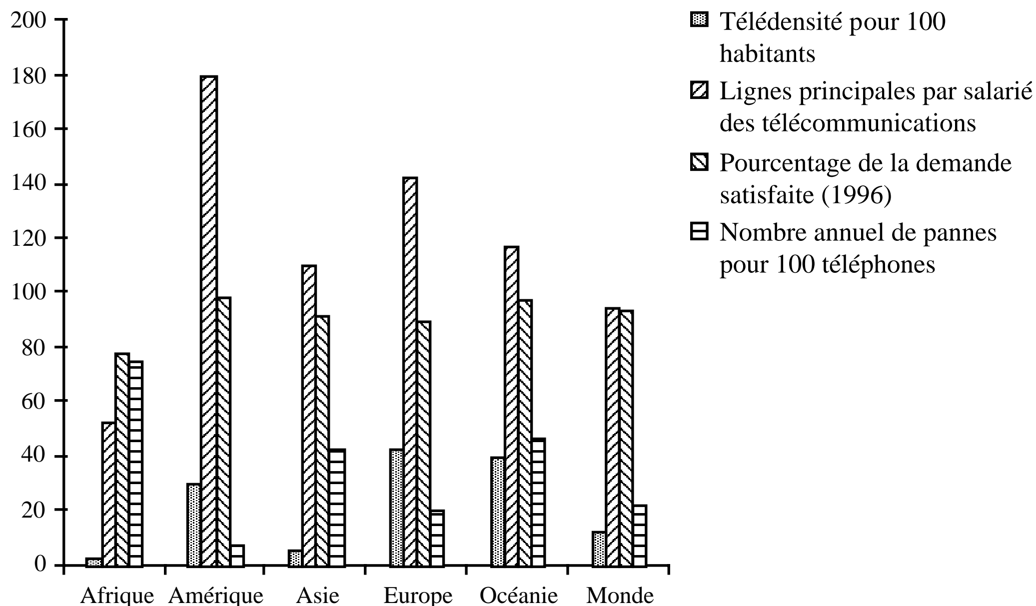
A. Les exigences d'une plus grande efficacité

Le besoin d'amélioration de l'efficacité économique est, de ces quatre facteurs, celui qui a le plus constamment retenu l'attention. En 1984, le rapport de la Commission Maitland (UIT, 1984) prenait déjà la mesure technique des défaillances africaines avec l'observation de délais de raccordement de plus de 3 ans et des tentatives d'appels locaux ou interurbains non concluants dans plus d'un cas sur deux. Ce constat est toujours d'actualité. A six ans de distance, les deux grandes conférences de Harare (1990) et d'Abidjan (1996) sur le développement des télécommunications en ont témoigné.

La figure ci–dessous s'adosse aux statistiques internationales de l'UIT pour mettre en évidence le décalage important qui apparaît entre l'Afrique, ici considérée dans sa totalité avec les pays arabes, et les autres zones géographiques de l'économie mondiale. Les quatre indicateurs réunis sont parmi les plus évocateurs. Ils retracent à la fois la pénétration et la qualité de prestation du service, mais également l'efficacité productive du réseau telle qu'estimée par un ratio de productivité apparente, en l'occurrence le nombre de lignes installées par salarié. Sur ces quatre indicateurs, le retard de l'Afrique, qui concentrait moins de 2 pour cent de l'ensemble du parc mondial de lignes téléphoniques en 1996, apparaît très sensible, en particulier pour la télédensité et le nombre annuel de pannes pour 100 téléphones.

En moyenne, et pour l'année 1996, la télédensité, c'est–à–dire le nombre de lignes principales pour cent habitants, était inférieure à l'unité dans 74 pour cent des 46 pays subsahariens figurant dans les statistiques de l'UIT. Les demandes de raccordement non satisfaites étaient aussi très importantes. En pourcentage d'une demande notionnelle approchée par l'addition des lignes principales d'exploitation et des demandes en attente, l'indice d'insatisfaction dépassait 50 pour cent dans au moins deux des grands réseaux : Éthiopie (56.8 pour cent), Tanzanie (53.8 pour cent). Les temps d'attente pour la mise en service d'une ligne restaient également exorbitants, plus de dix ans dans les deux pays précités, plus de cinq ans au Cameroun (9.4), au Soudan (6.4) ou en Côte d'Ivoire (5.6). Le nombre de dérangements pour 100 lignes était également représentatif de la faible qualité du service public illustrée par le cas pathologique de la Guinée (937.5) dont le réseau était, selon ce critère, le moins performant de tous ceux classés dans le Rapport sur le développement mondial des télécommunications (UIT, 1998).

Figure 1. **Situation comparée des télécommunications dans le monde**



Source : Banque africaine de développement, *Rapport sur le développement en Afrique 1999*, Paris, Economica, p. 127.

Le tableau 1 ci–dessous donne une évaluation par pays du niveau et de l'évolution des services de télécommunications en Afrique. Seuls sont considérés ici les réseaux de plus de trente mille abonnés, ce qui réduit l'échantillon à 23 pays dont cinq à revenu intermédiaire. La comparaison des années 1990 et 1996 témoigne de l'existence d'une corrélation étroite entre le niveau de produit par habitant et la télédensité. Les cinq pays les plus riches sont, en effet, ceux qui offrent le meilleur résultat en la matière. Ils sont aussi ceux qui ont permis à la téléphonie fixe d'enregistrer une progression significative de sa pénétration entre 1990 et 1996. En l'absence de ces réseaux, le gain de performance dans la période serait resté modeste. Quel que soit le niveau de développement, les listes d'attente pour une ligne principale sont encore très fournies, y compris dans les pays à revenu intermédiaire où la perspective d'une accessibilité au téléphone individuel a pu révéler des besoins dont l'expression aurait été jusqu'ici cachée.

Tableau 1. **Les principaux réseaux africains et la situation générale des télécommunications**

	Lignes téléphoniques principales pour 100 habitants		Liste d'attente (en milliers)	
	1990	1996	1990	1996
Angola	0,70	0,47	…	…
Bénin	0,32	0,59	…	3,4
Botswana	*2,07*	*4,83*	*7,4*	*9,3*
Burkina Faso	0,18	0,32	…	…
Cameroun	0,35	0,52	…	42,0
Côte d'Ivoire	0,61	0,88	9,0	74,2
Éthiopie	0,26	0,25	108,9	195,5
Gabon	*2,17*	*3,16*	*2,5*	*9,0*
Ghana	0,29	0,44	11,9	28,3
Kenya	0,75	0,82	82,3	70,6
Madagascar	0,27	0,26	…	10,0
Malawi	0,28	0,35	11	29,9
Maurice	*5,26*	*16,21*	*55,2*	*35,9*
Mozambique	0,34	0,34	32,9	17,9
Namibie	*3,93*	*5,43*		*4,5*
Nigeria	0,30	0,36	247,3	98,1
Ouganda	0,17	0,24	15,7	6,3
Sénégal	0,60	1,11	8,6	17,8
Sud–africaine (Rép.)	*8,73*	*10,05*	*125,4*	*126,8*
Soudan	0,25	0,36	…	75
Tanzanie	0,29	0,30	112,2	107,9
Zambie	0,80	0,94	52,5	24,7
Zimbabwe	1,25	1,47	64,2	113,2
Moyenne	1,31	2,16	59,2	134,2
Sans pays à revenu intermédiaire	*0,4*	*0,6*	*63,1*	*164,5*

Source : UIT, 1998. Les pays à revenu intermédiaire sont indiqués en italique.

En dépit des efforts accomplis, les réseaux africains sont encore caractérisés par un niveau de service très insuffisant. Le chemin qui leur reste à parcourir se mesure aussi bien en termes d'investissements que d'efficience économique. Leur efficacité technique doit notamment s'élever, qui reflète la capacité des firmes à obtenir le maximum d'output à partir d'une quantité d'inputs déterminée, mais également leur efficacité allocative, qui implique de sélectionner les combinaisons productives optimales en présence d'une bonne structure de prix relatifs. Une évaluation approximative de l'inefficacité technique est donnée par les indicateurs de productivité apparente comme, par exemple, le nombre de lignes principales par employé. De l'ordre de 200 pour les entreprises européennes, il s'échelonne de 10 à 40 en Afrique subsaharienne, avec les exceptions notables du Sénégal (65), de l'Afrique du Sud (74) et de Maurice (106). Sans doute ces faibles niveaux de productivité ont–ils pour origine la médiocre qualité du capital humain comme la petite taille et la densité insuffisante de réseaux en phase d'extension. Une telle échelle de production favorise le surdimensionnement du personnel administratif et, le cas échéant, du personnel de production si celui–ci est affecté à la couverture des zones rurales faiblement peuplées.

L'analyse serait toutefois incomplète sans cette autre explication que fournit le gaspillage de ressources. Le monopole « non contestable » suscite des relâchements intra–organisationnels qui s'apparentent à ce que John Hicks appelait « le mode de vie tranquille ». Ces gaspillages ont été maintes fois dénoncés. Leur réduction figurait déjà en bonne place parmi les recommandations du rapport Maitland (1984). La Commission avait vu dans leur réduction une source de financement non onéreuse du développement des réseaux. La mobilisation contre ces gaspillages fait encore florès dans les publications récentes sur l'avenir des télécommunications africaines (Banque mondiale, 1999). Le sureffectif entretient notamment l'insuffisance de l'effort productif. Et dans la mesure où le salaire des non qualifiés excède le salaire alternatif du marché externe, implicitement la productivité marginale du facteur, il en résulte des inefficacités allocatives et des comportements de recherche de rentes (Krueger, 1974).

Le facteur capital n'est pas moins concerné par les phénomènes de gaspillages. Selon l'étude réalisée pour la Banque mondiale par Mustafa, Laidlaw et Brand (1997), le coût moyen d'investissement par ligne serait, en Afrique, le plus élevé du monde : 5 600 dollars contre 1 500 dollars, en moyenne et dans l'ensemble des PVD. Les facteurs exogènes, et notamment le prix à payer pour installer des lignes dans un espace à faible densité de population, ne sont pas les seuls en cause[3]. L'investissement est souvent renchéri par le prix exorbitant des équipements. Deux explications peuvent être données à la dérive des coûts.

— La première renvoie à un facteur qui a joué un rôle actif dans un nombre limité de pays où les responsables politiques ont eu le souci de structurer une filière nationale de télécommunication. L'endogénéisation de la protection accordée à des équipementiers non compétitifs a induit des surcoûts significatifs en aval de la filière verticalement intégrée. Le statut public de la filière a plutôt aggravé le processus en confortant la dépendance de l'opérateur historique envers un fournisseur local souvent en situation de monopole. Entre 1958 et 1995, les télécommunications sud–africaines ont connu ce type de partenariat. Le soutien à l'industrie locale s'y est concrétisé par des accords de long terme passés à l'initiative de l'ancienne structure publique intégrée des postes et télécommunications (DPT). Au terme de ces accords, DPT s'obligeait à effectuer ses achats d'équipements auprès d'un petit nombre de fournisseurs locaux. La démarche, qui a contribué au développement de l'industrie électronique, a été également à l'origine de surcoûts et surprofits au détriment du surplus des consommateurs (Kaplan, 1999 ; Black, Baird et Heese, 1997).

— Un autre facteur d'alourdissement des coûts d'investissement a résulté de la nature liée des financements publics associés à l'importation d'équipements. L'élément de subvention attaché aux conditions financières des concours a souvent été plus que compensé par les surcoûts d'achats auprès des équipementiers du secteur des télécommunications ou de l'électronique.

Autrement dit, par l'application de la clause d'origine, les agences publiques de financement du développement ont soutenu leurs propres industriels. La concentration nationale de ces activités et le marché captif que constituait le pays bénéficiaire de l'aide ont contribué au maintien de prix élevés. Sous la pression des engagements internationaux en matière de crédits publics à l'exportation, ces situations tendent à se réduire. Dans les pays à revenu intermédiaire comme dans les pays non PMA ayant accès aux ressources de l'Agence internationale pour le développement (AID), le respect des clauses du consensus de l'OCDE devient une contrainte majeure. Dans un secteur où la concurrence entre les industriels s'exacerbe, tous les projets de télécommunication font l'objet d'une surveillance renforcée.

L'observation de l'inefficacité technique des réseaux africains contraste avec une rentabilité financière souvent jugée acceptable, de l'ordre de 10 pour cent du capital investi. La contradiction entre les indicateurs n'est toutefois qu'apparente. Car les recettes sont fragiles ; elles tiennent pour une part significative à la surconsommation des lignes officielles et proviennent pour 70 pour cent d'une catégorie d'abonnés, essentiellement ceux de la capitale, ou d'une catégorie de services, les communications internationales dont la tarification exorbitante a pour effet de compenser les surcoûts. Sur l'ensemble de la région, le revenu par ligne ressort à 1 225 dollars contre une moyenne internationale qui n'excède pas 735 dollars (Mustafa *et al.*, 1997). Ce mécanisme de captation de surplus et de redistribution de la rente est en voie d'extinction. L'excédent d'exploitation ainsi obtenu dans un contexte d'inefficacités allocatives (distorsion des prix) et techniques (gaspillage de ressources) résiste de moins en moins aux nouvelles structures de marché qui accompagnent la déréglementation.

B. L'ère de la déréglementation et de la concurrence

La cherté du prix des communications internationales ne tient qu'à la survivance des ententes et coopérations bilatérales entre opérateurs publics internationaux. Dans une transparence minimale, les monopoles négocient en effet des taxes de répartition (TR) destinées à couvrir le coût des communications sur la partie internationale du réseau et l'accès au réseau étranger. Le produit de cette TR se partage égalitairement (50/50) entre les deux réseaux. Un reversement s'opère, par conséquent, du pays où le trafic bilatéral est excédentaire, généralement des pays industrialisés, vers des pays déficitaires qui trouvent dans cette mécanique de redistribution un moyen peu onéreux de se pourvoir en devises. De manière discrétionnaire, chaque opérateur ajoute à cette taxe les coûts locaux nécessaires à l'acheminement d'une communication internationale. Dans une même unité monétaire, un écart de prix peut donc subsister et influencer le sens du trafic bilatéral.

La déréglementation mondiale du secteur tend à accroître cet écart en mettant davantage en lumière le problème de compétitivité des télécommunications africaines. La concurrence suscite, en effet, la baisse de la partie locale des coûts dans les pays pionniers en matière de réforme institutionnelle. Des pressions de plus forte ampleur s'exercent parallèlement en faveur d'une révision à la baisse des taxes de répartition. Les réseaux performants leur reprochent l'absence d'incitation par la place excessive qu'elles prennent dans la formation du prix alors même que le coût de transmission de l'information ne cesse de baisser. Les États–Unis sont très concernés par le mécanisme de redistribution inhérent aux taxes de répartition. Le montant des reversements, tous pays confondus, s'y est établi à 5.4 milliards de dollars en 1996 contre 2.8 milliards en 1990. Pour l'Afrique, les conséquences de cette mutation ne sont pas minces. Elles sont à la mesure de l'importance relative de ces communications internationales sur lesquelles se concentrent de 50 à 80 pour cent des recettes d'exploitation contre 10 à 15 pour cent seulement pour les principaux réseaux des pays industrialisés[4].

Cette plus grande fragilité commande d'abord la mobilisation contre toutes les formes de gaspillage ; elle incite ensuite à un rééquilibrage des systèmes tarifaires internes avec une élévation du prix relatif des communications locales et des coûts de raccordement au réseau. L'action de redressement par les prix ne peut être conduite qu'avec prudence, sans sous–estimer le développement de la concurrence sur certains segments de télécommunication intérieure. Les réseaux publics sont désormais exposés à des pertes de clientèles jusqu'ici captives et passives, en contradiction avec l'argument de Hirschman (1970) qui voyait dans le monopole un facteur de stimulation de la « prise de parole » des consommateurs insatisfaits, mais en accord avec l'argument de Olson (1966), qui mettait en avant les difficultés des grands groupes à susciter l'action collective dès lors que les coûts de cette action se répartissent sur un petit nombre quand les avantages se diluent sur toute une population. Quoi qu'il en soit, la déréglementation et la concurrence s'imposent. Elles développent une plus grande réceptivité au principe de privatisation en prenant appui sur les nombreuses innovations qui confèrent un caractère permissif à cette évolution.

C. Les innovations technologiques et organisationnelles

Le rythme de l'innovation s'est sensiblement accéléré. Déterminé à l'extérieur des firmes africaines, ce processus s'incarne dans des équipements et supports nouveaux avec pour conséquence une amélioration de l'efficacité intrinsèque et un élargissement des services offerts. La Banque mondiale (1999) a récemment rappelé l'importance de ces bouleversements et indiqué les grandes forces à l'œuvre dans cette révolution technologique. En vingt ans, la puissance de calcul a été multipliée par 10 000 et le coût des circuits de transmission de la parole divisé par le même nombre. Les fibres optiques présentent des capacités de transport de l'information autrement plus considérables que le fil de cuivre, de sorte que le coût par circuit de transmission vocale est devenu infime.

Les technologies des faisceaux hertziens et des satellites sont elles–mêmes en constante évolution. Elles révèlent une propension comparable à l'amélioration de la qualité des transmissions et à la réduction des coûts. Enfin, le numérique a induit une convergence de la technologie des télécommunications et de l'informatique avec, au final, une plus grande diversité de services. Toutes ces technologies de développement récent entretiennent entre elles des relations complexes qui procèdent autant de la concurrence que de la complémentarité. La subtilité de ces rapports est démontrée par les téléphonies filaire et cellulaire.

Sur l'ensemble du continent africain, les radiocommunications cellulaires ont connu un essor remarquable. A la fin de 1995, 23 pays exploitaient déjà un tel système. En 1998, près d'un tiers de la région dispose au moins de deux opérateurs de communication mobile cellulaire (UIT, 1998). A la commodité d'installation de ce système s'ajoute l'attrait d'une économie de coûts fixes, notamment de coûts irrécupérables. La technologie cellulaire remplace les lignes individuelles et les câbles métalliques classiques qui relient l'abonné au central téléphonique. Cet avantage n'est qu'en partie compensé par l'achat d'équipements pour l'émission ou la réception de sorte que les barrières à l'entrée sont moins importantes que par le passé. Dans son rapport au téléphone fixe, la technologie cellulaire entretient une certaine ambiguïté sur laquelle il nous faudra revenir. Elle peut être utilisée en complément de celui–ci lorsque la maintenance du réseau filaire est déficiente, ou lorsque dans une économie de moyens, l'extension de la téléphonie rurale est érigée en priorité politique. Dans ces applications, l'Afrique offre un champ de développement évident. Mais elle peut également s'inscrire dans une relation de concurrence directe avec les activités classiques du réseau fixe. Cette innovation technique joue, par conséquent, un rôle stratégique dans l'organisation de l'ouverture du marché et la mise en concurrence de l'opérateur historique sur ses métiers de base.

Le schéma des monopoles publics nationaux est donc évanescent avec des innovations technologiques et organisationnelles ou commerciales qui sont autant de lignes de fractures pour un marché plus segmenté et plus concurrentiel. La diversité des supports et la mondialisation de l'activité ont rendu caduc l'argument du monopole naturel dont le sens économique était étroitement attaché à un paradigme technologique. Les objections relatives aux indivisibilités d'investissement et au risque d'inefficacité allocative par réplication d'infrastructures ne sont quasiment plus recevables. Les innovations technologiques ont fait naître la possibilité de réseaux alternatifs, y compris dans les plus petits pays africains où la demande solvable est encore très étroite. Si la taille n'est plus un obstacle rédhibitoire à la concurrence locale, ce n'est pas pour autant que son influence est devenue négligeable. La libéralisation mondiale des télécommunications conduit à des opportunités nouvelles pour les économies d'échelle. La recherche d'une amélioration de la compétitivité qui commande la rentabilité, stimule les partenariats et fusions. Un processus de sélection Schumpeterien (1934) est ainsi à l'œuvre avec pour conséquence l'éviction des firmes vulnérables. Les monopoles africains sont donc sous la menace de la concurrence. Celle–ci se concrétise par le bas, *via* l'entrée de nouveaux opérateurs

de téléphonie mobile qui ne sont pas seulement occupés à satisfaire les besoins de proximité, mais également par le haut, et préférentiellement sur le marché longue distance, à travers un processus d'intégration mondiale des réseaux qui concourt à la baisse significative des prix. Ces perspectives d'évolution du marché ont de notables effets pour le financement du secteur.

D. La nécessaire substitution des fonds privés aux fonds publics

Jusqu'au début des années 90, le *cash flow* était la principale source de financement des télécommunications africaines. En moyenne, il couvrait 65 pour cent du coût de l'investissement. Le complément résultait pour 15 pour cent des aides extérieures publiques et pour 20 pour cent des banques commerciales. Cette structure était pour partie la conséquence des fortes tensions budgétaires qui n'ont cessé de s'exercer sur les trésors publics. En l'absence de dotations en capital suffisantes pour renforcer leurs fonds propres, les entreprises parvenaient donc à surmonter les défaillances de l'actionnaire unique par l'endettement et l'exercice du pouvoir de monopole à travers la négociation de tarifs internationaux élevés.

Avec l'avènement de marchés concurrentiels, les prélèvements de surplus sur les consommateurs sont plus difficiles à effectuer. Or, la diminution du *cash flow* n'est pas appelée à se compenser avec des ressources de l'État ou un accroissement significatif de l'aide publique extérieure. Cette aide aux entreprises publiques serait même en recul sensible par rapport à ses niveaux passés. Les bailleurs de fonds officiels se sont en effet rangés à l'idée que les télécommunications sont un secteur de bonne rentabilité potentielle. Aussi appartient–il à l'État de créer l'environnement intérieur approprié, à la fois économique et institutionnel, pour susciter l'attrait des agents privés. Le recentrage des interventions de la Banque mondiale dans le secteur est à cet égard sans équivoque. L'institution a traditionnellement facilité le développement des télécommunications par des opérations de prêt et de suivi de projets portés par des monopoles publics. Dans les dernières années, ses orientations générales se sont infléchies vers le financement de projets exécutés par des opérateurs privés éligibles aux ressources de la SFI et de l'Agence multilatérale de garantie des investissements (AMGI). Le secteur public n'est maintenant appuyé par la BIRD que pour des actions de caractère ponctuel, d'accompagnement et de soutien aux institutions, notamment en matière de réglementation.

Les aides officielles bilatérales ont adopté une trajectoire comparable, y compris dans des pays de tradition interventionniste. L'Agence française de développement (AFD) est, pour la France, l'opérateur principal de l'aide projet. Depuis quelques années, le financement d'infrastructures concernant les services publics marchands, et notamment le secteur des télécommunications, est, par exemple, géré pour une partie importante par sa filiale Proparco. Spécialisée dans le financement et la promotion du secteur privé, cette filiale accorde des prêts de longue durée à des conditions proches de celles du marché. Cette volontaire mise en retrait des bailleurs de fonds traditionnels, du moins pour ce qui concerne l'aide

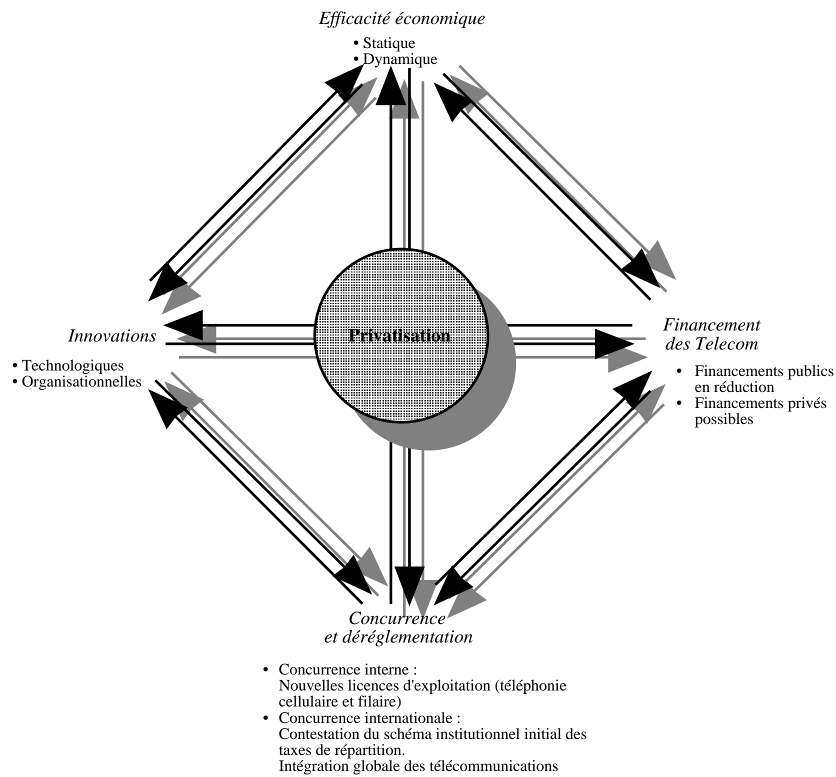
directe aux entreprises publiques, est à l'image des mutations observées partout dans le monde en faveur d'une dynamisation du secteur privé. Une telle stimulation est longtemps apparue impossible, *a fortiori* en Afrique subsaharienne où les partenaires locaux sont rares, où l'intérêt des grands réseaux internationaux est réputé relativement limité, où les réticences gouvernementales ont été enfin notables pour les raisons invoquées plus haut.

Les recommandations de la Commission Maitland s'inspiraient fortement de ce constat de sorte que les besoins de financement semblaient devoir se résoudre dans une plus grande sollicitation des agences de développement et une meilleure mobilisation contre les gaspillages intra–organisationnels. Dans cette identification de moyens additionnels, le rôle potentiel du secteur privé restait effacé, au mieux espéré, toujours en accord avec les idées dominantes de l'époque où le développement du service semblait être l'affaire du secteur public. Le discours est aujourd'hui radicalement différent. Toutes les parties prenantes du développement de ce secteur ont conscience d'une évolution inévitable de la structure de financement.

La baisse prévisible de la contribution relative du *cash flow* (40 pour cent contre 65 pour cent dans les années 80) et des engagements officiels des sources bilatérales et multilatérales (10 pour cent contre 15 pour cent), nécessitera un relèvement significatif de la part des engagements privés (50 pour cent *versus* 20 pour cent) (Banque mondiale, 1994). Sans une telle redistribution de ces parts de financements, l'Afrique subsaharienne ne parviendrait pas à combler son retard d'investissement. Rappelons qu'entre 1995 et 2000, l'insuffisance de capitaux privés compensateurs n'a pas permis d'atteindre une télédensité de 1 pour cent qui aurait nécessité la réunion d'environ 8 milliards de dollars sur l'ensemble de la région.

Dans cette revue des facteurs d'évolution, il est apparu que le cliché d'un service public marchand protégé issu d'une technologie de production stable mais onéreuse avec des phénomènes de rendements d'échelle croissants ne reflétait plus la réalité du secteur. Et les nombreuses technologies qui permettent l'expression de la concurrence sont désormais beaucoup moins affectées que les précédentes par des indivisibilités d'investissement qui donnaient crédit à l'argument du monopole naturel. Ces facteurs d'évolution portent en eux–mêmes la légitimation d'un processus de privatisation entendu au sens large comme l'acceptation d'une participation croissante des agents privés à la couverture des besoins de la population. Cette privatisation est le catalyseur des changements complexes auxquels la figure 2 a donné une représentation synoptique avec des interactions que traduisent des flèches à double sens, symbole de l'endogénéité des variables. La plus large implication du secteur privé crée les conditions nécessaires à la dynamisation de l'offre. Dans cette période où les budgets publics sont plus serrés que jamais, elle permet l'instauration de partenariats avec des opérateurs mondiaux qui facilitent l'acquisition de technologies aux moindres coûts pour les collectivités africaines. En outre, l'acceptation de la privatisation est un prérequis pour la déréglementation et la manifestation de la concurrence. De manière directe ou indirecte, le consensus s'est ainsi progressivement établi sur le point que le transfert de droits de propriété constituait un facteur d'élévation de l'efficacité statique et dynamique des réseaux de télécommunications (Stiglitz, 1997 ; Shirley, 1999).

Figure 2. **Le bouleversement des télécommunications. Les facteurs d'évolution du secteur et la privatisation**



III. LES MODALITÉS D'EXÉCUTION DE LA RÉFORME

Jusqu'au début des années 90, l'assainissement des réseaux est officiellement recherché dans la promotion interne d'une véritable culture d'entreprise commerciale assortie d'une responsabilisation des équipes managériales sur leurs résultats. Dans bien des cas, les contrats de plan entre l'État et l'entreprise publique vont être le lieu de reconnaissance de cette évolution institutionnelle avec une volonté d'engagement réciproque des parties. La phase ultérieure, qui se poursuit actuellement, privilégie des réformes plus ambitieuses. Elle organise le désengagement public du secteur à travers une stratégie qui tente de mêler la privatisation et la mise en concurrence des activités.

A. L'échec des réformes dans un cadre de gestion et de propriété publiques

Sous la pression initiale des bailleurs de fonds internationaux, au premier rang desquels figure la Banque mondiale et ses prêts d'ajustement structurel, une des toutes premières avancées de la réforme a consisté à émanciper les télécommunications de la poste. Le premier service avait été conçu comme un appendice de l'autre et continuait d'être géré selon les principes d'une administration. L'amélioration de sa performance en passera par une double initiative : la séparation juridique et plus seulement comptable des services pour qu'il soit mis fin aux subventions croisées ; l'affectation de statuts juridiques conformes au souci d'efficacité des entreprises de télécommunication.

Ces initiatives juridico–institutionnelles nées de la redéfinition des frontières organisationnelles se donnent pour but de faire émerger une véritable culture d'entreprise, en rupture avec les habitudes de gestion bureaucratique et le schéma d'organisation « mécaniste » de la poste (Mintzberg, 1989). La structure du service public unifié offrait une gouvernance trop lourde avec ses nombreuses lignes hiérarchiques sur lesquelles l'État conservait la haute main. Si l'environnement simple et technologiquement stable avait jusqu'ici permis au monopole intégré de se référer à des procédures de travail formalisées et standardisées, les années 80 obligent à en changer. Le besoin d'une culture commerciale se fait jour, caractérisée par davantage d'autonomie et de responsabilités managériales au sein d'un personnel des télécommunications plus qualifié que ne le sont les fonctionnaires des postes.

En 1983, le rapport Maitland avait appelé à suivre cette orientation générale. En 1990, la conférence de Harare (Zimbabwe) adopte les mêmes résolutions de principe. Les conclusions militent pour une séparation des branches postes et télécommunications et pour une fusion des réseaux domestique et international chaque fois que subsistent deux entités distinctes pour chacun des deux services. Dans l'intervalle, les gouvernements africains ont ignoré ces recommandations pour opposer de solides résistances à toute idée de changement radical. L'absence d'adhésion dans les transformations juridico–institutionnelles peut se lire dans l'état

des lieux proposé par Numba Um (1993). En 1991, sur une cinquantaine de réseaux africains, 19 étaient encore sous la coupe d'une administration, 22 conservaient la forme juridique de l'office, tandis que neuf entreprises de droit privé avaient un capital en totalité ou en quasi–totalité détenu par l'État[5]. Ces structures ne disposaient généralement pas d'un centre de décision autonome, ce qui revenait, d'une certaine manière, à leur dénier une des propriétés essentielles attachées à la notion d'organisation[6].

Jusqu'aux changements de ces toutes dernières années, le Ghana a été l'une des illustrations presque emblématiques des mécanismes de blocage sur l'évolution du statut juridique. Les politiques et le personnel de la GPT se sont efficacement mobilisés pour la préservation de leurs statuts, contre l'aventure que représentait la séparation des postes et télécommunications. L'amélioration des performances n'a été recherchée que tardivement (1990), à travers la contractualisation annuelle des relations avec l'État. En comparaison des performances antérieures, les résultats obtenus ont été très mitigés, tant au niveau de la rentabilité des actifs publics que de la productivité globale des facteurs (Banque mondiale, 1995).

Au Mali, l'opposition au principe d'une scission de l'OPT a été également très vive. Elle s'est progressivement estompée jusqu'à son acceptation, en 1988, qui conditionnait le décaissement de la seconde tranche du prêt d'ajustement structurel aux entreprises publiques. L'administration s'est donc conformée à cette exigence de la Banque mondiale, sans que dans l'application de la réforme, une démonstration convaincante ait été faite d'une véritable adhésion politique au changement. La scission juridique de l'OPT a été réalisée dans une certaine confusion en l'absence de répartition équitable des actifs patrimoniaux entre les deux entités. Cette lacune a été un facteur de contentieux, entre un office des postes revendiquant un dédommagement financier de la Sotelma pour l'utilisation de ses bâtiments et l'opérateur de télécommunication qui oppose le montant des factures impayées en fax et téléphone… La répartition des personnels les moins qualifiés a été également réglée contre les conclusions d'un audit préparatoire du démembrement qui invitait à éclater ce personnel sur la base de l'efficacité économique. La solution politique a été privilégiée avec pour conséquence une répartition du sureffectif selon les considérations subjectives des agents.

Après éclatement, les deux entités ont été soumises à la négociation d'un contrat de plan destiné à couvrir une période pluriannuelle de trois ans (1991–93). L'administration s'est davantage résignée à cette démarche contractuelle qu'elle ne l'a adoptée avec enthousiasme. Le contrat de la Sotelma a engagé l'entreprise à développer quantitativement et qualitativement le service public à travers des objectifs de création de lignes, de vitesse de relevé des dérangements, de délais de raccordement des nouveaux abonnés. L'évolution de ces objectifs a été fixée sans audit interne et discussions contradictoires. L'État s'en est remis aux informations fournies par l'entreprise de sorte que, sous l'emprise des phénomènes de hasard moral qui procèdent des asymétries informationnelles du manager, les performances ont été d'emblée tirées vers le bas. Les négociations entre l'État et l'entreprise ont été dépouillées de références techniques sérieuses avec des critères de réalisation

parfois dépourvus de réelle signification économique. C'est ainsi que les progrès dans le délai de raccordement des nouveaux abonnés ont été mesurés en fonction d'une situation de départ appréciée par le vécu impressionniste de l'un des représentants de l'administration ! L'outil était donc à revoir dans sa conception comme dans sa mise en œuvre, sur la base d'une véritable appropriation de la réforme par les acteurs en présence. Le gouvernement sénégalais s'est essayé à cet exercice d'internalisation des contrats, mais avec des succès qui n'ont pas été sans nuances.

En 1986, le Sénégal procède à la création de la Sonatel à partir de la dissolution de l'Office des postes et télécommunications (OPT). En comparaison de la forme juridique précédente (établissement public industriel et commercial — EPIC), la nouvelle structure acquiert, sous le nom de société nationale, un statut de société par actions de droit privé, qui lui confère davantage d'autonomie de gestion et moins de contrôles bureaucratiques *ex ante*. Par la loi du 3 août 1987, ces sociétés sont soustraites à l'agent comptable central (ACC) des établissements publics et échappent à la centralisation de la trésorerie découlant du principe budgétaire de l'unité de caisse. Après plus de deux ans de négociation, en 1986, un contrat de plan est finalisé pour une période de trois ans qui va participer de la « nouvelle politique de l'État envers le secteur parapublic (1985) » (Nellis, 1991).

Le document de la Sonatel est marqué par le souci de réalisme économique et budgétaire. L'entreprise s'engage à améliorer ses performances à la faveur d'une utilisation plus efficace de ses ressources. En contrepartie, l'État renonce à s'immiscer dans le fonctionnement de la société. Il accepte, par ailleurs, d'apurer ses arriérés et de payer ses factures dans les délais normaux du crédit fournisseur. Au 30 juin 1986, sur les 12,3 milliards d'impayés des comptes clients, la créance de la Sonatel sur l'État et les entreprises publiques s'élevait à 6 milliards de FCFA. Malgré un certain nombre d'innovations, notamment en matière de critères d'évaluation et de supervision de la performance, l'exécution du contrat révèle les faiblesses du dispositif financier. Les rapports institutionnels avec l'État ne se sont eux–mêmes jamais départis de toute ambiguïté en dépit de l'indépendance juridique censée découler des statuts de la société nationale (SN) (encadré 1).

Au début des années 90, le bilan des initiatives de réforme sectorielle restait donc insuffisant. Aucun des ajustements juridiques ou institutionnels n'avait eu raison des obstacles au développement des télécommunications africaines. La conversion des opérateurs publics en sociétés anonymes de droit privé demeurait par ailleurs embryonnaire. Et dans les cas où la mutation avait été effective, on en observait déjà les limites à travers des rapports institutionnels toujours difficiles et déséquilibrés entre l'État et l'entreprise. Une identité juridique autonome ne peut s'accommoder ni de l'immixtion des politiques dans la gestion, ni de la légitimation « implicite » du non–paiement des factures par l'Administration.

Encadré 1. **La contractualisation entre la Sonatel et l'État : le difficile apprentissage de la transparence financière au Sénégal**

Les deux premiers contrats de plan (1986–88 ; 1989–92) ont cherché à donner plus de transparence à la nature des flux financiers entre la Sonatel et l'État. Pour ce faire, les pouvoirs publics se sont engagés à un paiement de leurs consommations dans les délais normaux du crédit fournisseur tandis que la décision a été prise de supprimer toutes les subventions occultes, à commencer par le subventionnement croisé de la poste par les télécommunications. Des améliorations ont été constatées en la matière, mais la pratique est longtemps demeurée en décalage avec le principe contractuel.

Entre 1986 et 1992, la Sonatel a été éligible à un différé de droits et taxes applicables à ses investissements. Ce crédit fiscal a été porteur d'un taux d'intérêt de 7 pour cent, soit une bonification implicite de 4 à 5 points par rapport au taux du marché. En 1991, face aux tensions budgétaires que rencontrait le Trésor public et aux obligations d'apurement des arriérés prévues dans la Facilité d'ajustement structurel renforcé (FASR), la Sonatel a été contrainte à un remboursement anticipé de 4 milliards de CFA initialement payables en 1993. Ces paiements qui témoignent des effets d'un environnement macroéconomique imprévisible ont représenté 2 pour cent du chiffre d'affaires de 1991, pas moins de 50 pour cent de la Trésorerie de l'entreprise.

Pendant la contractualisation, la Sonatel a continué d'obtenir un abattement d'impôt sur les bénéfices industriels et commerciaux (BIC) pour un montant maximum égal à 50 pour cent du résultat imposable. Elle fut, par ailleurs, exemptée de tout paiement de dividendes à l'État tandis que des dispositions spéciales lui ont permis d'élargir sa capacité d'autofinancement à travers le mécanisme d'accélération comptable de la PROM[7].

En contrepartie de ces avantages non chiffrés, après la scission de l'OPT, la Sonatel a été enjointe de verser une subvention d'exploitation à l'OPCE jusqu'en 1990. En réalité, sans fondement contractuel explicite, la subvention s'est progressivement contractée, mais, en 1992, elle demeurait en vigueur à hauteur de 500 millions de francs CFA. Quant à l'obligation d'apurement et de non–reconstitution des arriérés de paiements de l'État, la contractualisation n'a jamais permis d'en obtenir une effectivité, ce qui aurait contribué à un moindre surendettement de l'entreprise (Banque mondiale, 1989)[8].

Pour des raisons analogues, et bien qu'ils aient été à l'origine d'une amélioration des performances de certaines sociétés, les contrats de plan suscitaient plus de déceptions que ne l'avaient imaginé leurs promoteurs. En ne produisant pas d'effets juridiques, l'engagement contractuel de l'État s'est confondu à une « promesse », dépourvue de sanction pour inexécution. Dans un univers d'incertitude et de fortes tensions macro–budgétaires, ces obligations non exécutoires n'ont pas été propices à la crédibilité. La procédure contractuelle a laissé l'opérateur anticiper la défaillance financière de son unique actionnaire et la poursuite de la captation de surplus sous la forme de dividendes et d'impayés. La confiance dans l'avenir a donc manqué, ainsi d'ailleurs que le caractère incitatif des dispositions contractuelles, pour susciter l'émergence d'une coopération durable. Comme dans la stratégie *donnant donnant* que dépeint Axelrod (1984), la déviation d'un des joueurs par rapport à son engagement initial a favorisé les représailles de son partenaire. Connaissant la fragilité de leur position dans l'entreprise, les managers ont ainsi conservé le bénéfice d'une meilleure information que leurs

ministères de tutelle pour substituer du mensonge à l'effort et augmenter leur utilité privée immédiate.

Sous cet éclairage, une remobilisation s'imposait autour de quelques idées–forces. Les dirigeants africains avaient jusqu'ici dessiné une réforme des télécommunications en trompe–l'œil. Dans un environnement monopolistique où se conciliaient une relative inefficacité économique et une bonne rentabilité financière, leur adhésion au changement n'avait été que formelle, liée aux circonstances de la conditionnalité des concours financiers externes. Les années 90 campent un tout autre décor avec les innovations technologiques et la déréglementation en toile de fond. Les gouvernements africains prennent conscience de ces nouvelles réalités pour être progressivement gagnés à l'idée que le *statu quo* institutionnel est désormais impossible, qui conduirait au dépérissement de l'opérateur historique, sans pour autant assurer le développement satisfaisant du service.

B. La recherche de solutions durables dans la privatisation ou la concurrence

Les nouvelles réformes dans le secteur des télécommunications sont dominées par deux stratégies plus complémentaires qu'exclusives l'une de l'autre. Avec la première, l'accent est mis sur la *privatisation* du réseau de base. Dans aucun des pays africains, le désengagement de l'État a été total. En général, une partie significative des titres a été cédée, entre 30 et 60 pour cent, à un consortium réunissant les intérêts conjoints d'agents privés nationaux et d'un partenaire stratégique étranger. Le niveau initial de désengagement a reflété l'importance des tensions budgétaires, le degré d'acceptation de la privatisation qui crée une contrainte politique et l'importance des efforts de restructuration à mener. Dans l'hypothèse où l'assainissement du réseau peut être exécuté rapidement, l'intérêt de l'État est peut–être de se désengager en plusieurs étapes de manière à optimiser ses gains de cession et affiner son prix de réservation. Dans cette démarche de retrait en plusieurs phases, les gouvernements africains bénéficient d'ailleurs des retombées positives d'une institution renforcée par les programmes de privatisation, à savoir la bourse. L'introduction en bourse est un facteur de diffusion du capital et d'amélioration de l'efficience des firmes. Elle oblige à des efforts constants dans la transparence des comptes et la rigueur de gestion.

Avec la seconde stratégie, l'action de réforme se porte sur la structure du marché. L'ouverture des télécommunications à la concurrence s'exprime d'abord par la plus grande contestabilité du marché (Baumol *et al*., 1982). Les innovations technologiques sont un facteur de rupture de la stabilité passée. Elles rompent les équilibres dans un fonctionnement des télécommunications internationales basé sur des ententes bilatérales entre monopoles publics nationaux. En même temps, ces innovations permettent l'entrée effective de nouveaux opérateurs à la fois sur le réseau fixe, mais plus encore dans le secteur de la téléphonie mobile.

Incitations par la *redistribution des droits de propriété* ou par les *mécanismes du marché concurrentiel*, les mérites respectifs des deux stratégies précitées ont été l'objet d'importants débats. La controverse est aujourd'hui apaisée pour ne pas dire dépassée. Les auteurs ont désormais conscience que ces réformes sont l'une et l'autre nécessaires, qui s'influencent d'ailleurs mutuellement. La déréglementation est symbolique de cette ambivalence. Elle participe de la privatisation en ce sens

qu'elle permet un glissement de parts de marché vers le secteur privé. Mais elle est aussi un acte d'ouverture. Elle renforce la contestabilité du marché et structure la concurrence effective par délivrance de licences d'exploitation du spectre hertzien, plus rarement du réseau filaire. Les stratégies de privatisation et de concurrence sont donc de plus en plus interpénétrées de sorte que l'identification de leurs effets économiques spécifiques est un exercice difficile. Par–delà le caractère mêlé des changements, un intérêt demeure toutefois pour l'analyse des modalités de la réforme.

La privatisation de l'opérateur historique

La conviction des observateurs a longtemps été que l'Afrique subsaharienne ne pouvait être qu'en marge de la « grande privatisation » par rachat des actifs publics. Les réseaux de ces économies apparaissaient trop handicapés par la petitesse des marchés et l'importance des risques attachés aux contre–performances macroéconomiques et errements politiques. Si le secteur continue d'être moins attrayant que dans d'autres régions en développement ou en transition, l'expérience montre que le pessimisme foncier n'est pas de rigueur.

En 1990, le bilan des privatisations était encore mince. Sous une forme impliquant un retrait significatif du capital, la démarche n'avait alors concerné que deux réseaux lusophones en Guinée–Bissau et à Sao Tomé et Principe. Dans les deux cas, le désengagement de l'État a pris la forme d'une cession de 51 pour cent du capital social au bénéfice de Portugal Telecom. Les risques financiers inhérents à ces transactions, moins de 10 000 lignes principales à elles deux, ont été modestes. L'acquisition semble avoir procédé davantage d'une symbolique politique, l'opérateur étant incité à moderniser un partenariat forgé dans l'histoire coloniale, que d'un intérêt réellement stratégique. La permanence de relations privilégiées avec l'ancienne puissance coloniale a été également invoquée pour expliquer la présence de FCR, filiale à 100 pour cent de France Telecom, sur le terrain de la privatisation en milieu francophone.

En 1990, en application d'une réforme préconisée par les Institutions de Bretton Woods, la République centrafricaine fusionne les deux sociétés nationales respectivement en charge des télécommunications intérieures (OPT) et internationales (Socati). La fusion est assortie d'un programme d'assainissement économique et financier. Un plan social s'y ajoute, destiné à faciliter l'allègement de l'effectif de la nouvelle société (Socatel) dont le coût financier est supporté par une subvention de 20 millions de francs alloués par l'Agence française de développement (AFD). Détenue à 60 pour cent par l'État, FCR prend une participation de 40 pour cent dans Socatel ainsi que l'engagement d'œuvrer au redressement de l'entreprise à travers la conclusion d'un contrat d'assistance technique.

Au terme de cet arrangement institutionnel, le gouvernement centrafricain conserve le pouvoir de désignation du directeur général et d'un directeur technique adjoint. En revanche, il abandonne à FCR quelques postes de responsabilité parmi les plus importants : directeur général adjoint, directeur commercial, directeur financier… A l'analyse, le caractère « bicéphale » de la gestion a finalement posé bien des problèmes qui n'ont que rarement été tranchés en accord avec les intérêts à long terme de la firme. La présence des représentants de l'État dans la gestion a

entretenu la confusion institutionnelle. Elle n'a pas permis de couper définitivement l'organisation de la poursuite d'objectifs étrangers à son objet économique, souvent associés à l'utilité personnelle des bureaucrates ou des politiques. La privatisation, sous la forme d'un contrat d'assistance ou de gestion, même avec une participation au capital à hauteur d'une minorité de blocage, n'est donc pas une assurance contre le maintien des ingérences politico–bureaucratiques dans l'entreprise.

Les autorités malgaches ont travaillé à la promotion d'une stratégie de privatisation assez voisine de celle de la République centrafricaine. En juin 1993, la séparation des postes et télécommunications s'est accompagnée de la création d'une nouvelle société anonyme (Telma) née de la fusion des Télécommunications internationales de Madagascar (Stimad) et de l'exploitant du réseau intérieur jusqu'ici rattaché au ministère des PTT. Le capital de la nouvelle entité juridique reflète l'ancienneté des relations institutionnelles nouées à travers la Stimad entre l'État malgache et FCR. Compte tenu des actifs ramenés de l'ex–direction des télécommunications, la part de FCR dans la nouvelle structure tombe de 46.6 pour cent à 34 pour cent. Le processus de privatisation est donc ténu, d'une subtilité plus grande qu'il peut y paraître à la lecture du rapport de l'UIT (1998) sur les tendances générales des réformes. En réalité, par les engagements financiers privés, la restructuration a correspondu à un *statu quo* avec toutefois, une volonté politique affirmée de tendre vers une gestion commerciale qui accrédite une privatisation au sens large du terme.

Partenaire stratégique, FCR est choisi pour assumer des missions techniques destinées à faire bénéficier l'entreprise de son savoir–faire en management de réseaux. Pour avoir connu quelques succès, cette réforme ne constitue pourtant qu'une étape transitoire vers un désengagement plus significatif auquel se prépare actuellement le gouvernement malgache. En 1999, cette opération a fait l'objet de débats politiques intérieurs. L'option adoptée conduirait à un transfert au privé de la majorité du capital avec une attention portée à la réputation et à la technicité d'un investisseur de référence.

Sur recommandation de la Banque mondiale, Telma a suspendu son contrat d'assistance technique avec FCR de manière à créer les conditions d'une égalité informationnelle entre tous les soumissionnaires potentiels à l'appel d'offres. Certes, l'initiative a un fondement économique. La concurrence préalable pour la mise aux enchères d'une concession de monopole requiert, en effet, que toutes les entreprises soummissionnantes et l'organisateur des enchères partagent les mêmes informations (Loeb et Magat, 1979). Mais l'initiative n'en revêt pas moins une certaine naïveté. Le retrait de FCR n'annule pas l'information privée de ce dernier. L'opérateur conserve le bénéfice de son passé relationnel, sans compter les complicités internes qu'il peut entretenir grâce à sa participation au capital de Telma. On reviendra sur ces questions qui relèvent du cadre réglementaire, mais les enchères privilégient inexorablement le détenteur du contrat qui connaît mieux que ses rivaux les capacités techniques de production de la firme. Dans une perspective de privatisation, le choix d'un assistant technique de restructuration peut toutefois différer de l'adjudicataire final. Au moins à deux reprises, l'Afrique en a donné la preuve.

Au Botswana, le gouvernement a passé, en 1979, un contrat de gestion portant sur l'ensemble des activités de la société nationale : Botswana

Telecommunications Corporation (BTC). L'opérateur britannique Cable and Wireless a été choisi avec un objectif de modernisation du secteur et de renforcement de l'expertise locale qui devait se traduire par une réduction du nombre d'expatriés de 22 pour cent en 1980 à 2 pour cent en 1992 (Roth, 1987). Pour les britanniques, la logique partenariale devait s'inscrire dans un processus de privatisation plus ambitieux. Cet espoir a cependant été déçu. En 1995, le contrat n'a pas fait l'objet de renouvellement. La relation entre le réseau téléphonique guinéen et FCR a également témoigné du caractère non abouti d'une telle approche partenariale.

En 1993, la structure intégrée des postes et télécommunications guinéennes est soumise à un éclatement qui annonce le programme de privatisation de la Sotelgui. Deux années transitoires sont mises à profit pour un assainissement réalisé avec un soutien financier de la Banque mondiale qui avoisine 15 millions de dollars. Lors des 18 mois que couvre cette période, FCR, le titulaire du contrat de gestion, travaille à créer les conditions propices à une ouverture du capital au secteur privé. Au terme de son désengagement, l'État entend conserver 60 pour cent du capital social dont une partie à titre de portage. En 1994, alors que la privatisation entre dans une phase décisive, la Sotelgui demeure fragilisée par le fort taux d'impayés du secteur public et les arriérés constitués envers des étrangers. L'appel d'offres est néanmoins lancé, mais déclaré infructueux après que trois opérateurs se soient portés candidats à la reprise : France Telecom, Maxitel et Spacetel Communication. En 1996, la privatisation est finalement conclue sous la forme d'un accord de gré à gré par lequel l'État cède 60 pour cent du capital au groupe Telekom Malaysia pour un montant de 45 millions de dollars.

Le marché a donc échappé au groupe France Telecom, certes titulaire du contrat de gestion, mais dont l'offre de reprise semble n'avoir jamais dépassé le tiers de la somme déboursée par l'adjudicataire. Avec un prix de rachat de plus de 6 900 dollars, par ligne, Telekom Malaysia s'est mise à l'abri de toute surenchère[9]. En l'espèce, la surcôte a atteint 10 pour cent du coût d'investissement observé en Afrique, lui–même quatre fois supérieur au prix constaté en moyenne dans l'ensemble des pays en développement (Mustafa *et al.*, 1997). Comment expliquer des conditions financières aussi favorables au vendeur ? L'éventail des conjectures est large ; les phénomènes de sélection contraire et de hasard moral du principal sont possibles. Sur les 10 000 lignes revendiquées par l'État, 60 pour cent seulement auraient été commercialement exploitables au moment de la privatisation. Malgré la visite du site et la période d'inspection des équipements, le contrat de gré à gré n'a pas nécessairement intégré cette information qui aurait été connue d'un seul côté du marché.

Autre explication, la Guinée a pu constituer un banc d'essai pour Telekom Malaysia en vue d'une participation ultérieure à des privatisations africaines de portée plus stratégique. Sous cette hypothèse, il y a un prix à payer pour mieux connaître le fonctionnement de ces marchés africains auxquels l'opérateur est encore étranger. La surcote peut donc incorporer le coût d'acquisition de l'information et de la formation d'une réputation régionale. Il s'agit de former des apprentissages sur un petit réseau pour gagner la confiance de gouvernements dont les télécommunications sont promises à l'ouverture prochaine aux capitaux privés. Les événements semblent donner crédit à cette seconde hypothèse. En 1997, Telekom Malaysia participe à un consortium international emmené par SBC–USA qui s'empare de 30 pour cent des télécommunications sud–africaines[10]. La cession

s'est faite pour plus de 1,2 milliard de dollars, près de trente fois la somme investie sur Sotelgui, mais avec une valorisation par ligne qui ne ressort qu'au septième de ce qui a été payé en Guinée.

Le gouvernement sud–africain a fait preuve de grande prudence dans la réforme institutionnelle des télécommunications publiques. D'un côté, il s'est montré conscient de l'enjeu que représentaient les nouvelles technologies de l'information pour la croissance et la réduction des inégalités entre groupes communautaires. Mais d'un autre côté, les autorités ont exprimé, à de multiples reprises, les craintes qu'une libéralisation trop rapide ne déstructure et compromette le développement du réseau. Dans la ligne de pensée défendue par l'ANC, l'idée a prévalu que l'opérateur public devait être protégé des concurrents étrangers au motif que leurs ambitions commerciales les conduiraient à privilégier une stratégie d'écrémage du marché. L'ANC et les rédacteurs du « livre blanc » de mars 1996 en sont donc restés au principe d'un monopole réglementé par une institution publique indépendante jusqu'en 2002.

Au nombre des obligations de contrepartie figure l'augmentation du nombre de cabines téléphoniques et l'extension du réseau fixe en vue d'atteindre le plus rapidement possible un objectif de 20 lignes pour 100 habitants. Les implications de ce programme sont notables. L'opérateur sud–africain s'est engagé à mettre en place 120 000 publiphones et à installer 2.7 millions de nouvelles lignes, ce qui correspond à un quasi–doublement du parc existant. Pour apprécier l'ampleur de cet effort, rappelons qu'en 1997, le dernier exercice de gestion publique n'avait permis que d'installer 250 000 lignes. Il s'agissait pourtant du nombre le plus élevé jamais enregistré en une seule année.

La combinaison d'un objectif d'investissement et de privatisation de l'opérateur historique a été également la stratégie retenue par les autorités ivoiriennes. En janvier 1997, plus de la moitié (51 pour cent) du capital des télécommunications publiques a été transférée au secteur privé. La décision a conclu une réflexion amorcée au début des années 90, dont l'application a été entérinée par les délibérations du conseil des ministres du 29 juin 1995. En novembre 1996, trois candidats restaient en lice : Africa Bell, appuyé par l'expertise d'ATT, France Telecom, à travers sa filiale FCR, et Telekom Malaysia. Un système d'offres améliorées a été employé, qui amène d'abord les soumissionnaires à prendre mutuellement connaissance de leurs propositions. Une seconde soumission est ensuite proposée sur la base de laquelle est choisi le candidat qui présente la meilleure combinaison de prix et de qualité technique. Africa Bell semblait devoir l'emporter avec une offre supérieure de 2.6 milliards de FCFA à celle de FCR. Le comité de privatisation en a décidé autrement au motif que le montage financier et l'expertise technique du premier soumissionnaire ne donnaient pas les garanties suffisantes. Les 51 pour cent du capital ont ainsi été cédés à la filiale de France Telecom pour un montant, payable au comptant, de 105 milliards de FCFA.

Au–delà de cette mise de fonds initiale, le repreneur s'engage à investir 257 milliards de FCFA sur cinq ans pour la construction de 300 000 lignes téléphoniques supplémentaires. La réalisation de cet objectif aura pour conséquence de quadrupler le parc installé en janvier 1997. Au titre des premières années contractuelles, les investissements ont été à la hauteur des objectifs. Plus de 70 000 lignes ont été posées, ce qui correspondait, en janvier 1999, à un

accroissement de 50 pour cent du nombre des abonnés raccordés au moment de la privatisation. Comme dans le cas des télécommunications sud–africaines, la taille du programme d'investissement est révélatrice de l'effort financier à fournir. En cinq exercices, l'adjudicataire aura multiplié par 2,5 son investissement initial de rachat de participation, soit un montant représentant plus de 25 pour cent de la capitalisation de la bourse régionale des valeurs d'Abidjan. Cet ordre de grandeur nous édifie sur la nécessité financière de la privatisation. Il est aussi une indication des difficultés à constituer un partenariat autour d'un opérateur étranger réunissant simultanément la technicité du métier, l'intérêt stratégique et la surface financière requise.

Sur la base de ce schéma structurant, une faisabilité politique était encore à donner au projet. C'est la raison pour laquelle, à côté de l'objectif d'investissement, le comité de privatisation ivoirien s'est assuré que le transfert de propriété s'accompagnerait du minimum de remous internes à l'entreprise. Le personnel a donc été repris avec maintien des avantages acquis et une politique intra–organisationnelle de cession des parts aux salariés de la nouvelle société. Le gouvernement sénégalais a observé la même attitude lorsqu'en juillet 1997, pour un montant de 650 millions de francs français, il a adjugé 33.3 pour cent du capital de la Sonatel à FCR, après qu'un accord provisoire de cession au groupe *Telia overseas* ait été annulé.

Comme en Côte d'Ivoire, la redistribution du capital de l'entreprise a démontré l'obligation d'être à l'écoute du personnel. De bonne technicité, fortement syndicalisé, celui–ci a longtemps été déterminé à s'opposer à la privatisation d'une entreprise dont la rentabilité conditionne son utilité avec des rémunérations supérieures au coût du travail sur le marché externe. Le schéma de privatisation a par conséquent dû prendre en compte les comportements nés de la rente du monopole, de ses modalités de partage, notamment au bénéfice des salariés sous forme d'emploi et de rémunération. C'est ainsi que, non seulement les conditions de travail ont été maintenues, mais 10 pour cent des actions de la société ont été cédées au personnel à des conditions d'achat financièrement avantageuses qui procèdent de la logique des Fonds de pension. L'arrangement sur la structure du capital de la Sonatel a par ailleurs disposé que l'État conserverait initialement 34 pour cent, qu'un opérateur africain serait choisi pour une participation de 5 pour cent, le reliquat de 17.67 pour cent devant faire l'objet d'une introduction à la Bourse régionale des valeurs d'Abidjan (BRVA). L'offre publique de vente (OPV) s'est effectivement tenue en décembre 1997[11]. Quatre catégories d'opérateurs ont été distinguées : les personnes physiques (A) ou morales (B) de nationalité sénégalaise, les personnes physiques et morales de l'Union économique et monétaire ouest–africaine (UEMOA) (C) ou hors de l'UEMOA (D).

Le prix de cession de l'action Sonatel a été de 19 500 FCFA. Un prix préférentiel de 17 500 FCFA a été réservé aux actionnaires de catégorie (A) jusqu'à concurrence de 250 actions souscrites. Cette discrimination selon la nationalité et la qualité juridique du souscripteur a été un facteur d'adhésion des Sénégalais au processus de réforme. Elle a été également un facteur de mobilisation et de canalisation de l'épargne locale vers des activités de production pour lesquelles l'intermédiation du système bancaire est traditionnellement jugée insatisfaisante.

L'introduction de Sonatel sur le premier compartiment du marché des actions d'Abidjan a contribué à dynamiser l'ensemble de la bourse régionale. La société réalise la plus grosse capitalisation boursière, environ 30 pour cent de la place. Dans l'indice des dix principales valeurs, le titre est parmi les plus actifs de la cote. Selon le cours de souscription auquel on se réfère, il a, par ailleurs, enregistré une progression de 33 pour cent à 48.5 pour cent en neuf mois. Un tel succès laisse augurer de nouvelles introductions dans la région. Le ministre des Postes et Télécommunications du Bénin ne dit pas autre chose, qui mentionnait récemment cette perspective à propos de l'ouverture du capital de l'OPT (*Jeune Afrique économie*, 16 mai 1999).

La privatisation de l'opérateur de base s'inscrit désormais dans le paysage des télécommunications africaines. Trois des plus gros réseaux ont été concernés pour la seule année 1997 (encadré 2), alors que le mouvement de désengagement de l'État demeurait encore infra-marginal en 1995. Dans tous les cas traités, le repreneur privé a prolongé une situation de monopole jusqu'ici dévolue à une entreprise publique. Cette exclusivité a été concédée pour une période limitée de trois à cinq ans qui correspond à un délai crédible d'adaptation à la concurrence, au développement et à la remise à niveau du service. Cette structure de marché ne devrait pas engendrer de coûts significatifs pour les consommateurs, *a fortiori*, si l'adjudicataire internalise cette perspective d'ouverture tout en consentant à l'exécution d'importants programmes d'investissements. Quels que soient ses avantages, cette stratégie de privatisation avec maintien du monopole a tout de même l'inconvénient de requérir d'importants efforts de réglementation. Des gouvernements ont espéré se dispenser en partie de ce fardeau en couplant d'emblée la privatisation avec la concurrence sur le téléphone filaire.

Privatisation et concurrence par le réseau fixe

Le Ghana a privilégié cette option où se combinent privatisation et introduction de la concurrence sur le réseau fixe. Les services des postes et télécommunications ont longtemps été unifiés au sein d'une entreprise publique créée en 1974, *Ghana Posts and Telecommunications Corporation* (GPTC). Le premier changement institutionnel n'est intervenu qu'en juin 1995, avec la séparation des services et la constitution d'une société juridiquement indépendante en charge des communications nationales (GTC). Deux initiatives marquantes prolongent bientôt cette réforme. La première concerne le processus de privatisation avec la cession par l'État de 30 pour cent de l'opérateur public à un consortium emmené par Telekom Malaysia. Pour être partiel, ce désengagement n'en est pas moins assorti de conséquences majeures avec notamment le transfert de la gestion à un partenaire privé. Le mouvement de privatisation d'une activité jusqu'ici totalement publique se renforce avec l'allocation d'une seconde licence autorisant l'exploitation de tous les services de la téléphonie filaire sur l'ensemble du territoire ghanéen.

Encadré 2. **Principaux mouvements de privatisation en Afrique subsaharienne**

Guinée	
Entreprise	Sotelgui
Date de cession	Mars 1996
Pourcentage cédé	60 pour cent
Prix de rachat par ligne	6 909 dollars
Repreneur	Telekom Malaysia
Ghana	
Entreprise	GT
Date de cession	Décembre 1996
Pourcentage cédé	30 pour cent
Prix de rachat par ligne	1 626 dollars
Repreneur	G–Com Ltd Consortium dirigé par Telekom Malaysia
Côte d'Ivoire	
Entreprise	CI–Telecom
Date de cession	Janvier 1997
Pourcentage cédé	51 pour cent
Fixe de rachat par ligne	3 172 dollars
Repreneur	France Câbles Radio (France Telecom)
Afrique du Sud	
Entreprise	Telekom
Date de cession	Mars 1997
Pourcentage cédé	30 pour cent
Prix de rachat par ligne	987 dollars
Repreneur	Consortium [SBC–USA (60 pour cent) et Telekom Malaysia (40 pour cent)]
Sénégal	
Entreprise	Sonatel
Date de cession	Juillet 1997
Pourcentage cédé	33 pour cent
Prix de rachat par ligne	2 840 dollars
Repreneur	France Câbles Radio (France Telecom)

Source : D'après IUT, *Jeune Afrique Économie*, n° 286, mai 1999.

Cette seconde licence a été octroyée, en 1996, à ACG Telesystems que contrôle l'américain Western Wireless Corporation. Les deux opérateurs coexistent dans une concurrence réglementée. Les licences, accordées pour une durée de 20 ans, sont renouvelables. Elles prévoient le maintien du duopole sur le réseau dans les cinq premières années d'exploitation. La combinaison de la privatisation et de la concurrence a répondu, avant toute chose, à la volonté politique de sortir le plus rapidement possible du sous–développement du secteur. En 1995, le ministère de la Communication évaluait à plus de cent mille le déficit en lignes principales, ce qui amenait le pays à stagner autour d'une télédensité incapable d'accompagner durablement un objectif de forte croissance économique (0.3 pour cent). Il est encore trop tôt pour juger avec pertinence de cette modalité de réforme. Tous les problèmes de réglementation ne semblent pas avoir été résolus, mais les seules statistiques de GTC sont encourageantes en ce qu'elles témoignent d'une meilleure dynamique de

l'offre. En 1996, 75 000 personnes étaient abonnées à GT ; fin 1997, l'entreprise en comptait 120 000 et prévoyait un demi–million à l'horizon 2001. L'Ouganda s'est récemment rangé à une évolution institutionnelle comparable à celle du Ghana avec un deuxième exploitant sur le réseau filaire tandis que l'entreprise publique devrait être prochainement privatisée dans le cadre d'une offre publique de vente.

Pour le consommateur, l'avantage de ces mécanismes concurrentiels sur le réseau fixe est palpable, encore qu'il ne faille pas sous–estimer le risque de collusion associé à un duopole. Dans l'esprit d'ouverture la plus large que prône l'OMC, ils conduisent à la fois à une évolution favorable des prix et à une meilleure couverture des besoins. La prospérité, et le cas échant, la viabilité des opérateurs, est plus incertaine. Pour l'entrant, les coûts d'infrastructure variables en importance selon qu'il y ait duplication, dégroupage ou boucle locale, seront un facteur de fragilité de l'exploitation. La situation restera par ailleurs sensible à la manière dont seront résolus les problèmes techniques d'interconnexion et de charges d'accès, là où l'opérateur historique conservera un avantage informationnel, donc un pouvoir discrétionnaire.

Comparée au rachat d'une entreprise publique, la stratégie peut cependant apparaître profitable. Non seulement le secteur privé n'a pas à assumer les conséquences de l'endettement passé, mais il peut bénéficier de la diminution constante des coûts économiques occasionnés par chaque nouvelle ligne, actuellement 1000 dollars en moyenne et dans le milieu urbain. Ces lignes se négocient à un prix bien supérieur en cas de privatisation, y compris lorsqu'elles ne sont pas directement exploitables. Il est vrai, cependant, que la protection transitoire du monopole est un argument vendeur. Autre avantage d'un nouvel opérateur sur le réseau fixe, le concessionnaire n'a pas à réformer l'ensemble d'une organisation dotée d'un personnel excédentaire et déséquilibré dans la structure de ses compétences. La « culture d'entreprise » peut se constituer non pas à la marge, par les recrutements, mais par une sélection qui va d'emblée se porter sur l'ensemble du personnel. On retrouve, sous ces traits, des avantages également observés dans la constitution de réseaux mobiles, et d'une manière plus générale, dans d'autres services publics où se pratiquent des contrats types BOO *(Build, Own, Operate)* ou BOT *(Build Operate Transfer)*.

Dans l'établissement d'une concurrence sur le réseau fixe, le degré et l'efficacité du partage de l'infrastructure ne seront pas indépendants de la qualité de cette infrastructure. Ils dépendront également de la capacité des opérateurs à établir entre eux un minimum de bonne conduite, ce qui n'est pas acquis d'avance. L'un d'eux intègre verticalement l'amont des télécommunications sur lequel il est en situation de monopole et l'aval où le gouvernement privilégie une structure de marché concurrentielle. Une charge d'accès trop lourde constituerait une barrière à l'entrée et au développement du réseau. Or, l'interaction stratégique entre les opérateurs rend cet événement probable, même si l'option libérale est concevable, qui suggère que par une procédure de marchandage coasien sur les droits de propriété, les parties peuvent converger vers un arrangement privé qui leur donne mutuellement satisfaction.

Une stratégie alternative à celle que l'on vient d'évoquer, consisterait à créer de la concurrence indirecte. Le réseau filaire est alors démembré, et une mise en comparaison des entités s'ensuit sur la base de critères qui renvoient à la notion de

yardstick competition développée par Shleifer (1985). Jusqu'ici, l'Afrique n'a pas été encline à explorer les avantages de cette concurrence. L'Argentine s'y est intéressée, en 1990, lors de la privatisation d'Entel. Le principe a reposé sur un dédoublement du réseau. Deux sociétés couvrant des territoires géographiques distincts ont émergé entre lesquelles les responsables de la réglementation ont considéré que la comparaison des performances était pertinente.

Avec ou sans privatisation, 90 pour cent des services de base africains sont actuellement en situation de monopole. Avec l'application des principes de libéralisation négociés à l'OMC, cette proportion devrait se modifier radicalement dans les prochaines années. La concurrence *sur* le marché est appelée à se substituer à la concurrence *pour* le marché, ce à quoi contribue déjà l'ouverture à la téléphonie mobile.

Privatisation et concurrence par le téléphone cellulaire

Le téléphone cellulaire participe de l'action conjointe de la privatisation et de la concurrence. Une trentaine de pays africains l'avaient adopté en 1997 et dans une dizaine d'entre eux (33 pour cent), l'émission de licences d'exploitation conduisait à des situations de concurrence avec des partenariats capitalistiques où se combinaient capitaux privés et publics. Dans le tableau 2 ci–dessous, un recensement des réseaux cellulaires en exploitation est proposé selon la nature de la propriété et la structure du marché. Sur l'ensemble de l'Afrique subsaharienne, le téléphone mobile cellulaire représente, en 1996, 8 pour cent des abonnés. La dispersion continentale est forte avec de nombreux pays où les services ne sont qu'émergents tandis que dans d'autres, l'Afrique du Sud et le Ghana notamment, ils couvrent déjà 20 pour cent du marché.

Tableau 2. L'Afrique subsaharienne et la téléphonie mobile

Statut	Pays
Monopoles publics	Angola, Bénin, Burkina, Cameroun, Congo, Gabon, Gambie, Kenya, Mali, Togo
Monopoles partiellement privatisés	Burundi, centrafricaine (Rép.), Congo (Rép. démocratique), Congo, Lesotho, Malawi, Namibie, Nigeria, Sénégal
Concurrence entre sociétés publiques et privées	Guinée, Madagascar, Tanzanie, Zambie, Zimbabwe
Concurrence entre sociétés privées	Botswana, Côte d'Ivoire, Ghana, sud–africaine (Rép.)

Source : d'après UIT (1998).

Le succès que connaît cette technologie résulte à la fois des arguments de l'offre et de la demande. Du côté de l'offre, on a souligné plus haut que l'utilisation du spectre hertzien est moins capitalistique que les techniques filaires traditionnelles. Elle est ainsi un facteur de baisse du coût direct de production par dématérialisation du réseau de distribution de l'information : absence de fil de cuivre entre l'abonné et le commutateur, allègement des opérations de génie civil. En même temps, par le système du prépayé qui implique le paiement *ex ante* des consommations, elle réduit les coûts indirects de recouvrement, de contrôle et de surveillance du réseau.

Ce dernier argument est non négligeable, en particulier en Afrique où les branchements clandestins et les impayés de consommation sont faiblement sanctionnés[12], où les détournements de matériels et le vol du cuivre nécessaire au

réseau de distribution fragilisent la rentabilité de l'exploitation. Par son meilleur rapport coût–efficacité, la technologie hertzienne améliore la compétitivité des télécommunications africaines. En même temps, elle laisse également augurer une accélération dans la couverture de territoires à faible densité de population où la notion de « service universel » était jusqu'ici un vain mot. L'intérêt que rencontrent ces nouvelles technologies au niveau de l'offre, rejoint l'engouement qu'elles suscitent au niveau de la demande. Elles réduisent les frustrations inhérentes aux durées de raccordement au réseau fixe et répondent au besoin de mobilité croissant des populations.

Les téléphonies de base et cellulaires sont ainsi dans un rapport complexe qui mêle concurrence et complémentarité. Le Ghana est à l'image de cette complexité de l'ouverture, qui s'y est manifestée à la fois par la constitution d'un duopole sur le réseau filaire et par la délivrance de licences pour l'exploitation de téléphones cellulaires. Cinq sociétés ont bénéficié de cette politique, dont trois étaient en activité à la fin de 1997. Ces opérateurs de réseaux privés réalisent un total de 30 000 abonnés qui se répartissent comme suit : 50 pour cent pour Mobitel, qui exploite un système de communication d'accès total (TACS), 33 pour cent pour Scancom (GSM) et 17 pour cent pour Celltel (AMPS).

La Côte d'Ivoire offre également une situation de concurrence, avec un coude à coude en termes de parts de marché entre la Société ivoirienne de mobiles (Sim), fruit d'un partenariat entre France Telecom et *Sifcom*, premier groupe privé ivoirien, et Telcel (42 pour cent). Avec 9 pour cent de la clientèle cellulaire, Comstar, le troisième titulaire de licence, est loin derrière ces deux protagonistes. Conséquence de cette effervescence, les mobiles créent une pression potentielle au rééquilibrage de la structure tarifaire par élimination des inefficacités économiques.

En République démocratique du Congo, la téléphonie cellulaire en est venue à jouer un rôle majeur avec la « quasi–faillite » de l'opérateur public. L'Office congolais des Postes et Télécommunications (OCPT) est plongé depuis longtemps dans un immobilisme structurel et managérial qui a provoqué la disparition progressive de son réseau. L'ouverture à la téléphonie cellulaire a constitué un substitut plus qu'un concurrent pour la téléphonie de base, un apaisement plus qu'une solution définitive aux besoins des télécommunications intérieures. Illustration de cette affirmation, Telecel International, groupe à capitaux majoritairement américains, est installé dans le pays depuis une dizaine d'années où il couvre les principales villes. En 1994, Comcell s'est implanté à Kinshasa avec pour objectif la desserte des zones non couvertes par Telecel. Par leur champ d'activité, Telecel — Congo et Comcell devaient être complémentaires. En pratique, la coexistence des deux opérateurs a posé d'insolubles problèmes, avec notamment des impossibilités techniques d'interconnexion des réseaux sur lesquelles il nous faudra revenir dans la section IV. Les services mobiles cellulaires sont donc devenus un instrument indispensable pour doter rapidement l'Afrique de systèmes de télécommunications capables de relever ses défis économiques. Ce dessein ne se réalisera toutefois que dans la mesure où les États sauront apporter les réponses efficaces à un certain nombre de questions à la fois internes et externes.

IV. LES DÉFIS DU REMODELAGE SECTORIEL

La structure de marché et la réglementation sont dans un rapport subtil qui constitue l'objet analytique de cette section. Avec la privatisation d'un monopole institutionnel, l'attention se focalise préférentiellement sur l'exigence de protection des consommateurs. L'ouverture du marché recentre l'intérêt de la réglementation sur la relation qui s'établit entre les offreurs. Pour avoir méconnu cette seconde dimension du jeu réglementaire, les premiers mouvements conjoints de privatisation et d'ouverture ont parfois été dommageables aux entrants[13]. Le rôle du régulateur devrait être particulièrement important dans la phase d'ouverture à la concurrence (Ramamurti, 1999), à moins que par incapacité à couvrir les demandes de lignes en attente, une coopération entre rivaux potentiels puisse transitoirement exister.

A. Raisonner l'ouverture du marché

Avec ou sans privatisation, les réseaux de base africains sont confrontés à la concurrence à la fois au plan international, par remise en cause du *modus operandi* qui prévalait jusqu'ici entre opérateurs nationaux, et au plan local, par la pénétration des nouveaux services de téléphonie mobile. La perspective d'une déréglementation des télécommunications internationales constitue le choc le plus redoutable auquel les réseaux africains seront confrontés. Par nature, le chiffre d'affaires et le *cash flow* sont en effet très dépendants du trafic réalisé et du tarif en vigueur sur ce segment d'activité. En marge des pressions à la redéfinition du calcul des taxes de répartition, les premiers assauts de la concurrence se sont manifestés à travers le *call back*. Au Nigeria, par exemple, l'usage de ce système de rétro appel se traduisait, jusqu'en 1997, par un prix de prestation de l'ordre de 50 pour cent inférieur au tarif national ; d'où un manque à gagner qui aggravait la situation déjà précaire de Nitel, la société nationale. En mai 1997, la réaction politique est venue, sous une forme autoritaire. Un décret du ministère des Télécommunications en a interdit le recours sous peine de poursuites judiciaires et d'un risque de 21 ans d'emprisonnement. Cette sévérité devrait être dissuasive, à moins qu'elle ne serve l'arbitraire bureaucratique et les comportements de recherche de rentes qui entretiennent les phénomènes de corruption (Bardhan, 1997).

En filigrane d'un dispositif réglementaire aussi excessif, un vrai problème n'en transparaît pas moins, qui éclaire le comportement défensif des gouvernements africains. L'amputation, même partielle, des recettes de trafic international, ne fragiliserait que davantage la réunion des financements nécessaires à un développement des réseaux auxquels les promoteurs étrangers du *call back* ne contribuent pas. Dans le passé, il est vrai que la rentabilité des entreprises nationales n'a pas toujours été au service de cet objectif. Il y aurait, par ailleurs, un réel danger à choisir une option trop protectionniste, alors même que le degré de contestabilité du marché est désormais élevé, que la concurrence effective s'exercera dans une diversité de plus en plus grande de moyens et de supports. Les réseaux doivent se préparer à la perspective d'une concurrence exacerbée, à la fois par une amélioration de leur efficacité statique et dynamique et par un rééquilibrage des tarifs qui implique l'acceptation d'un ciseau des prix dans la facturation des

prestations locales et internationales. Un assez grand nombre d'entre eux s'y soumettent déjà avec un certain succès.

En août 1997, la Sotelgui (Guinée) a baissé de 15 à 60 pour cent ses tarifs des communications internationales de manière à ramener la structure de ses prix au niveau de celle observée dans la sous–région. Une action comparable a été menée en Afrique du Sud où Telekom a relevé de 28 pour cent le prix des communications locales en contrepartie d'une baisse de 11.5 pour cent de celui des appels longue distance et internationaux. Comme en Guinée, la direction générale a justifié ce réajustement par la volonté de se rapprocher des standards de prix relatifs des principaux opérateurs internationaux. Même démarche à Madagascar où, en septembre 1997, Telma a baissé de près de 45 pour cent ses tarifs internationaux tout en augmentant de 400 pour cent les tarifs locaux.

Dans cette ampleur, ces évolutions de prix qui témoignent de l'élimination des subventions croisées entre les prestations ne sont pas sans effets redistributifs. La libéralisation des télécommunications mondiales est d'abord à l'avantage des abonnés aisés, souvent ouverts sur l'extérieur : clientèle expatriée, grandes entreprises… Si la téléphonie cellulaire peut réduire les coûts d'ajustement, la libéralisation demeure plutôt coûteuse pour les petits consommateurs, ceux dont les besoins modestes de télécommunication s'expriment davantage à l'échelle locale. Cette caractéristique de redistribution complique sans doute la faisabilité politique du rééquilibrage des prix, même si la faible télédensité africaine est un facteur de moindre déstabilisation ; même si le nombre de candidats en attente d'une ligne principale suggère que, pour le raccordement comme pour l'abonnement et les communications locales, les prix actuels ne sont pas le reflet des dispositions à payer des consommateurs.

Ainsi, les récriminations africaines envers le retro appel ont une certaine légitimité. Cette dernière justifie le comportement de l'UIT qui ne s'oppose pas à ce que cette ouverture du marché soit déclarée illégale à l'intérieur d'un pays. Certes, le système va de pair avec un marché plus concurrentiel, mais c'est par un échange international de services qui se focalise sur la partie la plus rentable des télécommunications, contre l'objectif de progression de la télédensité qui implique l'acceptation d'investissements locaux. Au demeurant, le *call back* est révélateur du choc de prix durable auquel les réseaux africains devront impérativement s'ajuster. Il y va de leur avenir comme de la compétitivité des économies continentales. La pression concurrentielle par l'entrée des nouveaux investisseurs serait donc préférable, qui se concrétise à travers la téléphonie cellulaire, plus rarement à travers une mise en concurrence à partir de l'infrastructure de base.

L'intérêt du cellulaire n'est pas sans nuances. Par analogie avec les effets attachés au *call back*, certains observateurs soulignent qu'il favorise les stratégies d'écrémage. Les titulaires privés de licences ont vocation à maximiser le profit dans l'espace géographique le plus rentable. Une amélioration de la télédensité en zone urbaine s'ensuit, mais une avancée beaucoup plus lente en zone rurale, là où pourtant, les caractéristiques de flexibilité de cette technologie devraient permettre une pénétration significative du service. Le rapport de la téléphonie cellulaire à la téléphonie de base est par ailleurs complexe. Certes, la concurrence peut être préjudiciable à l'opérateur historique, *a fortiori* si les licences délivrées garantissent l'accès direct à l'international ; mais les conséquences de cette entrée ne sont pas

réductibles à une redistribution des parts de marché. Il faut encore compter sur la création de trafic.

La progression du nombre total des abonnés ouvre de nouvelles opportunités de chiffre d'affaires pour le réseau fixe. Sous réserve d'une réglementation adéquate, certains analystes considèrent que 30 à 50 pour cent du chiffre d'affaires que génère la téléphonie mobile pourraient revenir à l'opérateur principal. Cette appropriation résulterait des charges d'accès pour l'utilisation du réseau fixe, mais également des externalités de club qui tiennent au fait que chaque raccordement nouveau bénéficie de la présence des autres abonnés pour conférer de l'utilité aux réseaux interconnectés. Car la satisfaction d'un agent ne dépend pas seulement de sa propre décision de raccordement. Comme le soulignent Curien et Gensollen (1992), l'externalité de club est importante avec à la clef des rétro–actions positives de l'offre sur la demande. En augmentant la taille des réseaux, le club devient plus attrayant, ce qui accroît les demandes d'accès. L'ouverture à la téléphonie cellulaire est donc de nature à induire une augmentation concomitante de l'offre globale de prestations et des revenus de l'opérateur principal. Les rares pays où une telle évolution ne s'est pas avérée sont généralement ceux où l'ouverture s'est concrétisée dans une situation de quasi–faillite de l'opérateur historique. Les forces du marché se sont alors imposées sans que l'État soit en mesure de les astreindre au respect d'un minimum de corps de règles.

Le Zaïre de Mobutu s'est inscrit dans ce cas de figure. Le secteur privé s'y est substitué chaque jour davantage au monopole public défaillant tout en démontrant de réelles difficultés à parvenir à une coordination efficace. Il est notoire que sous les gouvernements de Mobutu, comme tout autre bien soumis à un rationnement, les licence d'exploitation de mobiles ont été allouées selon les principes clientélistes que dépeint la théorie des choix publics, dans la plus grande « incohérence technologique et opérationnelle »[14]. L'absence de prescription par l'État d'un schéma directeur des télécommunications, a créé les conditions d'une émergence de règles endogènes au fonctionnement du marché, aux rapports de force qui s'y expriment. Un développement du service en est résulté, avec un minimum d'organisation publique et avec des coûts de transition qui pourront néanmoins apparaître comme un moindre mal en regard de l'incurie du monopole filaire.

Le gouvernement nigérian a été également à l'image des défaillances du « dictateur bienveillant ». Les précédentes administrations militaires ont attribué des dizaines de licences à des opérateurs privés souvent plus opportunistes que professionnels. Le discours officiel mettait en avant la nécessité d'avancer rapidement dans la couverture téléphonique du pays qui compte 500 000 lignes pour plus de 108 millions d'habitants. En réalité, certaines licences ont été allouées en fonction d'un objectif de maximisation de revenu de la classe militaro–bureaucratique. Ces dérives ont conduit le nouveau Président à attaquer de front les pratiques d'une corruption qui était devenue chronique. Conséquence de cet engagement pour les télécommunications, en octobre 1999, le Nigeria a annoncé un durcissement des règles pour les compagnies privées de téléphone. Ces dernières sont désormais interdites de prestations internationales. Celles qui ont investi dans ce segment d'activité sont invitées à fusionner leurs installations avec celles de Nitel, le seul opérateur agréé en la matière. La nouvelle politique de communication prévoit un maximum de quatre opérateurs privés pour la téléphonie mobile. Chaque licence nécessitera un déboursement de 100 millions de dollars, 20 fois plus que le

montant requis par les précédents gouvernements. Les opérateurs de téléphones mobiles devront par ailleurs s'engager sur des objectifs chiffrés de développement du service en zone rurale.

La concurrence peut donc s'introduire de diverses manières. On a indiqué, dans la section III, qu'elle pouvait découler de l'utilisation partagée ou de la duplication d'une infrastructure filaire, le cas échéant du découpage géographique d'un réseau en plusieurs entités offrant une concurrence statistique *(yardstick)*. Le spectre s'est ici élargi avec le retro appel, manifestation d'une contestabilité comparable à celle qu'exerce l'importation dans la théorie du commerce internationale (Baumol et Lee, 1991). Au mieux, ces modalités n'ont jusque–là suscité qu'une attention modérée dans les sphères politiques africaines. Nous tenons quelques raisons explicatives avec la petitesse des réseaux, le souci d'éviter l'écrémage qui contrarie les subventions croisées et la progression de la télédensité rurale. Non sans réserve, la préférence a été donnée à la concurrence préalable et effective par l'attribution aux enchères et l'exploitation de licences de téléphonie mobile. Aucune de ces formes, virtuelles ou expérimentées, ne prédispose à l'élimination de la réglementation. Et si toutes concourent à donner plus de liberté au mécanisme du marché concurrentiel, toutes appellent, parallèlement, à plus d'efficacité dans les interventions de l'État.

B. Promouvoir la réglementation

Les défis qui attendent le régulateur sont à la fois institutionnels et techniques. Au plan institutionnel, la difficulté est de doter l'organisme de l'autonomie nécessaire tout en créant les conditions d'une efficacité de fonctionnement reflétant les intérêts de l'ensemble de la collectivité. Au plan technique, les tâches à exécuter sont nombreuses. Les processus de privatisation et d'entrée sur le marché, par déréglementation du monopole, doivent notamment être transparents. La concurrence doit s'exercer dans la compatibilité des objectifs d'interconnexion et d'accès universel aux moyens de télécommunication.

Les dimensions institutionnelles de la réforme

Le relâchement des hypothèses normatives sur le comportement de l'État conduit logiquement à s'interroger sur la nature des rapports institutionnels entre la puissance publique et le secteur des télécommunications. Dans Shapiro et Willig (1990), l'expropriation du surplus de l'entreprise par l'État scelle l'inefficacité de l'organisation. La pratique de ces ingérences ne prendra qu'un tour plus dommageable en cas de dissociation de l'objectif de maximisation du bien–être social (Boycko *et al.*, 1996). Sur cette toile de fond, des auteurs confessent un certain embarras envers les raisons qui devraient amener l'État à se comporter en meilleur régulateur d'une entreprise privée qu'il n'a été propriétaire d'un monopole public (Bös, 1993). Le besoin d'alternance démocratique et de séparation des pouvoirs constitutionnels est comme la reconnaissance de problèmes d'efficacité et de supervision appliqués à l'institution État.

Les agendas privés au sein d'une institution non monolithique compliquent les arbitrages. Ils altèrent la rationalité et la cohérence intertemporelle des décisions gouvernementales. Au–delà de la redistribution des droits de propriété, la poursuite

de ces objectifs fait peser des menaces crédibles sur l'entreprise privée régulée, à commencer par la plus sévère d'entre elles : la nationalisation avec ou sans processus de spoliation. Une distance est donc nécessaire entre le politique et l'organisation, laquelle pourrait être plus efficacement assurée par un régulateur autonome qu'elle ne l'était par les ministères de tutelle dans un cadre de propriété publique. L'intérêt de ce transfert institutionnel de compétences n'est pourtant pas sans limite.

L'effacement des acteurs politiques ne peut être que relatif. Les dirigeants nationaux ne sont pas indifférents à ce qui se passe dans un secteur des télécommunications aussi stratégique pour le développement national. Il est dans les responsabilités que leur assignent les électeurs qu'ils définissent les orientations générales, notamment en matière de modalités et de rythme de déréglementation, qu'ils négocient des accords internationaux dans le cadre d'organismes tels que l'OMC ou l'UIT, qu'ils délibèrent éventuellement sur des règles et normes techniques contribuant à l'intégration régionale des réseaux.

Une dynamique d'intégration régionale des institutions est actuellement à l'œuvre. En Afrique francophone, la zone franc s'est par exemple enrichie de l'avancée d'une intégration juridique à travers l'Organisation et l'harmonisation du droit des affaires (OHADA). Le processus s'étend également, dans une certaine mesure, à la réglementation des télécommunications. La pertinence de cette démarche ne se fera que plus sentir avec l'intensification conjointe de la privatisation et de la concurrence, avec le développement du trafic régional et surtout la mise en service des nouvelles technologies qui abolissent les distances en dématérialisant notamment le réseau de transmission. Cette intégration se met lentement en place, davantage au niveau régional que global, même si les initiatives, nombreuses en la matière, démontrent le souci des gouvernements de créer les éléments d'une politique commune en matière de télécommunication.

En Afrique subsaharienne, l'UIT (1998) recense pas moins d'une douzaine d'organisations internationales qui s'occupent peu ou prou de ces questions. Le système régional africain de communications par satellite (Rascom) et le Common Market of Eastern and Southern Africa (Comesa) sont parmi les plus récentes avec une portée politique à la fois concrète et significative. Une quarantaine de pays sont concernés par Rascom qui vise à promouvoir la communication par satellite et à répondre aux besoins africains en termes d'interconnexion et de desserte des zones rurales. Les orientations du Comesa sont plus économiques et politiques avec des objectifs généraux de coopération sur la qualité et la connectivité des réseaux, sur l'harmonisation régionale des tarifs ou le développement d'un pouvoir de négociation sur les achats d'équipements.

Un autre facteur est à prendre en compte, qui tempère l'idée qu'un organisme de réglementation autonome pourrait être la solution à tous les problèmes institutionnels. Stigler (1971) a fait office de pionnier dans la mise en évidence des phénomènes de « capture » du régulateur par les entreprises privées. La réglementation peut fonctionner comme une barrière endogène aux intérêts du monopole ou du petit nombre d'offreurs coalisés. Sous l'effet d'une politique de pression et de prédation, le régulateur devient alors la victime « consentante » des entreprises installées dont le comportement contrevient à la maximisation du bien–être social.

Dans des pays africains où les phénomènes de corruption ne se sont pas toujours contractés avec la libéralisation (Laffont et N'Guessan, 1999), les preuves ne sont pas d'emblée établies que le régulateur « autonome » sera plus sensible au bien–être social que les représentants de l'État. Les interactions qu'il entretient avec la firme lui confèrent des asymétries informationnelles vis–à–vis de son principal politique. Par suite, un pouvoir discrétionnaire existe, dont il pourra user à des fins d'intérêt personnel. Dans ce contexte, une forte probabilité reste attachée à l'éventualité de comportements collusifs avec des solutions qui seront inévitablement de caractère *ad hoc*. Elles prennent diversement forme : autour d'une séparation ou d'une pluralité des mécanismes de contrôle, mais avec l'inconvénient de surcharger les coûts de surveillance dans des pays faiblement dotés en expertise (Laffont et Martimort, 1995, 1997) ; autour de la constitution d'une agence de réglementation multisectorielle qui pourrait être nationale ou régionale si ce cadre doit constituer un gage d'indépendance et d'efficacité (Eustache et Martimort, 1999).

Sur l'ensemble de l'Afrique subsaharienne, on doit constater que l'on est encore en retrait de ces organes de réglementation. Lorsque la structure existe, le personnel et les moyens qui lui sont dédiés sont souvent insuffisants pour que son fonctionnement atteigne un seuil de crédibilité. Le rapport de l'UIT (1998) évoque le cas du Kenya et du Congo où, par défaut, l'opérateur historique remplit toutes les tâches techniques qui devraient incomber à un régulateur et sur lesquelles il convient à présent de reporter l'attention.

Les dimensions techniques de la réforme

L'attribution des licences

Il appartient au régulateur d'assurer la transparence du mécanisme d'attribution de licences (téléphone mobile) ou de concession du monopole d'exploitation sur le réseau fixe. La crédibilité en la matière conditionne l'intensité de la concurrence, et par suite, l'importance de la rente abandonnée à l'acquéreur privé dans la mesure où le prix d'achat est positivement corrélé au nombre de soumissionnaires (Shirley, 1999 ; Lopes de Silanes, 1993). L'incitation à sous–évaluer le prix est réduite par l'accroissement de la probabilité de non–attribution. Même si le mécanisme d'appel d'offres n'est pas ici dépourvu de difficultés d'application, la concurrence pour le marché demeure néanmoins préférable à une négociation de gré à gré qui enfermerait l'État dans une négociation trop étroite.

L'attribution de la licence ou de la concession de monopole peut se faire au « mieux disant » d'une enchère au premier prix. Partagé entre deux objectifs antagonistes : gagner l'enchère en proposant un prix élevé, ou maximiser le profit en proposant un prix faible, l'agent sera alors porté à ne pas révéler sa disposition à payer. Dans le mécanisme d'attribution à la Vickrey (1961) où le plus offrant paie le second prix, la proposition du soumissionnaire est en revanche indépendante de son paiement effectif. Le procédé est alors de nature à l'inciter à révéler son prix de réservation. Dans les opérations afférentes au secteur des télécommunications, on aura observé que la règle simple d'une enchère au premier ou au second prix a rarement été appliquée par les régulateurs africains. La principale raison relève du caractère pluridimensionnel des enchères. En d'autres termes, le prix doit se combiner avec des paramètres reflétant la réputation technique et la crédibilité des efforts de développement auxquels s'engagent les candidats. Un pouvoir

discrétionnaire est ainsi laissé à l'agence de réglementation qui pondère les paramètres à sa guise (Tirole, 1990, 1994). Dans un contexte de petit nombre et de relative complexité des propositions, la liberté de manœuvre de l'agence a souvent été contenue par une démarche en deux temps qui concourt à la bonification des offres initiales. Les propositions sont d'abord adressées à l'agence. Après ouverture des plis, l'information devient « connaissance commune ». Les soumissionnaires sont alors conviés à établir un réajustement de leur proposition, qui sera davantage révélatrice de leurs préférences.

Dans son principe, la concurrence par les enchères est assez proche de celui de la contestabilité du marché. Dans les deux cas, l'objectif de maximisation du bien–être social peut être satisfait en l'absence de concurrence effective. Le marché parfaitement contestable produit toutefois des effets continus tandis que les vertus du mécanisme d'enchère sont discontinues, mais peuvent théoriquement s'exercer en présence de coûts irrécupérables. En Afrique subsaharienne, la privatisation, même partielle d'un réseau fixe, n'a jamais réuni un grand nombre de prétendants « crédibles ». La concurrence a été plus disputée sur les licences d'exploitation de la téléphonie mobile où les besoins en capital et les exigences de restructuration sont moins lourds, le retour sur investissement plus rapide. Quoi qu'il en soit, la mise en œuvre du mécanisme d'enchères requiert des qualités de transparence et l'impartialité de l'agence de réglementation. Or, ces mécanismes ont en partie fait défaut aux opérations africaines de privatisation des réseaux fixes.

Dans les cinq mouvements de privatisation partielle auxquels il a été fait référence (encadré 2), trois d'entre eux ont éveillé des critiques, qui n'ont pas simplement été la manifestation d'un goût pour la contestation politique dans des pays qui s'ouvrent au débat démocratique. On rappelle qu'en Guinée, l'opération s'est conclue dans un gré à gré, en dehors de la procédure d'appel d'offres. En Côte d'Ivoire comme au Sénégal, à tort ou à raison, la sélection de FCR s'est faite dans un second ou troisième tour, et à chaque fois, au détriment de l'opérateur dont la soumission initiale était financièrement la plus attrayante. Si la procédure de bonification des offres a pu avoir quelques avantages pour l'intérêt général, elle a donc eu l'inconvénient de disqualifier le mieux disant d'un premier tour au motif, non dépourvu d'ambiguïté, d'une réputation inférieure à celle de l'attributaire. Sans préjuger de son bien–fondé, la décision a suscité de l'incompréhension. Une frange de la population aura vu dans cet avatar l'expression d'un pouvoir discrétionnaire de la classe politico–bureaucratique.

Les innovations technologiques ont donné plus de complexité aux télécommunications en renforçant notamment le caractère multiproduit des firmes. Des problèmes en découlent pour la définition des normes techniques, des charges d'accès et pour la prévention de subventions croisées. Plusieurs pays africains sont, par exemple, en situation où l'opérateur du réseau fixe est parallèlement exploitant d'une licence de téléphone cellulaire par l'intermédiaire d'une filiale. Cette démarche, qui pose de redoutables problèmes de réglementation en cas de monopole sur les deux téléphonies, a été dictée par la gestion du risque et de l'incertitude radicale. Car, si l'ensemble du secteur est promis à un développement rapide, les innovations technologiques et la déréglementation créent les conditions d'un durcissement de la concurrence et d'une croissance plus dynamique sur le segment de la téléphonie mobile.

En Afrique du Sud, l'opérateur historique (Telekom) est également investi dans le mobile (Vodacom). La diversification des services permet à Telekom une meilleure appréhension de l'avenir tout en lui facilitant l'ajustement au choc de compétitivité qui s'annonce. En 2003, la privatisation totale aura été réalisée ; en même temps, il aura été mis fin à la situation actuelle de monopole avec une autorisation délivrée à un second prestataire de services sur la plupart des activités courantes de l'opérateur historique. En 1998, la restructuration de Telekom (fixe) a été à l'origine d'une forte progression des coûts d'opération. Sans Vodacom (mobile), dont il détient 50 pour cent du capital, Telekom aurait enregistré une contraction de son chiffre d'affaires de plus de 10 pour cent. Le positionnement sur la téléphonie fixe et mobile a donc facilité l'ajustement dans une période où le marché se prépare à devenir plus concurrentiel avec l'octroi d'une troisième licence de téléphonie cellulaire

La problématique de la négociation des charges d'accès

La nécessité d'établir des règles d'interconnexion adéquates est déjà apparue avec l'évocation de la République démocratique du Congo. L'absence de telles règles y a été jusqu'ici un facteur de cloisonnement et de réduction de l'utilité sociale des réseaux. Il est donc de la responsabilité d'une agence publique efficace de faciliter la mise en relation du plus grand nombre d'abonnés. Les contrats de concession et licences d'exploitation doivent tenir compte de cette dimension technique. Il doit être également dans les attributions du régulateur de garantir la pratique de charges d'accès « raisonnables ».

Pour parvenir à ce résultat, plusieurs solutions sont *a priori* possibles. La première consiste à laisser les agents négocier librement l'échange de droits de propriété. Un marchandage coasien se produit alors dans un cadre bilatéral qui devrait limiter les coûts de transaction. Le statut de l'opérateur historique, à la fois propriétaire et exploitant du réseau, est cependant une source potentielle de problème. En effet, cette situation doit le conduire à tirer avantage de son intégration verticale avec des charges d'accès potentiellement supérieures au coût de long terme. Le surprofit dégagé ici permet des subventions croisées qui prennent la forme d'un transfert de la division infrastructure (gain) vers la division des services (pertes).

Par son information privée, l'opérateur installé exerce des effets de domination qu'il pourra relativiser à court terme en fonction des avantages que revêt la coopération avec ses rivaux (effets de club…). La restauration d'une concurrence loyale peut passer par la désintégration des activités d'infrastructure et d'exploitation ou par un retour à une réglementation traditionnelle qui reporte la responsabilité de la décision sur l'agence publique. La préférence va actuellement vers des solutions intermédiaires qui combinent les avantages attendus du libre marchandage coasien et de la réglementation « non omnisciente ».

Le principe, qui s'est déjà concrétisé dans de nombreux pays, notamment en Amérique centrale, consiste à privilégier la négociation bilatérale sous le contrôle du régulateur qui peut imposer un mécanisme de conciliation ou d'arbitrage en cas d'échec. En l'absence de collusion, la méthode atténue les effets de domination. La menace crédible de recourir à l'arbitre réduit l'avantage informationnel de l'opérateur historique. Elle l'incite à négocier des charges d'accès « raisonnables ». On retrouve

dans l'intervention de cette tierce personne, un mécanisme de résolution de conflits comparable au principe d'une « gouvernance trilatérale » (Williamson, 1985)[15].

L'efficacité de cette démarche demeure conditionnée par la réputation de l'arbitre, par la qualité de son expertise technique et sa capacité d'indépendance. On se doute bien que, dans un contexte où les valeurs de la démocratie et de l'État de droit ne sont qu'émergentes, la probabilité de réunir ces aptitudes restera incertaine. L'Afrique est néanmoins en phase d'expérimentation de cette méthode de négociations qui trouve déjà des applications ailleurs. Raventos (1998) évoque le cas du Salvador où, en présence d'un désaccord entre les parties, le régulateur (SIGET) s'en remet à un jugement d'expert qui valide le prix de l'opérateur le plus approchant de la solution qu'il propose. Le système est incitatif. Il dissuade le fournisseur d'accès de mentir en annonçant un prix trop élevé. La révélation du coût par expertise pourrait en effet l'obliger à assurer l'interconnexion à un prix inférieur à la valeur économique du service.

Le calcul des charges d'accès à une infrastructure est une opération délicate et potentiellement arbitraire. Les difficultés sont au niveau de l'allocation des coûts joints d'une activité multiproduit, mais également des coûts fixes, *a fortiori* si le monopole public s'est précédemment livré à des surinvestissements ou choix technologiques inefficients. La littérature récente a plus particulièrement mis l'accent sur deux méthodes de portée pratique inégale pour les pays en développement.

L'optique proposée par Laffont et Tirole (1996) est purement normative, même si les enseignements qui s'en dégagent peuvent guider dans la tarification de l'infrastructure. Elle est inspirée des principes de la règle Ramsey–Boiteux de tarification optimale de second rang. Le régulateur bienveillant a la volonté de maximiser le bien–être social, mais il est confronté aux conséquences prévisibles de l'asymétrie informationnelle. Le problème est d'inciter le titulaire de l'infrastructure de façon qu'il réalise les efforts appropriés et améliore sa productivité en révélant ses véritables coûts. Le prix d'interconnexion que devra imposer le régulateur sera d'autant plus éloigné du coût marginal que l'élasticité de la demande de service au prix sera plus faible. La méconnaissance du régulateur sur les fonctions de coût et de demande, mais aussi sur le paramètre d'effort de l'opérateur, rend difficilement praticable cette méthode sophistiquée.

L'approche de Baumol et Sidak (1994) est plus positive, détachée du régulateur « omniscient ». La charge d'accès n'est plus imposée, mais déterminée par le détenteur de l'infrastructure sur la base de la règle *Efficient Component Pricing Rule* (ECPR). Cette charge d'accès optimale combine deux éléments : le coût incrémental moyen, c'est–à–dire le coût additionnel résultant de l'usage du réseau par un concurrent, et le coût d'opportunité, c'est–à–dire la perte de profit de l'opérateur induite par un détournement de la demande du fait de l'entrée d'un concurrent. Cette stratégie de tarification devrait avoir pour effet de dissuader l'opérateur historique d'instaurer des barrières à l'entrée.

En Afrique, où le problème des télécommunications réside avant tout dans l'insuffisance de l'offre et son corollaire : une importante demande insatisfaite, l'entrée d'un concurrent est moins à l'origine d'un détournement de trafic que d'une création d'activité qui génère potentiellement des bénéfices dans l'ensemble du secteur. Le calcul du coût incrémental moyen est donc l'élément à considérer en premier lieu, qui se prête à l'expression du hasard moral. Réduire la rente

informationnelle abandonnée à l'opérateur historique conduira à soigner le dispositif de révélation, par exemple, par des négociations bilatérales incitatives comparables à celles évoquées plus haut pour le Salvador.

La fixation des prix

Si les charges d'accès peuvent conditionner la rapidité du développement national des télécommunications, ce dernier l'est également par la pratique des tarifs de consommation. Depuis le milieu des années 80, la méthode du plafond de prix (*price cap*) a supplanté la logique de remboursement des coûts. La règle de tarification appliquée revient à indexer annuellement les prix sur l'inflation moins un paramètre de productivité qui situe l'objectif politique de répartition du gain d'efficacité en faveur du surplus du consommateur.

$$\underbrace{\Delta PC}_{\substack{\text{variation du} \\ \text{plafond de prix}}} = \underbrace{\Delta RPI}_{\substack{\text{variation des} \\ \text{prix de détail}}} \quad \underbrace{X\%}_{\substack{\text{facteur} \\ \text{d'efficacité}}}$$

La démarche sous–jacente au plafonnement des prix est incitative. Au–delà de la performance attendue (X pour cent), l'entreprise est *a priori* protégée de l'expropriation de son effort. En d'autres termes, elle devrait échapper à des révisions de prix dérogeant à la règle du *price cap*. L'engagement ne s'applique toutefois qu'à une période régulatoire. L'abandon d'un important surplus à l'entreprise suscitera un réajustement de comportement du régulateur qui sera porté à relever le niveau des objectifs économiques de la période suivante. Ces révisions peuvent d'ailleurs se produire dans une période régulatoire donnée, en raison de l'incomplétude contractuelle résultant de la difficulté à inventorier *ex ante* tous les états de la nature. De telles révisions apparaîtront particulièrement pertinentes dans un secteur des télécommunications déstabilisé par l'évolution du marché et de la technologie. La démarche a toutefois l'inconvénient de constituer un facteur de permissivité du hasard moral de l'une ou de l'autre des parties. Le caractère simple et incitatif du *price cap* implique que les paramètres de prix et d'efficacité soient exogènes, non manipulables par l'entreprise.

Au cours de la démarche de privatisation du réseau fixe ivoirien, le régime tarifaire de la convention de concession a fait explicitement référence à une telle formule de révision. Pour la période du 30 septembre 1998 au 30 septembre 2001, il a été prévu que le plafond de prix serait revu annuellement en fonction de l'évolution de l'indice des prix de détail des ménages ouvriers africains et d'une hypothèse de gain de productivité de 7 pour cent. Après 2001, la procédure de révision du tarif sera complétée. Elle tiendra compte de l'objectif de réduction à long terme de la distorsion des prix intérieurs des télécommunications et du souci d'harmonisation régionale et internationale des tarifs longue distance. Le téléphone se rapproche ainsi d'un système de prix fondé sur une vérité des coûts qui l'insère, chaque jour davantage, dans la catégorie des biens internationalement échangeables. Le plafond est défini sur la base d'une moyenne de prix d'un panier de quatre services pondérés par leur importance relative dans le chiffre d'affaires (abonnement, communications : locales, interurbaines, internationales). Sur la période 1998–2001, aucune des rubriques ne peut faire l'objet d'une augmentation annuelle qui

dépasserait 10 pour cent. Cette restriction a pour conséquence de gérer graduellement la sortie du subventionnement des abonnements et communications locales par le prix des communications internationales. Si le régulateur démontre ici sa préoccupation pour la dimension sociale des réajustements sectoriels, ce souci transparaît également dans le dispositif de protection et de développement d'un service de télécommunication universel.

Les politiques d'accès au service universel

Le rééquilibrage des tarifs sur fond de baisse des recettes internationales et de concurrence potentielle entre les téléphones fixe et mobile, concourt à une réévaluation plus étroite des missions de service public. L'incidence redistributive de ces évolutions est loin d'être claire. On garde à l'esprit que dans un cadre public, la perception des rentes de monopole n'a favorisé : ni la progression rapide de la télédensité africaine, ni la couverture géographique du service ; que le rationnement de l'offre a frustré certaines populations du téléphone, alors même que leur disposition à payer valorisait l'utilité du service bien au–dessus du prix réglementé. Une des tâches du régulateur est donc de cibler les objectifs quantitatifs et qualitatifs de l'offre. Cela signifie que le secteur privé n'ira pas d'emblée vers ce qui est socialement souhaitable. Si donc l'entreprise publique pâtissait de l'expropriation de son surplus par l'État (Schmidt, 1996), l'entreprise privée, *a fortiori* si elle est étrangère et soucieuse du rapatriement de ses bénéfices, ne l'orientera pas forcément d'elle–même vers le développement de l'accès universel.

A l'évidence, l'objectif d'un téléphone par foyer ne peut pas relever des priorités immédiates de pays à faible revenu, même si les innovations technologiques, la libéralisation des prix et la baisse des coûts d'investissement laissent espérer l'accélération du taux d'équipement des ménages africains, y compris dans des zones géographiques à faible densité de population. Autant dire que si les télécommunications sont un facteur de cohésion sociale, le régulateur n'en est pas moins tenu à effectuer des arbitrages entre l'efficacité économique et la solidarité. La notion d'accès universel concrétise cette ambition « mesurée », même si elle s'exprime souvent dans une variété de contenu qui la rend fuyante.

Elle véhicule l'idée qu'un agent doit pouvoir accéder au téléphone, sans que le prix soit un facteur d'exclusion, et quelle que soit sa localisation géographique. Ces conditions d'accès apparaissent comme un droit fondamental de la personne. Elles déterminent une capacité à fonctionner qui subira néanmoins d'inévitables restrictions de continuité à la fois spatiales et temporelles. Cette notion d'accès universel rejoint, dans l'esprit, le principe d'équité qui dépasse, avec Sen (1992), le caractère utopique de l'égalité parfaite des chances pour affirmer d'abord la nécessité de réduire les formes du « dénuement absolu ».

Dans les conclusions du rapport Maitland (1984), la Commission proposait qu'à l'horizon 2000, l'ensemble de la population mondiale ait accès à un poste téléphonique situé à distance « raisonnable ». Modeste, l'objectif n'a pourtant pas été tenu. L'UIT (1998) a récemment traité de cet échec en l'illustrant notamment par le résultat d'une étude sud–africaine. Plus de 25 pour cent des logements sont ici distants de plus de cinq kilomètres d'un téléphone. Et le pourcentage monte, en moyenne, à 42.5 pour cent pour les zones non urbaines, avec des disparités régionales qui reflètent celles du revenu. Il est donc du devoir du régulateur d'inciter

à la réalisation d'un programme de développement aux dimensions à la fois qualitatives et quantitatives. De nombreux pays sont désormais engagés dans cette voie où le régulateur, le cas échéant le législateur, définit des objectifs de progression dans l'accès au service universel.

Le rapport précité de l'UIT (1998) fait référence à trois critères auxquels recourent les pays africains. Au Ghana, celui de la *population* est mis en avant où la préoccupation est de pourvoir en téléphones toutes les localités de plus de 500 personnes. Au Burkina, la notion de *distance* retient l'attention avec l'objectif minimal d'un téléphone dans un rayon de 20 kilomètres. Enfin, le Kenya associe l'accès universel à un *temps* de marche : le tableau 3 retrace les différentes déclinaisons africaines de la notion de service universel.

Les dimensions à la fois quantitatives et qualitatives du développement des télécommunications occupent une place importante dans la convention de concession de Côte d'Ivoire Télécom. Les pouvoirs publics attendent de la privatisation une extension du réseau qui devrait passer de 120 000 lignes en 1997 à 410 000 lignes en 2001. La desserte des localités rurales et l'installation de cabines téléphoniques correspondent à des attentes ciblées qui reflètent la notion de service universel. A mi–parcours du contrat, le tableau 4 dresse un bilan chiffré.

Tableau 3. **L'Afrique et l'accès universel**

Pays	Politique d'accès universel	Obligations imposées à l'opérateur
Éthiopie	Une cabine téléphonique dans chaque ville	Obligations de coordination avec le plan triennal
Guinée	Un publiphone dans chaque localité, un central téléphonique pour chaque administration	Service et interconnexion en voie de réalisation, pas d'obligation stipulée.
Kenya	Un téléphone à une distance de marche raisonnable	Obligation de qualité de service et d'expansion (développement rural compris)
Lesotho	Un téléphone public dans un rayon de dix kilomètres de toute communauté	Objectif volontaire à réaliser d'ici à 2002
Madagascar	Un téléphone public dans chaque village	Pas d'obligation définie
République sud–africaine	Un téléphone par école et par dispensaire dans un rayon de cinq kilomètres ou de deux heures de marche en zone rurale, téléphones communautaires dans les établissements urbains	Les opérateurs de systèmes cellulaires sont tenus de fournir environ 32 000 téléphones communautaires dans les établissements urbains
Togo	Un téléphone dans un rayon de cinq kilomètres d'ici à 2010, un téléphone dans chaque centre administratif et économique d'importance	Contrat avec l'État pour déterminer les objectifs propres à assurer le développement et la pluralité du service
Zambie	Cabines téléphoniques dans les lieux publics (écoles, dispensaires, etc.) à l'échelle du pays	Pas d'obligation définie

Source : Enquête de l'UIT/BOT sur les dispositions réglementaires. Tableau partiellement repris du *Rapport sur le développement mondial des télécommunications*, Genève, 1998, p. 72.

En première analyse, il semble que le concessionnaire ait répondu aux attentes du régulateur. Les décalages observés entre les prévisions et les réalisations ne tiennent qu'à l'entrée tardive en exploitation lors du premier exercice, tandis que les attentes du régulateur ont été fixées par rapport à l'ensemble de l'année civile. Quoi qu'il en soit, un rattrapage a été effectué, dès la deuxième année, à la fois pour la téléphonie rurale, et l'installation de cabines téléphoniques qui fonctionnent de plus en plus selon le principe de la vente prépayée.

Tableau 4. **L'activité des télécommunications ivoiriennes après privatisation**

	1997		1998		1999
	Prévision	Réalisation	Prévision	Réalisation	Prévision
Nouvelles lignes principales	35 000	31 829	45 000	62 200	62 200
Téléphonie rurale (localités et villages raccordés)	63	13	141	155	136
Cabines téléphoniques	400	323	400	800	500

Source : République de Côte d'Ivoire, Comité de privatisation, Suivi de l'exécution des engagements des sociétés privatisées.

La politique de développement du service universel par l'« accès partagé » a été un des axes prioritaires de nombreux pays africains. Dès le début des années 90, le Sénégal a été l'un des promoteurs de cette stratégie à travers la création de télécentres et téléboutiques. En 1992, les quatre premiers bureaux d'appel exploités par des privés ont été ouverts. En 1996, la Sonatel en comptait pas moins de 5 416 sur l'ensemble du territoire, environ 6 pour cent de toutes les lignes téléphoniques du Sénégal (UIT, 1998).

Ces équipements sont bien adaptés au milieu rural africain où la dispersion géographique de la population et le niveau de pouvoir d'achat par habitant exigent un service à faibles coûts d'investissement et de maintenance. Rappelons, avec Willis (1996), que les dernières centaines de mètres nécessaires au raccordement privé peuvent représenter jusqu'à 80 pour cent du coût total d'installation d'une ligne en milieu rural. La politique de développement des publiphones et télécentres a pour conséquence de réduire les coûts directs du service, mais également les coûts de transaction qui naissent notamment du besoin de coordination des activités économiques et de réduction des comportements « opportunistes » des agents.

V. CONCLUSION

Au début des années 80, les programmes d'ajustement structurel ont investi la scène africaine pour ne plus la quitter. De tous les secteurs d'activité concernés, aucun n'a été soumis à autant de changements que celui des télécommunications. Les aspirations des politiques étaient initialement aux antipodes du désengagement d'une activité à la fois rentable pour l'État et internationalement protégée par des accords bilatéraux négociés entre monopoles publics. Les profondes transformations qui ont affecté l'économie mondiale des télécommunications ont eu finalement raison des résistances politiques, plus encore que la conditionnalité des bailleurs de fonds extérieurs.

Un véritable changement de paradigme s'opère, qui amène chaque jour davantage à un transfert d'activité des monopoles publics à des entreprises privées soumises à des règles de concurrence. Les insuffisances de financements publics, la relative défaillance des réseaux en regard de ce que peut être l'efficacité économique optimale, l'ampleur des innovations technologiques qui permettent l'introduction d'une concurrence jusqu'ici absente, sont autant de forces à l'œuvre, qui aiguillonnent les politiques et orientent les changements adoptés. L'ouverture du secteur et la privatisation des opérateurs historiques mêlent progressivement leurs effets avec des retombées d'ores et déjà favorables à l'ensemble des collectivités africaines. Cette profonde mutation n'en suscite pas moins des interrogations sur les modalités à privilégier pour l'accomplissement de l'ouverture. Et dans la mesure où le marché n'est pas ici une institution efficace d'auto–régulation, elle oblige à concevoir un art de réglementer à travers une organisation publique efficace et indépendante.

NOTES

1. Dans son article de 1960, Coase a montré qu'en présence de droits de propriété définis et exécutoires, le principe d'un marchandage — autrement dit une négociation directe entre les agents — peut produire des effets économiques supérieurs en efficacité à une intervention de l'État par la voie traditionnelle de la réglementation.

2. *Marchés tropicaux*, 21 novembre 1997, p. 2517.

3. En milieu urbain, le prix « économique » d'une ligne fixe ne dépasserait pas 1 000 dollars.

4. La moyenne africaine serait autour de 70 % du chiffre d'affaires. A titre de comparaison, France Telecom n'en dépend que pour 11 %.

5. En 1998, l'Afrique avait réalisé la séparation des fonctions de la poste et des télécommunications dans 70 % des cas (UIT, 1998, page 10).

6. Une entité qui ne disposerait d'aucune latitude de choix manquerait de l'autonomie suffisante pour constituer un objet d'analyse en soi puisqu'il faudrait trouver hors d'elle–même les explications fondamentales de sa conduite. Tout au plus pourrait–elle être qualifiée d'organisation « appendice » pour reprendre l'expression de Rehnman (1973).

7. Provision pour renouvellement de l'outillage et du matériel.

8. Banque mondiale, *Étude du secteur parapublic, rapport général et annexes*, mai 1989 vol. I et II. Région Afrique, Département du Sahel, division industrie et énergie.

9. Ce prix de cession diffère sensiblement de celui obtenu au niveau des autres réseaux : Mexique (1 589 dollars, 1990), Venezuela (2 612 dollars, 1991), Hongrie (2 569 dollars, 1993), Bolivie (2 596 dollars, 1995).

10. Pour étayer cette seconde hypothèse, on peut noter que dans la concurrence qui va l'opposer ultérieurement à France Telecom pour le rachat de CI–telecom, l'opérateur malais avancera l'argument selon lequel, par le biais des compagnies guinéenne et ghanéenne, il a acquis un « savoir–faire dans des pays à environnement difficile » (*Marchés tropicaux* du 17 janvier 1997).

11. En juillet 1998, FCR a acquis une fraction supplémentaire de 9 % du capital de Sonatel. L'actionnariat est actuellement le suivant : FCR (42,33 %), État (25 %), salariés (10 %), autres (22.66 %).

12. En République démocratique de Congo, il est arrivé que le recouvrement ne représente que le montant des salaires à verser !

13. En se référant au Chili, Agurto et Asecio (1993) évoquent le cas de la loi 1982 sur les télécommunications qui aurait infligé de lourdes pertes aux nouveaux opérateurs. Voir également Spiller et Cardilli (1997).

14. Déclaration du représentant du ministère des Télécommunications lors du symposium sur les télécommunications de Ouagadougou organisé par l'UIT, *Marchés tropicaux*, 14 novembre 1994, p. 2497.

15. En présence de transactions occasionnelles et plutôt fortement spécifiques, les entreprises adoptent le contrat contre l'internalisation. Mais elles réduisent l'opportunisme *ex post* en instituant une procédure d'arbitrage qui économise sur les coûts de transaction inhérents au recours devant les tribunaux.

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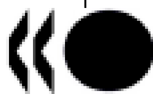

Organisation de Coopération et de Développement Economiques
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28-Feb-2001

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DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
COMMITTEE ON CONSUMER POLICY

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FIRST REPORT: GOVERNMENT AND PRIVATE SECTOR INITIATIVES TO PROMOTE AND IMPLEMENT THE OECD GUIDELINES FOR CONSUMER PROTECTION IN THE CONTEXT OF ELECTRONIC COMMERCE

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FOREWORD

At the 58th Session of the Committee on Consumer Policy (CCP) in March 2000, delegates agreed that promoting the effective implementation of the recently adopted OECD *Guidelines for Consumer Protection in the Context of Electronic Commerce* (the *Guidelines*) would continue to be the Committee's top priority in year 2000. The Committee also recognised the invaluable input and assistance to be derived through its continued co-operation with business and "civil society" and made a commitment to foster these relationships in follow-up work on the *Guidelines*. During the March meeting, the CCP held a *tour de table* on activities and initiatives to implement the *Guidelines*. The session comprised brief presentations made by delegates from all OECD Member countries, BIAC, Consumers International and non-member observers.

At the 59th session of the CCP in September 2000, delegates agreed to provide additional information to update this report in preparation for its declassification and public release in March 2001, at its workshop, *Consumers in the Online Marketplace: The Guidelines – One Year Later*. Delegates also agreed that this report should be regularly updated and made available on the OECD Web site.

The attached is a synthesis of the proceedings of the *tour de table* and information submitted by national delegations in response to Annex I of DSTI/CP(2000)2 – Member country input for a "Survey of government and private sector initiatives to promote and implement the *OECD Guidelines for Consumer Protection in the Context of Electronic Commerce"* and 1999 Annual Reports. Annexed to this report are summaries of each Member country's activities to implement and promote the *Guidelines* and a chart that provides Member country implementation activities at a glance.

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GOVERNMENT AND PRIVATE SECTOR INITIATIVES TO PROMOTE AND IMPLEMENT THE OECD GUIDELINES FOR CONSUMER PROTECTION IN THE CONTEXT OF ELECTRONIC COMMERCE

Introduction

On 9 December 1999, the OECD Council adopted the *Guidelines for Consumer Protection in the Context of Electronic Commerce* (the *Guidelines*). This represented the culmination of more than 18 months of work by the Committee on Consumer Policy (CCP) and its partners in the business and consumer communities to provide practical guidance to help build consumer confidence in electronic commerce. While the successful completion and adoption of the *Guidelines* represented a significant step forward in the Committee's efforts to provide transparent and effective protection for online consumers, follow-up work by the Committee and its partners to promote the *Guidelines* and ensure their practical implementation is essential.

This paper provides an overview of the activities and initiatives of government and the private sector to promote and implement the OECD *Guidelines* in the year since their adoption.

Summary of Government and Private Sector Initiatives to promote and implement the Guidelines

Since adoption in 1999, the Guidelines continue to remain in the forefront of public and private sector activities on business-to-consumer electronic commerce. A variety of initiatives to publicise and implement the Guidelines either are in the planning stage or are already under way.

Guidelines available in native languages of the OECD

To date, the *Guidelines* have been translated into most native languages of the OECD, including Danish, Dutch, English, Finnish, French, German, Greek, Hungarian, Italian, Japanese, Korean, Norwegian, Polish, Portuguese, Spanish, and Slovak. These translations are available on the OECD Web site.[1]

Public education and information initiatives

Upon adoption of the *Guidelines*, many countries issued press releases and distributed the *Guidelines* to small and large businesses, business associations and consumer groups. Some countries held workshops to educate businesses and consumers on the principles of the *Guidelines*. In Norway and Switzerland, the government expanded its education initiatives into the school systems in an effort to teach teenagers and children about their responsibilities as consumers, even in the electronic marketplace.[2]

Australia, Austria, Canada, Finland, Hungary, Ireland, Japan, Korea, Mexico, New Zealand, Norway, Portugal, Spain, Switzerland and the United States developed consumer and business information and education materials based on the Guidelines. Most of these materials are available on the respective country's Web sites and the OECD Web site.[3] The materials include online shopping tips for consumers

and checklists for businesses. Most of these educational materials were widely distributed to small and large businesses, business associations and consumer groups, posted on consumer agency Web sites, and used as the basis for news stories by the media.

In several countries, Web sites were developed and dedicated resources to educate consumers and businesses on effective consumer protection, with links to other related information. For example, in Australia, Finland, France and Portugal, Web sites were created to provide consumers with up-to-date information, references, and hyperlinks on a wide range of consumer issues, including tips for better and safer online shopping.[4]

In Canada, a consumer portal – the Canadian Consumer Information Gateway – was created to provide easy access for consumers to comprehensive consumer information from 25 government of Canada departments and agencies.[5] It includes information on childcare, consumer products, safety and health, contacts for recourse and alerts to scams and product recalls. In Norway, a national online portal for electronic commerce was created to serve as an information resource for businesses engaged in e-commerce.[6] The portal provides relevant information on the legal framework, responses to FAQs, and guidance on what it takes to satisfy consumer needs. In the United States, a similar consumer information Web site is maintained by the Federal Trade Commission.[7] In Korea, the newly-created Cyber Consumer Center's home page will serve as a hub-site for electronic commerce and consumer protection.[8] The site will include tips for online shoppers, academic articles for researchers, education materials for businesses, and updates on new policy trends for government officials.

Business associations, individual companies, and consumer groups also developed public education and information materials and campaigns, which included providing information through traditional media sources, banner advertisements and links, and posting tips for consumers on their own company and consumer association Web sites. For example, the United Kingdom's Consumer Association disseminated online shopping tips in its *Which? Magazine* both on and offline.[9] And Netcoalition.com, a coalition of then-ten Internet companies (Amazon.com, America Online, Doubleclick, eBay, Excite@Home, Inktomi, Lycos, theglobe.com, Yahoo!, and Emusic.com) used banner ads, links and e-mail responses to provide tips on privacy and consumer protection during the winter holiday season.[10]

In some countries, business and consumer groups worked together to develop joint education and information campaigns. For example, in the United States, Mastercard and the National Consumers League launched a joint education initiative, "Be e-Wise!" which included a printed and online brochure that presents the benefits and risks of online shopping, online shopping tips, and other resources for similar information.[11]

In other countries, the government and private sector have joined forces to provide education and information. In Canada, for example, the Office of Consumer Affairs, in collaboration with the provinces and the Internet Providers Association, are working on an education initiative to provide guidance on safe Internet shopping. The initiative will include addressing the issues of online auctions and marketing to children.[12] In Finland, the Finnish Information Technology Development Center has in co-operation with Consumer Ombudsman developed both consumer and business information, which refers to the *Guidelines*. The information is available on the Center's Web sites and on the Web sites of the Consumer Agency and Ombudsman.[13]

The *Guidelines* have been highlighted in domestic and international speeches given by senior government officials from many of the OECD Member countries.[14]

Another innovative means of public education is through the use of notices sent directly to Web sites as a result of national and international Web sweeps.[15] For example, in Canada the Fair Business Practices

Branch of the Competition Bureau conducted a domestic sweep of 292 Canadian Web sites to verify conformity with the *Guidelines*. Sites found to be in derogation of the *Guidelines*' principles were informed by e-mail that their Web site had been reviewed during the sweep and were furnished information on the *Guidelines* and the Canadian Principles for Consumer Protection in Electronic Commerce. The Ministry of International Trade and Industry (MITI) in Japan provided similar notices in conjunction with its domestic sweeps.

Self-regulation, codes of conduct, and Trustmark programmes

In many countries, the *Guidelines* served as a basis for governmental and private sector development of business-to-consumer codes of conduct, Trustmark, and self-regulatory programmes. For example, in the United Kingdom, the government worked with the Electronic Business Alliance and Consumers Association to develop a non-profit organisation, TrustUK, to accredit codes of conduct for electronic commerce, which meet minimum standards and offer consumers good protection.[16] To date, three such codes have been accredited, including Web Trader, a code program developed and administered by the consumers organisations of Belgium, France, Italy, the Netherlands, Portugal, Spain and the United Kingdom.[17] Similarly, in Norway, the National Consumer Council and representatives of business established a voluntary and independent label, N-safe.[18] Businesses allowed to display the N-safe label are subject to the principles defined by the label requirements and consumers are ensured a certain level of protection. Current efforts include expansion of the label to other Nordic countries.

In Canada, Australia, Denmark, Germany, Korea, Japan, New Zealand and the United States, government agencies worked with industry and consumer organisations to develop and update business-to-consumer codes of conduct, that in some instances include a complementary trustmark, based on the *Guidelines*.

Furthering these efforts, many countries are participating in the OECD project on Codes of Conduct, which currently is focused on creating an inventory of codes of conduct related to the Internet.[19] Information and contact details for many of these codes and most of the above-mentioned ones will be available in the inventory.

At an international level, the European Commission is working with a group of consumer and industry organisations to identify key principles for business-to-consumer electronic commerce codes. The principles are intended to reflect best practice as expressed in codes of conduct and various government and industry sponsored codes from around the world. The principles also are intended to help guide code-writers and the bodies being set up in many countries to approve and monitor codes of conduct, by identifying criteria for these 'approval and monitoring' bodies. To provide transparency and to encourage public comment and participation, the Commission has set up a Web site, which includes a draft of the principles and related meeting reports.[20]

Laws and regulations

Beyond encouraging self-regulatory initiatives, the *Guidelines* also recognise the need for Member countries to review and, if necessary, adopt and adapt laws to ensure consumers are protected in the online environment. To this end, in the European Union, member states have been taking steps to introduce, adopt and implement EU Directives related to the *Guidelines*.[21] The European Commission also is continuing its examination of whether, and the degree to which, existing consumer protection rules provide sufficient protection in the context of the information society.

In Canada, the national and provincial governments have agreed to work towards harmonised and modernised consumer protection laws related to electronic commerce.[22] During the drafting of the

Guidelines, the United States explored, through a workshop, how its own Federal Trade Commission rules and guides apply to electronic media, including the Internet, e-mail and CD-ROMs.[23] It also issued a report on consumer protection in the global electronic marketplace, including Internet jurisdiction.[24] In Mexico, the Federal Consumer Protection Law, which takes into account the principles of the Guidelines, was modified in May 2000.[25]

In Japan, where most of the principles of the *Guidelines* are already covered by existing laws or voluntary private sector rules, the government continues to gather information and explore necessary governmental measures. In Australia, the development of legislative amendments, arising from the audit of the consumer protection laws continues.

Global co-operation

Global co-operation among nations is an area of significant importance in implementing the *Guidelines*. Several countries are working on bi-lateral and multi-lateral levels to ensure consumers receive effective protection no matter from where they shop, or from whom they buy. For example, in September 2000, the governments of Japan and Korea agreed to co-operate further on empowering consumers' confidence and developing electronic commerce through various efforts, including a project aimed at mutual recognition of Internet trustmarks.

On the law enforcement front, there has been significant global co-operation among several countries. For example, Australia and the United States worked together to break a global page-jacking and mouse-trapping Internet scam.[26]

Another global effort towards law enforcement co-operation that is becoming an annual event is international Internet sweep days. Since 1997, the consumer affairs enforcement authorities from the international community have engaged in several international Internet sweep days. In 1997, 1998 and 2000, the sweeps focused on particular scams, and in 1999 they evaluated sites according to a number of key consumer protection principles based on the draft *Guidelines*.

International sweeps crossed the borders of about 30 countries and involved more than 70 different national consumer affairs enforcement agencies. The March 2000 "GetRichQuick.Con" sweep, for example, involved 150 organisations from 28 countries on five continents. The OECD countries that participated in the March 2000 effort included Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Japan, Mexico, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.[27]

Information sharing is also an integral area of global co-operation for both law enforcement efforts and policy development to ensure the protection of consumers in the global marketplace. Since the adoption of the *Guidelines*, governments continue to work together to develop agreements that will allow information sharing. For example, on 20 July 2000, the Australian Competition and Consumer Commission (ACCC) announced that it entered into two agreements with the United States Federal Trade Commission to enhance co-operation on consumer protection law enforcement.[28] Australia also is negotiating with the European Commission on an administrative arrangement to share information on consumer policy. The United Kingdom's Department of Trade and Industry recently signed a similar agreement with the United States that will allow enhanced law enforcement co-operation in the consumer protection area between the two nations.[29] Canada, Australia and New Zealand also recently signed a co-operation agreement relating to the application of their competition and consumer laws.

Beyond the work among Member countries, there also has been work, in other fora, related to the *Guidelines*. For example, Mexico hosted a workshop on electronic commerce for Latin America and

continues to work with these non-Member countries on electronic commerce issues. Prior to the adoption of the *Guidelines*, the Free Trade Area of the Americas (FTAA) Joint Government-Private Sector Committee of Experts on E-Commerce issued a report with specific consumer protection recommendations for Ministers that included several key principles from the then draft *Guidelines*.[30] The International Organisation for Standardization (ISO) Committee on Consumer Policy (COPOLCO) held a workshop on consumer protection in May 2000, where a session on electronic commerce included a presentation on the *Guidelines*.[31] And the Asian-Pacific Economic Co-operation (APEC) hosted a consumer protection workshop in June 2000 in Bangkok, Thailand, where a session was dedicated to the discussion of the *Guidelines* and other international efforts.[32] Most recently, the G8 recognised the *Guidelines* in its Okinawa Charter on Global Information Society.[33]

Recognising the importance of global co-operation among the public and private sectors to ensure that the protections and benefits of nationally oriented codes of conduct and other self-regulatory programmes do not end at the borders of single nations, many code and trustmark developers are working together across national borders. In Japan, for example, trustmark accreditors like the Japan Direct Marketing Association (JADMA) are exchanging information with foreign seal programs like the BBBOnLine in the United States, the Consumer Protection Board in Korea, TrustUK in the United Kingdom.

Alternative Dispute Resolution

Recognising that the global network environment challenges the ability for consumers to obtain effective redress for transactions that occur across national borders, the Guidelines raise alternative dispute resolution (ADR) as a means to provide effective redress and thus encourage continued work. Beyond the OECD Conference in the Hague on 11-12 December 2000, hosted by the Dutch government and co-organised with the Hague Conference on Private International Law and the International Chamber of Commerce,[34] OECD Member countries, other international bodies, and the private sector have been busy holding workshops and conferences, exploring principles for fair and effective online ADR, and developing online ADR mechanisms. As of December 2000, more than 40 online ADR mechanisms had been identified.[35]

Since the adoption of the *Guidelines*, the European Commission and the United States hosted workshops to explore ADR. [36] The Trans-Atlantic Consumer Dialogue (TACD) issued a recommendation on ADR in the context of electronic commerce[37] and the Global Business Dialogue on electronic commerce released a paper that provides recommendations for Internet merchants, ADR service providers, and governments.[38] Consumers International released a report that assessed, based on principles outlined in their report, all ADR mechanisms available online as of August 2000. [39] In Canada, the Office of Consumer Affairs is forming a working group to develop a guide on Market-Driven Consumer Redress. The guide will include redress mechanisms and ADR both on-line and in the traditional marketplace. Key industry, consumer and government representatives participated in a two-day workshop in January 2001, to share information prior to establishing the working group.

In Ireland, the government is considering a pilot project to bring its small claims procedure online. The project is a partnership between the Minister for Labour, Trade and Consumer Affairs and the Minister for Justice, Equality and Law Reform under the Irish Government's Information Society Action Plan. In Korea, a committee of experts in the field of electronic business transactions was formed to study dispute resolution.

With regard to compliance and enforcement, many of the public and private sector codes, as discussed above in paragraph 15, require businesses and organisations to provide dispute resolution mechanisms as an element for them to receive accreditation, a trustmark or the relevant approval.

Moreover, to complement the variety of out-of-court settlement bodies, the European Commission created EEJ-Net, which was formally announced at a conference on 5-6 May 2000 in Lisbon, Portugal.[40] The EEJ-Net will serve as a clearinghouse of information on out-of-court dispute resolution bodies available in each European jurisdiction; provide information and assistance to consumers formatting and filing complaints; and serve as a primary point for the communication of complaints to out-of-court bodies.

Another more common form of consumer dispute resolution assistance from the offline world – ombuds services – also has moved online. For example, in Austria, an Internet Ombudsman was established as part of the Austrian consumer organisation and is responsible for settling disputes that arise online between consumers and business.[41]

CONCLUSION

There is much to be learned from these public and private sector efforts, and for these reasons it is important for the Committee to continue to collect and share information and experiences. Information about both the successes and the struggles that result from these initiatives will be invaluable for the Committee as it works to facilitate the effective implementation of the *Guidelines*.

Moreover, these activities and initiatives show the breadth and depth of the principles of the *Guidelines*. With no set method of implementation, Member countries and the private sector were free to develop and engage in activities and initiatives to further consumer protection in the electronic marketplace in ways that fit within their own cultural, legal and regulatory parameters. Finally, while the *Guidelines* are not restricted to one norm or action for implementation, many of the activities undertaken by the public and private sectors were very similar around the globe.

From the numerous activities and initiatives undertaken and the attention being paid to the consumer electronic commerce marketplace, it is apparent that the OECD Committee on Consumer Policy must maintain its leading role in the global policy and enforcement arena to ensure the protection of consumers participating in electronic commerce. The Committee's work with the private sector to implement the *Guidelines* must therefore continue. The effective implementation of the *Guidelines* is an integral part of the protection of consumers engaged in electronic commerce and, thus, necessary for consumers to realise the full benefits of the global marketplace.

ANNEX I
AT A GLANCE – GOVERNMENT AND PRIVATE SECTOR INITIATIVES TO PROMOTE AND IMPLEMENT THE OECD GUIDELINES FOR CONSUMER PROTECTION IN THE CONTEXT OF ELECTRONIC COMMERCE

Countries/ Organisations	Available in Nation's Language	Posted on Web	Created Education Materials/Web site	Distributed to Private Sector	Private Sector/ Government Issued GLs/ Code	Work on ADR or Related Topics	International Sweep Days	Updated Legal Framework
Australia	X	X	X	X	X	X	X	
Austria	X		X		X	X	X	X
Belgium	X	X		X	X	X	X	
BIAC	X			X		X	N/A	
Canada	X	X	X	X	X		X	X
CI	N/A			X	X	X	N/A	
Czech Republic							X	X
Denmark	X			X	X		X	
EC	N/A				X	X	N/A	
Finland	X	X	X	X			X	
France	X	X		X	X		X	
Germany	X			X	X		X	
Greece	X			X				X
Hungary	X	X	X	X			X	X
Ireland	X		X	X		X		X
Italy	X				X			X
Japan	X	X	X		X		X	
Korea	X	X	X	X	X	X		X
Luxembourg	X			X				X
Mexico	X	X	X	X			X	X
Netherlands					X	X		
New Zealand	X		X	X	X		X	
Norway	X	X	X	X	X		X	

Countries/ Organisations	Available in Nation's Language	Posted on Web	Created Education Materials/Web site	Distributed to Private Sector	Private Sector/ Government Issued GLs/ Code	Work on ADR or Related Topics	International Sweep Days	Updated Legal Framework
Poland	X	X		X			X	X
Portugal	X	X	X	X	X		X	
Slovak Republic	X			X				
Spain	X		X		X		X	X
Sweden							X	
Switzerland	X		X	X	X		X	X
Turkey								X
United Kingdom	X			X	X		X	
United States	X	X	X	X	X	X	X	

Source: OECD.

ANNEX II
SURVEY OF GOVERNMENT AND PRIVATE SECTOR INITIATIVES TO PROMOTE AND IMPLEMENT THE OECD GUIDELINES FOR CONSUMER PROTECTION IN THE CONTEXT OF ELECTRONIC COMMERCE

The following summaries were prepared by the Secretariat based on information provided by delegates to the 58th Session of the CCP (21 March 2000) as part of the *tour de table* on activities and initiatives to implement the *OECD Guidelines for Consumer Protection in the Context of Electronic Commerce* (the *Guidelines*). Additional information submitted by national delegations based on responses to Annex I of DSTI/CP(2000)2 and 1999 Annual Reports on Consumer Issues have been incorporated.

Australia

In Australia, the Minister for Financial Services and Regulation, the Honorable Joe Hockey MP, as well as the Competition and Consumer Commission issued press releases announcing the adoption of the *Guidelines*. The *Guidelines* were welcomed by major heads of consumer organisations and the head of the Australian Chamber of Commerce and Industry. The *Guidelines* form the basis for the Australian E-commerce Best Practice Model *Building Consumer Sovereignty in Electronic Commerce: A Best Practice Model for Business*. The Best Practice Model was launched on 18 May 2000 and is to be reviewed after one year. The *Guidelines* and the Australian E-commerce Best Practice Model are both promoted through a new Web site (www.ecommerce.treasury.gov.au), which also includes links to consumer information and other e-commerce resources.

Austria

Electronic commerce in Austria is at an early stage. An inter-ministerial discussion group, which meets every two months, discusses subjects relating to electronic commerce, including consumer protection. As a member of the European Union, Austria has implemented the Directive on distant selling in the *Fernabsatz-Gesetz*, BGBl. I 185/1999 (Distant Selling Act). The main part of the Act went into force on 1 June 2000 and covers parts of the *Guidelines*, especially those dealing with pre-contractual information. Austria also is working on implementation of the E-commerce Directive. A distance-selling brochure, which was produced prior to the adoption of the *Guidelines*, will be updated to include the *Guidelines*. The current yearbook (published every second year) includes an article on the directive for electronic commerce and the *Guidelines*. Last autumn, a non-profit institute for applied telecommunications developed an Internet ombudsman at www.ombudsmann.at to settle disputes between consumers and business that arise in the context of electronic commerce. Consumers can file complaints online. The Ombudsman is closely linked with the main Austrian consumer organisation, *Verein für Konsumenteninformation* (VKI). The project is supported by several ministries. The *Gütezeichen* was also created and requires businesses that display its label to adhere to a set of consumer-friendly business practices which are closely related to the *Guidelines* and the E-commerce directive.[42] Submission to an ADR mechanisms is a requirement for the right to carry the label.

The Austrian Chamber of Labour and the Austrian Internet Service Provider Organisation (ISPA) provide information concerning e-business on their Web sites at www.akwien.or.at/internet and www.ispa.at (or the user organisation VIBE www.vibe.at), respectively.

Belgium

Belgium provided all major stakeholders in both the public and private sectors with copies of the *Guidelines*. Belgium intends to submit a draft law on electronic commerce and distance selling. In addition, the Belgian consumer group Testes Achats is participating in the Which? WebTrader international code program.[43]

Canada

The Electronic Commerce and Consumers Working Group, a multi-stakeholder group representing consumers, businesses and government (including the Office of Consumer Affairs (OCA)) used the *Guidelines* as a reference to assist in developing the *Principles for Consumer Protection in Electronic Commerce: A Canadian Framework*. Recognising the importance of the *Guidelines*, the OCA ensured that the Canadian principles contained similar elements. During the drafting of the *Guidelines*, the OCA frequently consulted with business and consumer representatives and provincial and territorial governments. Upon release of the *Guidelines*, the OCA circulated them to these stakeholders. The *Guidelines* have been highlighted in speeches by the Honourable John Manley, the Canadian Minister of Industry and in media contacts related to the Canadian Principles. OCA and the Fair Business Practices Branch of the Competition Bureau continue to publicise the *Guidelines* in their presentations to stakeholder groups and conferences.

The Electronic Commerce and Consumers Working Group has developed *A Code of Practice for Business to Consumer Electronic Commerce* based on the Canadian Principles and the *Guidelines*. The working group is currently examining methods of operationalising this code. These options deal with the questions of promoting the Code to businesses, consumers and governments; assuring and monitoring compliance; and developing opportunities for international co-operation. One qualification for receipt of the trustmark is adherence to the *Guidelines*.

The Fair Business Practices Branch of the Competition Bureau conducted a domestic sweep of 292 Canadian Web sites to verify conformity with the *Guidelines*. The sweep provided an opportunity to promote the *Guidelines,* as well as the Canadian Guidelines, and to educate online traders and consumers. A consumer portal – the *Canadian Consumer Information Gateway* (http://ConsumerInformation.ca) – was created to provide easy access for consumers to comprehensive consumer information from 25 Government of Canada departments and agencies, including information on child care, consumer products, safety and health, contacts for recourse, and alerts to scams and product recalls. Consumer and business education materials were also developed, made available on the relevant ministry Web sites, and disseminated to business and consumer groups. In collaboration with the provinces and the Internet Providers Association, OCA is working on an educational initiative to provide guidance on safe Internet shopping, including addressing the issues of online auctions and marketing to children.

On the legal front, the national and provincial governments have agreed to work towards harmonised and modernised consumer protection laws related to electronic commerce.[44] In this regard, two provinces have passed legislation on digital signatures. All of the other provinces are

in the process of developing legislation to address this issue. With respect to consumer protection in electronic commerce, most of the provinces will review their existing legislation and regulatory regimes in 2000 or in 2001 to determine whether amendments or additional laws are required. With respect to ADR, the Office of Consumer Affairs is forming a working group to develop a guide on Market-Driven Consumer Redress. The guide will include redress mechanisms and ADR both on-line and in the traditional marketplace. Key industry, consumer and government representatives participated in a two-day workshop in January 2001, to share information prior to establishing the working group.

Czech Republic

While the level of consumer e-business in the Czech Republic is rather low, there is a governmental task group devoted to promoting electronic commerce. The group is in charge, for example, of co-ordination of education projects and of subsidies for electronic commerce for small and medium-sized enterprises. Legislatively, the Czech Republic is working on implementation of the EU directives, with the last to be in force by 31 December 2002.

Denmark

Upon adoption, the *Guidelines* were translated into Danish and circulated to all relevant services in Denmark. A common position paper on good practices for trading and marketing on the Internet, developed by the Nordic Consumer Ombudsman, has been discussed and circulated within the International Marketing Supervision Network (IMSN). This paper has been used in negotiations between Danish businesses and consumer organisations and the Ministry of Trade and Industry and the Ministry of Research in an attempt to adopt guidelines for the Internet. The Danish Consumer Ombudsman conducted a survey of Danish Internet shops in 2000 as a follow-up to the above-mentioned common position paper. The survey revealed that there were a number of common problems regarding e-commerce. Eighteen Danish Web sites were examined, and none of them fully complied with the common position paper, the *Guidelines*, or the legal requirements in that area.

At the end of 2000, an electronic mark system was introduced in Denmark, and the first Danish e-businesses have been assigned an e-mark. The system has been developed through negotiations between a number of Danish business and consumer associations, in co-operation with the Ministry of Trade and Industry and the Ministry of Research. The e-mark system, which is administered by the E-commerce Fund, is expected to launch a campaign in spring 2001 to increase awareness of the e-mark among companies and consumers.

On 1 July 2000, a new provision was adopted in the Danish Marketing Practice Act which prohibits companies from sending electronic mail to a consumer unless the consumer has previously given permission to the enterprise to do so.

In April 2000, the Danish Government announced a strategy for a new consumer policy – "Strengthening Consumer Policy in the EU" – with a number of concrete proposals for new initiatives that will contribute to improving the position of consumers when shopping across borders within the EU, including over the Internet. It is suggested that harmonised regulation of good marketing practice in the EU be introduced, as well as a minimum directive on consumer protection in connection with electronic payments and a strengthening of consumers access to justice in cross-border transactions through the establishment of an out-of-court settlement system of disputes between businesses and consumers.

European Commission

The Commission welcomed the adoption of the *Guidelines* and fully supports their implementation. To this end, it also welcomes initiatives that could ease implementation of the *Guidelines*, for instance through trust marks. Some community legislation already reflects principles of the *Guidelines*. Efforts by some member states to transpose these community directives on electronic commerce into their national legislation will be of great assistance in achieving implementation of the *Guidelines*. The Commission also is continuing to examine whether, and the degree to which, existing consumer protection rules provide sufficient protection in the context of the information society. Should deficiencies be identified, or additional measures be required, the Commission will make specific additional proposals to resolve such deficiencies.

The European Commission also is working with a group of consumer and industry organisations to identify key principles, through its e-confidence forum, for electronic commerce codes. The principles are intended to reflect best practice as expressed in codes of conduct and various government and industry sponsored codes from around the world. The principles also are intended to help guide code-writers and the bodies being set up in many countries to approve and monitor codes of conduct, by identifying criteria for these 'approval and monitoring' bodies. To provide transparency and to encourage public comment and participation, the Commission has set-up a virtual forum for discussion that includes a draft of the principles and related meeting reports.[45]

Finland

A press release was issued on Consumer Rights Day titled "Electronic commerce must gain consumers' confidence." The press release referred to the *Guidelines* and the consumer ombudsman's work in the area of consumer questions in electronic commerce. The *Guidelines* have been translated into Finnish and were posted on the Consumer Agency's Web site and discussed in a variety of workshops and seminars. The Finnish Information Technology Development Center has in co-operation with the Consumer Ombudsman developed both consumer and business information, which refers to the *Guidelines*. The information is available on the Center's Web sites and on the Web sites of the Consumer Agency and the Ombudsman.[46] The Consumer Agency and the Ombudsman also have distributed the *Guidelines* by attaching them to letters sent to businesses. In June 2000, Finland adopted a new consumer protection policy that defines the national goals in this area. The *Guidelines* were used as a basis for the development of the Finnish principles related to consumer protection.

France

The *Guidelines*, which have been translated into French, have been submitted to the National Council for Consumers. This Council plays a consulting role between business and consumer representatives and will transmit the *Guidelines* to its members. The *Guidelines* were posted on the Bureau of Consumer Protection's Web site along with other information for consumers.[47] In addition, the French consumer group *Consommation Logement et Cadre de Vie* is participating in the *Which?* WebTrader international code program.[48]

Germany

In Germany, the *Guidelines* were translated into German, presented to *The 21* (an organisation consisting of government and large businesses designed to work on electronic commerce issues), and sent to other business organisations for distribution to their members in an effort to reach small businesses. The federal consumer organisation, an umbrella organisation for the consumer groups, created the *Convention*, which identifies online businesses that meet a set of principles based on the *Guidelines*. The German government will host the OECD workshop, *Consumers in the Online Marketplace: The Guidelines - One Year Later*, to be held in Berlin on 13-14 March 2001.

Greece

In Greece, the Ministry for Development has set up two commissions – a scientific commission composed of academics and a commission of administrative experts. Both include high-level representatives from the public and private sectors, including the Chamber of Commerce and consumer representatives. The purpose of the commissions is to discuss legal and technical issues related to recent developments in electronic commerce and to provide consumers with training. Greece is introducing the *Guidelines* and the community directive on the legal aspects of electronic commerce. The *Guidelines* will be submitted to the National Council for Consumers in an effort to ensure co-operation among all actors of the private sectors. The *Guidelines* have been translated into Greek.

Hungary

Hungary has no specific legislation on electronic commerce, but does have a law on distance selling and is preparing special rules relating to electronic commerce. The *Guidelines* were translated into Hungarian and transmitted by the Ministry of Economic Affairs to the Ministry of Justice, the General Inspectorate for Consumer Protection (GICP), the Chamber of Commerce, the Hungarian Trade Association, the Hungarian Association for Consumer Protection and to the intergovernmental group working on electronic commerce. The Chamber of Commerce posted the *Guidelines* on its Web site and transmitted them to the independent 19 members and Budapest Chamber of Commerce. The Hungarian Trade Association also sent the *Guidelines* to its membership, which comprises multinational companies and small and medium-sized enterprises. The Association for Consumer Protection distributed the *Guidelines* in its newsletter and posted them at www.ec-forum.hu and on the HACP Web site. The GICP also posted them at its Web site www.fvf.hu. The *Guidelines* have been discussed in a variety of lectures, conferences and workshops. The GICP developed a brochure about consumer protection rules for electronic commerce and has distributed it to consumers.

The GICP took part in the international Sweep Days organised by the IMSN. In addition, the GICP will host a conference, “Consumer protection in electronic commerce -- new challenge of our age,” in Budapest on 19-20 March 2001, with TAIEX assistance. The role and activity of the OECD in the development of e-commerce and the implementation of the *Guidelines* will be discussed.

The Prime Minister’s office is in charge of all work on the information society, and a Commissioner for the information society has been created to manage and co-ordinate the work.

Ireland

There are a number of initiatives under way in Ireland that will present an opportunity to promote the *Guidelines*. A new bill on electronic commerce was presented to the Parliament that gives the same status to electronic signatures, electronic contracts and electronic writing as their paper-based counterparts. The measure was adopted in the spring of 2000. Another initiative in the legislative area is work to give legal effect to the EU Directive on protection of consumers in distance contracts. Both legislative initiatives will give full opportunity to promote the *Guidelines* to consumers and industry. A final initiative is a pilot project under consideration by the Ministry for Labour, Trade and Consumer Affairs. The project would establish a "virtual" version of the traditional Irish small claims court to provide online consumers access to cheap and efficient redress.

Italy

Upon adoption, the *Guidelines* were translated into Italian. Legislatively, Italy implemented the EU distance selling directive and the directive on comparative advertising, which integrates the previous directive on deceptive advertising. In addition, the Italian consumer group Altroconsumo is participating in the *Which?* WebTrader international code program.[49]

Japan

The *Guidelines* have been translated into Japanese. The Ministry of International Trade and Industry (MITI) has posted an explanation of the *Guidelines* on its Web site in an effort to provide information and guidance to business and consumers generally.[50] MITI also has published on its Web site guidance on laws related to B2C electronic commerce, including door-to-door sales and other direct sales.

While most of the items in the *Guidelines* are covered by existing laws or voluntary private sector rules in Japan, the government continues to gather information and to explore necessary governmental measures. The government launched a study to explore the development of domestic standards based on the *Guidelines* and also has proposed international standards at the International Standards Organisation (ISO). The government also is working with several countries to explore how governments should co-operate to deal with international disputes. MITI has both participated in IMSN Internet Sweep days and conducted its own sweeps within Japan based on the *Guidelines* and the related domestic consumer protection laws relating to electronic commerce.

The Electronic Commerce Promotion Council of Japan (ECOM), a private sector group, revised its *Guidelines for Transactions between Virtual Merchants and Consumers*, and published education materials on its Web site;[51] the Japanese government participated in the review as an observer. The revised guidelines reflect the principles of the OECD *Guidelines*. The Japan Direct Marketing Association (JADMA) also revised its *Guidelines for Electronic Direct Marketing* to reflect the principles of the OECD *Guidelines*.[52] JADMA and the Japan Chamber of Commerce (JCCI) launched an online shopping trustmark regime in June 2000, and more than 270 shops carry the trustmark. In an effort to ensure that the protections and benefits of its trustmark do not end at the borders of Japan, JADMA also has begun exchanging information with foreign seal programs like the BBBonLine in the United States, the Consumer Protection Board in Korea, TrustUK in the United Kingdom, and L@BELSITE in France.

Korea

In Korea, the government has been working to prevent online consumer injuries and to promote effective consumer redress mechanisms by encouraging market-driven and private initiatives; harmonisation between self and government regulation; consumer empowerment; and expanding international co-operation. With the adjustment of related laws as a high priority, the Electronic Commerce Act and the Electronic Signature Act were enacted in 1999. The Consumer Protection Guidelines for Electronic Commerce, which were developed based on the *Guidelines*, also has been in effect since January 2000. Model contract terms in the field of electronic commerce and privacy protection guidelines were also enacted in 2000. The government is in the process of enacting new laws related to distance selling and electronic funds transfer in the near future.

A Working Group for e-Commerce and Consumer Protection run by the Ministry of Finance and Economy (MOFE) was created to co-ordinate consumer policy for electronic commerce. The Cyber Consumer Center (CCC) also was established in July 2000 as a part of the Korea Consumer Protection Board (KCPB), a non-profit consumer organisation whose budget is subsidised fully by the central government. The KCPB's role has focused on research, survey, comparative testing, consumer redress, dispute resolution, providing consumer information and education. The KCPB participated in international co-operative projects, such as the Internet Sweep Day organised by the IMSN, and has been running an online consumer redress system for consumers who have complaints or injuries in the process of electronic transactions. The KCPB also translated the *Guidelines* into Korean and distributed them to related consumer organisations, government agencies, mass media and educational bodies.

The CCC was launched to more systematically promote these tasks. While consumers' complaints related to online shopping will continue to be received by the KCPB, the CCC is responsible for studying potential amendments to the Door-to-Door Sales Act; regulation against unsolicited e-mails in electronic commerce; consumer affairs and electronic money; free gifts for promotion by Web retailers and related consumer damage; types of consumer complaints in electronic commerce and their prevention.

The CCC homepage (http://www.econsumer.or.kr) was developed as a hub-site for electronic commerce and consumer protection in Korea and includes tips for online shoppers, academic articles for researchers, educational materials for businesses and updates on new policy trends for government officials. Online consumer education programs comparable to teaser sites of the U.S. FTC will also be developed. The Ministry of Trade, Industry and Energy (MOTIE) designated the CCC as one of the 41 Electronic Commerce Resource Centers (ECRC) across the nation. The centres provide training and education to SMEs involved in electronic commerce.

Given the difficulties of participating in the bilateral co-operative projects as a result of the language barrier, the CCC also is exploring practical ways to increase international co-operation with neighbouring countries.

Luxembourg

The Ministry of Economy organised an information campaign on consumers' rights by circulating the *Guidelines*. The *Union Luxembourgeoise* approved the *Guidelines*. In addition, a draft law is being submitted to the Chamber of Deputies. The law incorporates the transposition of community directives on electronic commerce, including consumer protection, and the law's text specifically mentions the *Guidelines*.

Mexico

The *Guidelines* were translated into Spanish and distributed to large and small businesses. The businesses were encouraged to adopt the *Guidelines* into their business practices. Other dissemination efforts include participation in national conferences and events, articles in the national consumer magazine, and the posting of the *Guidelines* on national Web sites. For example, the Ministry of Trade and Industrial Development (SECOFI) prepared information on electronic commerce which was posted on the consumer policy section of its Web site and includes the *Guidelines* in English and Spanish, general information on electronic commerce and tips for consumers to assist them in making better purchase decisions online. The Federal Consumer Protection Attorney's Office (PROFECO) sent the Spanish version of the *Guidelines* to all Latin American countries and published articles in its consumer magazine on the legal amendments to several Mexican regulations on electronic commerce matters and on recommendations for consumers to make safer purchases online. Mexico hosted a seminar on electronic commerce for Latin America and continues to work with these non-Member countries on electronic commerce issues, including consumer protection.

The *Guidelines* are also being used as a basis for the reform and amendment of existing laws and the development of new consumer protection policies. For example, the Federal Consumer Protection Law was reformed taking into account the principles of the *Guidelines.* Civil, Commercial, and Federal Civil Procedures Codes were also reformed to recognise the validity of electronic transactions. All these reforms went into effect in May 2000.

Netherlands

The *Guidelines* were used as a basis in developing the consumer section of Platform Netherlands, a general electronic commerce code of conduct which can be accessed at: http://www.ecp.nl/800/index.html. The Dutch consumer group *Consumentenbond* is participating in the *Which?* Web Trader international code program.[53] In addition, the Dutch government hosted the OECD, HCPIL and ICC joint conference on alternative dispute resolution in The Hague on 11-12 December 2000.

New Zealand

The *Guidelines* received considerable media coverage in New Zealand along with the announcement of New Zealand's Model Code for Consumer Protection in electronic commerce, which is based on both the Australian model code for electronic commerce and the Guidelines.[54] The model code has been posted on the Ministry of Consumer Affairs' Web site[55] and was promoted at the November 2000 electronic commerce summit organised by the Ministry of Economic Development.[56] The Ministry of Consumer Affairs has developed a number of other documents based on the *Guidelines*, including checklists for businesses and tips for consumers.[57] An initiative, known as the Electronic Marketing Standards Authority (EMSA), is being developed by the Direct Marketing Association and Advertising Standards Authority, in consultation with the Ministry of Consumer Affairs. This is a self-regulatory regime that involves enhancing current Direct Marketing and Advertising Standards Codes to be consistent with both the New Zealand model code and the *Guidelines.* Members will be required to agree to and comply with this code. An investigation also is underway into an appropriate certification/seal of approval process to accompany EMSA. EMSA will deal with information

disclosure, privacy mechanisms and consumer complaints handling. It will be Internet-based and will allow consumers to make complaints online.

Norway

In June 2000, the Norwegian Government presented "eNorway," an Information Society Action Plan. [58] Legislatively, the *Guidelines* are covered mostly by existing laws and where the legal framework has not yet been implemented, actions are underway. The government has submitted a draft bill on electronic signatures to parliament. Another draft bill has been introduced to parliament that will prohibit companies from sending electronic mail to consumers unless the consumer has previously given permission for the enterprise to do so.

The National Consumer Council and representatives of business established a voluntary and independent label, N-safe.[59] Businesses allowed to display the N-safe label are subject to the principles defined by the label requirements. Consumers are thereby ensured a certain level of protection. Current efforts include expansion of the label to other Nordic countries. The Norwegian Consumer Ombudsman participates in the international Sweep days of the IMSN. A common position paper on good practices for trading and marketing on the Internet, developed by the Nordic Consumer Ombudsman, form the basis for the Consumer Ombudsman's monitoring of the electronic marketplace. Upon adoption of the *Guidelines*, Norway issued press releases and distributed them online and to business associations and consumer groups. The *Guidelines* were translated into Norwegian and posted on the official government Web site.[60] The government is preparing an information campaign directed at business on the use of e-signatures, marketing and trade. Norway has disseminated online shopping tips in its *Forbrukerrapporten Magazine* both online and offline.[61]

With regard to consumer education initiatives, the Consumer Council, in co-operation with the National Centre for Teaching Aids/School-net, introduced consumer information related to the Internet into the school systems in an effort to teach teenagers and children about their responsibilities as consumers in the electronic marketplace. School-net is targeted to teachers and students in the compulsory primary and secondary school as well as secondary education schools at advanced level. Consumer education is treated as a separate subject within Economics and Information Processing.

Poland

In order to deal with electronic issues, an inter-ministerial group of experts was established. The group -- composed of representatives from several ministries, academics and businesses representatives -- prepared a report, which was approved by the Council of Ministers in July 2000. This document analyses existing legislation and explores possibilities of applying it to electronic commerce transactions. It also includes suggestions for future legislative initiatives and a description of current developments in various international fora and specifically emphasises the role of the *Guidelines* and its principles.

The *Guidelines* were translated into Polish and posted on the Office for Competition and Consumer Protection (OCCP) Web site (www.uokik.gov.pl). The OCCP continues to educate business about the *Guidelines* and their impact on electronic commerce. Legislatively, certain principles of the *Guidelines* were included in recent legislation. Poland implemented the EU distance selling directive and the directives on misleading advertising (relevant Polish legal acts came into force in the year 2000). Additionally, the governmental draft act on electronic

signature was approved by the Council of Ministers and the draft act on electronic payment tools was elaborated in January 2001. In July 2000 the Parliament approved a resolution on establishing a basis for the information society in Poland. In this resolution, the Parliament obliges the government to continue legislative work aimed at preparing and sending to the Parliament, as soon as possible, draft acts regulating issues connected with the usage of Internet and related consumer protection issues.

Portugal

The *Guidelines* were translated into Portuguese, and the Consumer Institute has created a Web site for consumers that provides information for consultation and downloading. Portugal is planning to disseminate the *Guidelines* among Portuguese electronic commerce sites. A national initiative on the information society has started and will specifically focus on electronic commerce. Within this national initiative, there are plans to introduce consumer protection principles and guidelines. In addition, the consumer group *Deco Pro Teste* is participating in the *Which?* WebTrader international code program.[62]

Slovak Republic

The Slovak Republic translated the *Guidelines* and distributed them to consumer associations.

Spain

The *Guidelines* were translated into Spanish and circulated to the consumer policy authorities and consumer organisations throughout the country. Under Spain's "Information Society for All" initiative, the government will focus on three major areas of consumer protection. First, it will improve general contractual provisions by setting up a decree ruling against unfair contractual practices and introducing more transparency and efficiency in legal actions. Second, Spain will develop a system to be more aware of consumer complaints concerning consumer online transactions and establish an online contact point to inform consumers of their rights and on legal procedures applying to Internet transactions. And third, the government will create an online contact point for consumers to provide education on consumers' rights and the legal procedures applying to Internet transactions. Several governmental departments also are working on a draft electronic commerce law similar to the EU Directive.

Sweden

Legislatively, the *Guidelines* are mostly covered by existing laws in Sweden. There is recognition however, that changes will have to be made in the future, as more is learned about consumer protection in the context of electronic commerce.

Switzerland

The *Commission fédéral de la consommation* adopted the recommendations of the *Guidelines*, and transmitted them to the Federal Council. The Federal Bureau of Consumer Policy together with the Ministry of Economy (SECO) distributed the *Guidelines* – which are available in the three official languages of Switzerland (German, French and Italian) -- to business organisations

and SMEs, consumer organisations and various departments of the federal administration. The Federal Bureau of Consumer Policy participates in the interdepartmental working group on the Swiss Information Society.[63] It also is active in the inter-departmental electronic commerce working group co-ordinated by SECO.[64] The Federal Bureau of Consumer Policy has included an electronic commerce section on its Web site and provides links to informational sites and practical recommendations aimed at building consumer confidence in electronic commerce.[65]The Federal Bureau of Consumer Policy is currently preparing a report on consumer behaviour in e-commerce. This report should be issued in 2001 and will be available on the Web.[66]

On 7 December 1999, the Federal Commission for Consumer Policy issued two recommendations to the Federal Council, one concerning electronic commerce and one concerning distance selling.[67] It also requested action by the Federal Council to strengthen international co-operation in the field of electronic commerce. There also has been work on digital signatures and updating federal laws on unfair competition.

The consumer organisations in Switzerland regularly inform their members about electronic commerce in their magazines and newsletters, which refer to the *Guidelines*. The *Fédération Romande des Consommateurs* (FRC) participated in establishing the *Which?* Web Trader code of good conduct for electronic commerce with six other European consumer organisations.[68] In addition, the firm JurisNET GmbH has also created a code of good conduct in order to strengthen consumer confidence.[69]

Turkey

The Turkish authorities are adjusting a specific chapter of the current consumer protection law to take into account electronic commerce and the Guidelines. The drafting work is expected to be completed by the end of 2000.

United Kingdom

Upon adoption of the Guidelines, there were general publicity efforts, but most of the United Kingdom's work related to the Guidelines is exemplified in the TrustUK initiative. The government worked with business and consumer organisations to develop a non-profit organisation, TrustUK, to accredit codes of conduct for electronic commerce, which meet minimum standards and offer consumers good protection. Businesses or business organisations that meet the standard are granted a TrustUK label. To date, three such codes have been accredited – Web Trader, Direct Marketing Association (DMA), and the Association of British Travel Agents (ABTA). The *Which?* Web Trader code program was developed and is administered by the consumers' organisations of Belgium, France, Italy, the Netherlands, Portugal, Spain and the United Kingdom.[70] The United Kingdom Consumer Association disseminated online shopping tips in its *Which? Magazine* both online and offline.[71]

United States

In the United States, follow-up work on the *Guidelines* focuses on a variety of areas. Upon adoption of the Guidelines, press releases were issued by the public and private sectors. The government, with business and consumer representatives, also held a press availability to answer questions about the *Guidelines*. The Federal Trade Commission (FTC) has developed a variety of business and consumer education materials that are available on its Web site and at

www.consumer.gov, a Web site maintained by the Federal Trade Commission that provides consumer information from more than 135 federal and state government agencies. Another innovative technique used by the FTC to educate and inform consumers about safely navigating the Web includes the use of "sting" sites. These sites mimic the characteristics that make a site fraudulent and use metatags embedded in the "sting" sites to make them instantly accessible to consumers who are using major search engines and indexing services as they look for products, services and business opportunities. By then providing a warning that the consumer could have been defrauded, the "sting" site links back to the FTC where consumers can find the practical information they need.

The United States government has also continued to strengthen and expand international co-operation arrangements and engage in multilateral law enforcement co-operation, as called for by the *Guidelines*.[72] The efforts have included conducting Internet investigations training to teach authorities about tools to detect and prevent Internet fraud,[73] sponsoring Internet surf days,[74] and working with colleagues in the IMSN to promote co-operation and information sharing. For example, the FTC coordinated a year-long law enforcement effort targeting the top 10 Internet scams, which involved five federal United States agencies, consumer protection organisations from nine countries and 23 states. Announced in October, the effort involved 251 law enforcement actions against online scammers in "Operation Top Ten Dot Cons." Participants in "Operation Top Ten Dot Cons" included consumer protection agencies from Australia, Canada, Finland, Germany, Ireland, New Zealand, Norway, the United Kingdom and the United States. Domestically, the FTC has brought more than 167 actions involving Internet fraud against more than 562 defendants.

In furtherance of the *Guidelines* principle that calls on Member countries to further study the jurisdiction and applicable law issues, the FTC issued a report on consumer protection in the global electronic marketplace, including Internet jurisdiction.[75] During the drafting of the *Guidelines*, the FTC explored, through a workshop, how its own rules and guides apply to electronic media, including the Internet, e-mail and CD-ROMs.[76] With respect to consumer redress, the FTC and Department of Commerce held a workshop on alternative dispute resolution in June 2000. The event was widely attended by business, government, consumer groups, and academics.[77] Staff of the Federal Trade Commission and the Department of Commerce issued a report summarising the key themes that emerged from the workshop.[78] Most recently, in February 2001, the FTC sponsored a public roundtable to explore private sector ADR recommendations and jurisdiction over business-to-consumer contracts in the context of the draft Hague Convention on Jurisdiction and Foreign Judgements.[79]The US private sector also is working to implement the *Guidelines*. Several industry groups, in close consultation with government and consumer representatives, developed business-to-consumer codes of conduct for online commerce. For example, the Better Business Bureau OnLine requires adherence to its newly developed code of business practices as a requirement for its reliability seal program, which already is carried by 4 800 companies.[80] And the Electronic Commerce and Consumer Protection Group, which formed around the completion of the *Guidelines*, developed a business-to-consumer code of conduct that includes principles for dispute resolution.[81] The private sector also has introduced a variety of education initiatives including posting shopping tips on company Web sites, in banner ads and providing information through links and e-mail responses.[82] In addition, the National Consumers League (NCL) launched education initiatives related to e-commerce, including a "Be E-Wise" program, which provides tips for safe online shopping, and a recent campaign on safe ways to pay in online auctions.[83]

BIAC

Upon the adoption of the *Guidelines*, the business community continued to perform a variety of activities to further enhance consumer confidence that directly relate to the *Guidelines* or that are in their spirit. For example, BIAC informed its members, through its newsletter, of the OECD's adoption of the *Guidelines*. Many BIAC members informed their own members, which include individual companies and individual branch organisations. In addition to the work of BIAC, the International Chamber of Commerce (ICC), the Alliance for Global Business and the Global Business Dialogue for electronic commerce continue to give attention to the consumer policy aspects of electronic commerce, with a particular focus on the development of alternative dispute resolution mechanisms.

Consumers International

Consumers International disseminated the *Guidelines* to its members, worldwide, issued press releases, and posted the *Guidelines* on its Web site. Consumer associations continue to work with business to develop codes of conduct and best practices for trading with consumers in the online environment. Consumers International conducted a study and released a report that assessed, based on principles outlined in their report, all ADR mechanisms available online as of August 2000. [84] At its biannual World Congress meeting in 2000, sessions focused on consumers in the electronic marketplace and included discussion of the *Guidelines*.

NOTES

1 http://www.oecd.org/dsti/sti/it/consumer.

2 In co-operation with the National Centre for Teaching Aids/School-net, (http://skolenettnet.nls.no) the Norwegian Consumer Council introduced consumer information related to the Internet into the school systems. School-net is targeted to teachers and students in the compulsory primary and secondary school (ten-year) as well as secondary education schools at advanced level. Consumer education is treated as a separate subject within Economics and Information Processing.

3 http://www.oecd.org/dsti/sti/it/consumer

4 For consumer information from Australia, see: http://www.ecommerce.treasury.gov.au. For consumer information from Finland, see: http://www.kuluttajavirasto.fi/englanti/index.html, http://www.tieke.fi/kauppa/aapinen, http://www.tieke.fi/kauppa/index.htm and http://www.kuluttajavirasto.fi. For consumer information from France, see: http://www.finances.gouv.fr/cybercommerce.

5 http://ConsumerInformation.ca

6 http://www.handel.no

7 http:// www.consumer.gov

8 http://www.econsumer.or.kr

9 http://www.which.net/shopping/guide.html

10 http://www.netcoalition.com

11 http://www.nclnet.org/BeEWISEbroch.html

12 http://ConsumerInformation.ca

13 Information from the Centre is at http://www.tieke.fi/kauppa/aapinen and http://www.tieke.fi/kauppa/index.htm. Information from the Consumer Agency and Ombudsman is at http://www.kuluttajavirasto.fi.

14 The Guidelines were specifically noted in speeches by Canada's Minister of Industry, John Manley (http://www.ic.gc.ca/cmb/welcomeic.nsf/MinstByDate) and the United States' former Secretary of Commerce William M. Daley (http://osecnt13.osec.doc.gov/public.nsf/docs/922A80DCAB721696852568B7006125F8) and Federal Trade Commission Chairman Robert Pitofsky (http://www.ftc.gov/speeches/pitofsky/rpwilson2.htm).

15 Sweeps occur on a chosen date or over a particular time period when staff of an organisation spend the day(s) looking at Web sites and trying to find sites that appear to raise concerns or fail to meet identified principles. The sites identified are then sent educational e-mail messages that their sites fail to meet the identified principles or the site appears to be engaged in an activity that may be regulated. Where a

possible violation of a law may be at issue, the e-mail message also refers the site to the regulatory body to obtain information on how to comply with the appropriate laws or regulations.

[16] http://www.trustuk.org.uk

[17] http://www.which.net/webtrader

[18] http://www.nsafe.no

[19] The OECD work on Codes of Conduct is being undertaken by the Information, Computer and Communications Policy Committee with the assistance of the Committee on Consumer Policy.

[20] http://econfidence.jrc.it.

[21] Official transposition notifications are listed at http://europa.eu.int/celex/htm/celex_en.htm. European Union Directives related to consumer protection in electronic commerce, include the Electronic Commerce Directive (2000/31/EC), Misleading Advertising Directive (97/55/EC), Directive on Unfair Contract Terms (93/13/EC), and the Distance Selling Directive (97/7/EC).

[22] In late 1999, the *Fair Trading Act* came into force in Alberta, representing a consolidation of its consumer statutes into a single piece of legislation. (http://www.gov.ab.ca/qp/ascii/acts/F01P05.TXT. A 1995 agreement among provinces and territories to harmonise direct sellers legislation came close to completion in 1999 with the implementation of harmonised legislation in British Columbia, Nova Scotia, Ontario and Northwest Territories. By the end of 1999, all jurisdictions had passed the legislation, though it was not yet proclaimed in force in Ontario or Nova Scotia. (British Columbia's Consumer Protection Act: http://qp.gov.bc.ca/bcstats/96069_01.htm; Nova Scotia's Direct Sellers Regulation Act: http://www.gov.ns.ca/legi/legc/bills/57th_1st/3rd_read/b099.htm; Northwest Territories' Consumer Protection Act: http://legis.acjnet.org/TNO/Loi/c_en.html)

[23] Information about the workshop, *Interpretation of Rules and Guides for Electronic Media*, which was held on 14 May 1999, can be found at http://www.ftc.gov/bcp/rulemaking/elecmedia/index.htm. The related staff paper *Dot Com Disclosures: Information About Online Advertising* is available at: http://www.ftc.gov/bcp/conline/pubs/buspubs/dotcom/index.html

[24] The report which can be accessed at http://www.ftc.gov/bcp/icpw/lookingahead/lookingahead.htm makes several recommendations for ensuring effective consumer protection online. It recommends against moving to a country of origin or contractual approach to applicable law and jurisdiction because such approaches could undermine consumer protection, and ultimately consumer confidence in e-commerce. It further recommends that stakeholders work together to address flaws in the current system to increase predictability for businesses online.

[25] Not only the Consumer Law was reformed, but also the Civil Code, Commercial Code, and the Federal, Civil Procedures Codes, in general terms to recognise the validity of electronic transactions.

[26] The scam took unsuspecting users to pornographic sites and prevented them from quitting those sites. *FTC v. Carlos Periera d/b/a atariz.com*, No. 99-1367-A (E.D. Va., filed Sept. 14, 1999) (permanent injunction as to defendants W.T.F.R.C. and Nirta entered Feb. 28, 2000). Pleadings available at: http://www.ftc.gov/os/1999/9909/index.htm#22 and press release at: http://www.ftc.gov/opa/1999/9909/atariz.htm.

[27] Sweep days, which in the past have targeted particular scams (*e.g.* "get rich quick" and "miracle cures") or evaluated sites based on the principles of the draft Guidelines, occur on a chosen date when staff of enforcement agencies spend the day looking at Web sites and trying to find sites that appear to be promoting the chosen scam or fail to meet the identified principles. The sites identified are then sent educational e-mail messages that the activities in which the site appears to be engaged may be regulated in

some countries. The e-mail message also refers the site to the regulatory body in their own country to obtain information on how to comply with the appropriate laws or regulations.

28 The press releases and copies of the agreement can be found at: http://www.ftc.gov/opa/200/07/usaccc.htm and http://203.6.251.7/accc.internet/digest/view_media.cfm?RecodID=42

29 http://www.ftc.gov/opa/2000/10/ukimsn.htm

30 The FTAA report was completed on 4 November 1999 and included recommendations for Ministers. http://www.ftaa-alca.org/spcomm/derdoc/ec1de.doc

31 http://www.iso.ch

32 http://www.ecommerce.gov/apec/meeting/072000

33 http://www.g8kyushu-okinawa.go.jp/e/documents/it1.html

34 The OECD's participation in the conference was organised by the Committee on Consumer Policy and the Information Computer and Communications Policy Division's Working Party on Information Security and Privacy.

35 Several organisations have conducted inventories of ADR mechanisms, including the OECD, Consumers International, the International Chamber of Commerce and the Global Business Dialogue. The inventories can be found at the following sites:
http://www.oecd.org/dsti/sti/it/secur/act/online_trust/orientation_document.pdf;
http://www.consumersinternational.org/campaigns/electronic/sumadr-final.html;
http://www.oecd.org/dsti/sti/it/secur/act/online_trust/ICCInventory.doc**;**
http://www.gbde.org/library/adr.doc

36 Information from both workshops can be found at http://dsa-isis.jrc.it/ADR for the European Commission and http://www.ftc.gov/bcp/altdisresolution/index.htm for the United States.

37 http://www.tacd.org/ecommercef.htm#adr

38 http://www.gbde.org/library/adr.doc

39 http://www.consumersinternational.org/campaigns/electronic/sumadr-final.html

40 http://europa.eu.int/comm/consumers/policy/developments/acce_just/index_en.html

41 www.ombudsmann.at

42 www.guetezeichen.at

43 http://www.budget-net.com/bnet/webtradersite/code_uk.html

44 In late 1999, the *Fair Trading Act* came into force in Alberta, representing a consolidation of its consumer statutes into a single piece of legislation. (http://www.gov.ab.ca/qp/ascii/acts/F01P05.TXT. A 1995 agreement among provinces and territories to harmonise direct sellers legislation came close to completion in 1999 with the implementation of harmonised legislation in British Columbia, Nova Scotia, Ontario and Northwest Territories. By the end of 1999, all jurisdictions had passed the legislation, though it was not yet proclaimed in force in Ontario or Nova Scotia. (British Columbia's Consumer Protection Act: http://qp.gov.bc.ca/bcstats/96069_01.htm; Nova Scotia's Direct Sellers Regulation Act: http://www.gov.ns.ca/legi/legc/bills/57th_1st/3rd_read/b099.htm; Northwest Territories' Consumer Protection Act: http://legis.acjnet.org/TNO/Loi/c_en.html)

45 http://econfidence.jrc.it

46 Information from the Centre is at http://www.tieke.fi/kauppa/aapinen and http://www.tieke.fi/kauppa/index.htm. Information from the Consumer Agency and Ombudsman is at http://www.kuluttajavirasto.fi.

47 http://www.finances.gouv.fr/cybercommerce

48 http://www.clcv.org/

49 http://www.altroconsumo.it/

50 http://www.miti.go.jp/kohosys/topics/10000107/

51 http://www.ecom.or.jp.

52 http://www.jadma.org/index.shtml

53 http://www.webtrader.nl/

54 http://www.consumer-ministry.govt.nz/Model_Code.html

55 http://www.consumer-ministry.govt.nz

56 http://www.ecommerce-summit.govt.nz

57 www.consumer-ministry.govt.nz/internet.html and

http://www.consumer-ministry.govt.nz/internet-traders.html

58 http://dep.no./nhd/norsk/p10001865/p10001876/024031-990036/idex-dok000-b-n-a.html

59 http://www.nsafe.no

60 http://oin.dep.no/bfd/norsk/publ/veiledninger/004031-990036/index-dok000-b-n-a.html

61 http://www.forbrukerradet.no/engelsk_fransk

62 http://www.deco.proteste.pt/

63 http://www.isps.ch

64 http://www.seco-admin.ch

65 http://www.consommation.admin.ch/frprotection.htm

66 http://www.edsb.ch

67 The first recommendation requested that the Federal Council modify requirements of the Code of Obligations relating to consumer contracts (right to be informed, right to retract and right to return) based on current EC Directive drafts (of 23 December 1998 and 17 August 1999) and the *Guidelines*.

68 http://frc.ch and http://web-trader.ch

69 http:/www.jurisnet.ch

[70] http://www.which.net/webtrader

[71] http://www.which.net/shopping/guide.html

[72] In July 2000, the FTC signed two agreements with the Australian Competition and Consumer Commission ("ACCC"). In the first agreement, the parties agreed to use best efforts to notify each other of cross-border enforcement activities, co-operate and co-ordinate law enforcement activities, and exchange consumer protection information for law enforcement purposes. The second agreement gives the ACCC access to the Consumer Sentinel database of consumer complaints. With 13 Canadian agencies already signed up as members of Consumer Sentinel and the addition of the ACCC, Consumer Sentinel is now truly a multinational law enforcement co-operation tool. The press releases and copies of the agreement can be found at:
http://www.ftc.gov/opa/200/07/usaccc.htm and
http://203.6.251.7/accc.internet/digest/view_media.cfm?RecodID=42.

[73] Over 55 people from 19 countries attended this meeting in Paris in September 2000.

[74] The FTC sponsored a "GetRichQuick.con" surf day, in which 150 organizations in 28 countries surfed the Web for fraudulent and deceptive get-rich-quick schemes. Over 1 600 fraudulent or deceptive sites were found. When law enforcers conducted a "compliance surf," approximately one month after the initial surf, they found that approximately 40% of the sites had either been taken down or changed the representations on their Web sites. Investigators are examining remaining sites and determining whether law enforcement actions are appropriate.

[75] The report, which can be accessed at http://www.ftc.gov/bcp/icpw/lookingahead/lookingahead.htm**,** makes several recommendations for ensuring effective consumer protection online. It recommends against moving to a country of origin or contractual approach to applicable law and jurisdiction because such approaches could undermine consumer protection, and ultimately consumer confidence in e-commerce. It further recommends that stakeholders work together to address flaws in the current system to increase predictability for businesses online.

[76] Information about the workshop, *Interpretation of Rules and Guides for Electronic Media*, which was held on 14 May 1999, can be found at http://www.ftc.gov/bcp/rulemaking/elecmedia/index.htm. The related staff paper *Dot Com Disclosures: Information About Online Advertising* is available at: http://www.ftc.gov/bcp/conline/pubs/buspubs/dotcom/index.html

[77] Information from the workshops can be found at http://www.ftc.gov/bcp/altdisresolution/index.htm and http://www.ecommerce.gov.

[78] Key themes that emerged from the workshop included: 1) finding global solutions to problems arising from international e-commerce transactions; 2) pursuing technological innovation in ADR programs; 3) pursuing multiple ADR programs; 4) ensuring fairness and effectiveness of ADR programs; 5) consumer and business education about ADR; and 6) combating fraud and deceptive practices related to ADR. See http://www.ftc.gov/bcp/altdisresolution/index.htm for more information on the workshop.

[79] Details can be found at http://www.ftc.gov/os/2001/01/cbadrfrn.htm.

[80] http://www.bbbonline.org

[81] http://www.ecommercegroup.org

[82] US Government Working Group on Electronic Commerce *Second Annual Report* which is accessible at http://www.ecommerce.gov.

[83] http://www.nclnet.org/BeEWISEbroch.html

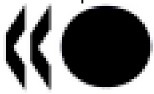
[84] http://www.consumersinternational.org/campaigns/electronic/sumadr-final.htm

16

Cross-Border Co-operation in Combatting Cross-Border Fraud

The US/Canadian Experience

Unclassified **DSTI/CP(2000)6/FINAL**



Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development **06-Feb-2001**

English - Or. English

DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
COMMITTEE ON CONSUMER POLICY

DSTI/CP(2000)6/FINAL
Unclassified

CROSS-BORDER CO-OPERATION IN COMBATTING CROSS-BORDER FRAUD: THE US/CANADIAN EXPERIENCE

English - Or. English

JT00102297

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FOREWORD

The growing use of network technologies and the global nature of electronic commerce increase the likelihood that consumers will interact with businesses outside of their home country. In turn, when problems arise, efforts to resolve cross-border disputes are often met with legal, procedural and factual obstacles that challenge traditional geographically based jurisdictional structures. Recognising the difficulties governments face in defining and enforcing jurisdictional boundaries in this environment, it seems clear that many consumer protection issues can be most effectively addressed through international consultation and co-operation. The Committee on Consumer Policy (CCP) kept these challenges and the need for global co-operation well in mind while developing the recent *OECD Guidelines for Consumer Protection in the Context of Electronic Commerce* (9 December 1999). The Guidelines include a number of recommendations specifically intended to encourage and facilitate global co-operation.

On 22 March 2000 the CCP held a half-day Forum Session intended to explore the challenges and possibilities associated with international co-operation. Using the experience of the United States and Canada as a practical example, the session provided an overview of ongoing efforts to combat the growing problem of cross-border fraudulent, misleading and unfair commercial conduct. The delegations of Canada and the United States took the leading role in preparing for the session, giving the Committee a first-hand look at their experiences working together to facilitate communication, information sharing, and bilateral co-operation in certain cross-border enforcement actions. The following is a summary record of the Forum Session and the presentations given by representatives from the Competition Bureau of Industry Canada and the United States Federal Trade Commission.

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CROSS-BORDER CO-OPERATION IN COMBATTING CROSS-BORDER FRAUD: THE US/CANADIAN EXPERIENCE

National Agency Overviews

The Competition Bureau of Industry Canada

Ms. Joanne D'Auray (Competition Bureau of Industry Canada)

The Competition Bureau of Industry Canada[1] exists to help create an economic environment where Canadians can enjoy the benefits of lower prices, product choice and quality services in a vibrant and healthy marketplace. Headed by the Commissioner of Competition, the Bureau is comprised of six branches with specific responsibilities:

- Mergers Branch: responsible for the review of merger transactions, including pre-notification filing.
- Civil Matters Branch: investigates competition cases eligible for review by the Competition Tribunal and responsible for the Commissioner's appearances and interventions before regulatory boards and tribunals.
- Criminal Matters Branch: investigates criminal offences relating to anti-competitive behaviour (*i.e.* price fixing, price maintenance and bid-rigging).
- Fair Business Practices Branch: responsible for the investigation of civil and criminal offences relating to misleading advertising and other deceptive marketing practices.
- Economics and International Affairs Branch: co-ordinates the Bureau's work in the area of international issues and provides economic advice to other branches.
- Compliance and Operations Branch: responsible for the development of the Bureau's enforcement policy, the Compliance Program, communications, and public education, as well as the general planning, administration and information activities of the Bureau.

[1] http://competition.ic.gc.ca/

The Competition Act

To help achieve its overall mission, the Bureau is guided by and responsible for enforcing the *Competition Act* -- a general law intended to maintain and encourage competition and ensure that the marketplace operates efficiently. The *Act* is a federal law that has been in force for more than a century and applies to all sectors of the economy and nearly all businesses, regardless of size.

The *Competition Act* includes both civil and criminal law provisions. Civil provisions of the law cover making false or misleading representations, ineffective warranty, "ordinary price" claims, testimonials, "bait and switch" advertising, sales above advertised price, promotional contests, tied selling, exclusive dealing and abuse of dominant position. Along with conspiracy, bid-rigging, pyramid selling, and deceptive telemarketing, criminal offences under the *Act* include "knowingly and recklessly" making a false or misleading representation.

Under the misleading advertising and deceptive marketing practices provisions of the *Act,* a range of remedies and penalties can be imposed to resolve competition issues. Civil remedies can include orders to cease a particular conduct, to publish notices and information about a reviewable conduct and requiring payment of monetary penalties. Criminal penalties imposed by the courts can include fines and imprisonment for terms ranging from one to five years. Additionally, a recent amendment to the Criminal Code (Bill C-51) targets the proceeds of deceptive telemarketing for seizure and forfeiture.

The Fair Business Practices Branch

The mission of the Fair Business Practices Branch is to promote fair competition in the marketplace by discouraging deceptive business practices and encouraging the companies to provide sufficient information to enable informed consumer choice. Its mandate is to administer the misleading and deceptive marketing practices provisions of the *Competition Act,* the *Consumer Packaging and Labelling Act,* the *Textile Labelling Act,* and the *Precious Metals Marketing Act.* The current priorities of the Fair Business Practices Branch include combatting deceptive telemarketing and mail solicitations, multilevel marketing, promotional contests, Internet advertising and other e-commerce issues -- problems that ignore national boundaries in the increasingly global marketplace.

United States Federal Trade Commission

Commissioner Mozelle W. Thompson (United States Federal Trade Commission)

The Federal Trade Commission (FTC)[2] is an independent law enforcement agency created by the United States Congress in 1913. The FTC's mission is to ensure that there is full and fair competition in the marketplace and to ensure that consumers are protected from deceptive and unfair trade practices. Full and fair competition gives consumers access to the widest array of goods and services at the lowest prices and effective consumer protection enhances consumer trust and confidence in the marketplace. Together, the consumer protection and the competition missions of the FTC promote the larger goals of facilitating informed consumer choice within the market and preventing consumer injury.

2 http://www.ftc.gov

Under the leadership of its Chairman and four Commissioners, two separate but equally important bureaux, the Bureau of Competition and the Bureau of Consumer Protection, carry out the overall mission of the FTC. The Commission is empowered to: prevent unfair or deceptive acts or practices affecting commerce; seek monetary redress or other relief for injuries to consumers; prescribe trade rules that define with specificity the acts or practices that are unfair or deceptive and establish requirements to prevent such acts; conduct investigations related to the organisation, business practices and management of entities engaged in commerce; and make reports and legislative recommendations to Congress.

Bureau of Competition

The FTC's competition (or antitrust) mission is integral to the consumer protection mission. In many instances, competition cases challenge conduct that illegally restricts consumer information and choice in the marketplace. The basic objective of the FTC's competition mission is to keep the marketplace free from anti-competitive business practices and prevent the accumulation of market power that makes those practices possible. The Commission seeks to prevent anti-competitive mergers, price fixing, and other activities that limit competition, striving to maintain a balance between restraining illegal activity and permitting legitimate business activities.

Bureau of Consumer Protection

The FTC's Bureau of Consumer Protection is specifically charged with protecting consumers against unfair, deceptive, or fraudulent practices. The Bureau is divided into five divisions, each with its own areas of expertise:

- Division of Advertising Practices
- Division of Enforcement
- Division of Financial Practices
- Division of Marketing Practices
- Division of Planning & Information

The Bureau of Consumer Protection enforces a variety of consumer protection laws enacted by Congress, as well as trade regulation rules issued by the Commission. Its actions include individual company and industry-wide investigations, administrative and federal court litigation, rule-making proceedings, and consumer and business education efforts. In addition, the Bureau contributes to the Commission's efforts to inform Congress and other government entities of the impact that many proposed actions could have on consumers.

Federal Trade Commission Act – Section 5

The FTC is the only US agency at the national level with broad consumer protection law enforcement powers. Section 5 of the *Federal Trade Commission Act* prohibits unfair or deceptive acts or practices in or affecting commerce. The Commission also enforces 28 other consumer protection statutes that prohibit specific practices, for example the *Truth in Lending Act,* which, among other things, provides chargeback protections for consumer credit cards. In addition, the agency issues regulations which have the force of law, guides and policy statements intended to interpret the law and describe its enforcement, and, on occasion, advisory opinion letters.

The FTC's consumer protection work is aimed at preventing deception and unfairness. The Commission's standard for deception is that a deceptive representation, omission, or practice is likely to mislead consumers acting reasonably under the circumstances and is "material" -- that is, likely to affect consumers' conduct or decisions with respect to the product or service being marketed. A claim may be explicit or implied, and an advertiser is responsible for all material claims that consumers take from the ads, not just the claims that the advertiser intended to make. An unfair practice is one that causes or is likely to cause substantial injury to consumers, where that injury is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits of the practice. Unfair practices include, for example, the debiting of consumer bank accounts without the consumers' authorisation.

The Commission's consumer protection law enforcement actions attempt to prevent future harm to consumers, usually through court or Commission orders that prohibit misleading practices. The Commission may also seek orders that require law violators to return money to consumers or release their illicitly obtained funds to the government. If a court order is violated, the violators may have to pay additional fines or, in some circumstances, a contempt action may be issued resulting in imprisonment. Those who violate Commission orders may also have to pay fines to the government.

The FTC also has administrative powers and can obtain an administrative cease and desist order barring unfair or deceptive practices. If a respondent violates an order it can be held liable for civil penalties up to USD 11 000 for each violation as well as such other and further equitable relief (including monetary awards) in appropriate cases. There is a wide range of relief available in certain cases, for example in 1999 the Commission levied a civil penalty against Mazda motors for a deceptive lease advertising in which the company -- already under a consent order with the FTC -- was then penalised USD 5 million for violating that order.

Historical Evolution of Cross-border Fraud

Ms. Lisa Rosenthal (United States Federal Trade Commission)

The widespread use of telemarketing as a tool for business began approximately 20 years ago in the United States. Telemarketing allowed businesses of all sizes to reach a large number of geographically dispersed consumers very easily and at very low cost. The tremendous growth of this industry was spurred, in part, by developments in the telecommunications industry and the ability for companies to make long distance phone calls and even international phone calls much more cheaply.

These improvements, however, have come with a cost -- not simply the annoyance of telemarketing calls at the dinner hour -- but the alarming increase in telemarketing fraud using scams, often targeting the elderly. The Federal Trade Commission has seen the growth of telemarketing fraud not just domestically, but also across borders. Clever scam artists have exploited the US-Canadian border by setting up shop in one country and targeting only consumers located in another country. In a number of cases, Canadian telemarketing companies have purchased lists of elderly women in the United States over age 65 and use only those lists in making their phone calls and solicitations.

These clever scam artists are exploiting two realities. First they know that the law enforcement authorities in the countries in which they are located have little incentive to spend their scarce resources to protect the consumers of another country. In fact, in many cases, law enforcement agencies may be prohibited by statute to act on behalf of consumers located in another country. Second, they are taking advantage of the legal and practical hurdles faced by the law enforcement agencies in the countries in which the consumers are located. For example the United States does have significant powers and resources to stop fraudulent practices, such as the ability to freeze assets and require that certain

information be turned over to the FTC. However, while this authority exists in US courts and allows the FTC to exercise its powers against companies located in countries outside the United States that cause harm to US citizens, the FTC does not have the power to enforce those powers in another country.

The latest technological advancement in communications to have a significant impact on business-to-consumer communications is the Internet. Advertising, marketing and sales information that was once constrained by geographical borders and the limited reach of more traditional media can now be sent quickly and easily to a global consumer audience. For the most part, the Internet is a profoundly pro-consumer development allowing access to an increasing array of goods and services from around the world 24 hours a day, seven days a week. It also provides a wonderful opportunity for businesses -- particularly small and medium-sized businesses -- with its low barriers to entry offering access to a world wide customer base.

Unfortunately however, the Internet also provides new opportunities to scam artists. The networked environment enables them to further exploit the borderless marketplace and, in fact, the Internet has become a breeding ground for fraud and for scam artists. This also poses new and significant challenges to law enforcement. While still facing the same issues that arise in the context of telemarketing fraud, new issues and challenges caused by the increase in cross-border interactions are on the rise -- businesses located anywhere can harm consumers located anywhere, very cheaply, very quickly and often anonymously. Developments in communications technology and the networked environment have made it more important than ever before for law enforcement agencies from around the world to work together and to share information wherever possible to help protect consumers both nationally and internationally.

Consumer Sentinel – Bi-national Consumer Fraud Network

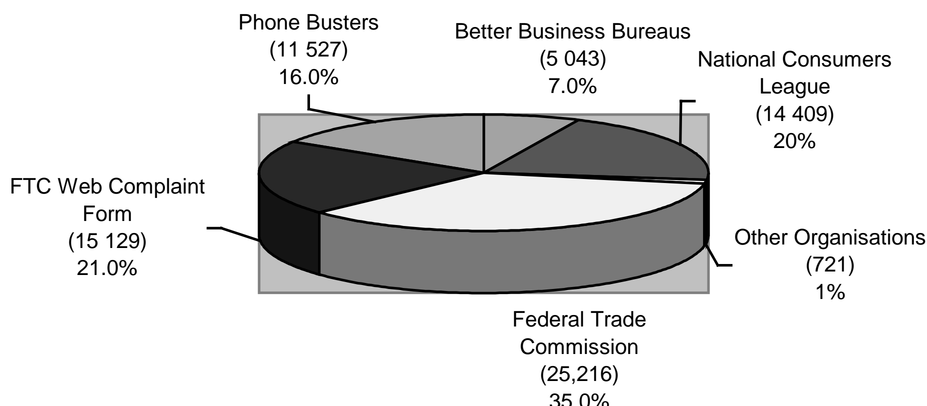
Mr. Michael Donohue, US Federal Trade Commission

The *Consumer Sentinel* is a bi-national telemarketing network that provides law enforcement agencies in the United States and Canada with secure access to over 225 000 consumer complaints about telemarketing, direct mail, and Internet fraud. Law enforcement agencies and private organisations contribute consumer complaints to a database that is searchable using any combination of 10 fields of information including the name, address and telephone number of the firm complained about, the type of fraud complained of, and the country and state or province of the consumer. The Consumer Sentinel database is a joint effort of the United States FTC and the *National Association of Attorneys General* along with *CANSHARE* and *Phonebusters* of Canada and affords password protected access to more than 230 US and Canadian law enforcement agencies.

Consumer complaint statistics 1995-1999

A variety of statistics can be derived from the consumer complaints recorded by the Consumer Sentinel. These statistics provide a great deal of valuable information, allowing investigators to search the database for problems with particular companies and enabling law enforcement agencies to monitor the statistics to see where the problems are and to spot emerging trends. For the five-year period from 1995 through 1999, these aggregate statistics clearly reveal that telemarketing, direct mail, and Internet fraud is booming and increasingly international.

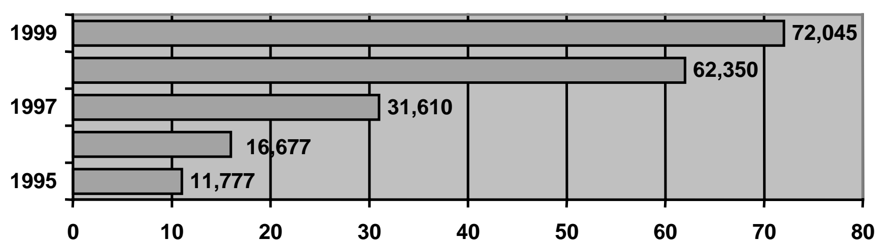
Figure 1. **Source of Complaints for Calendar year 1999**



The complaints in Consumer Sentinel are received from a number of sources. The data show that approximately 72 000 complaints were collected in 1999 by six different sources. Figure 1 outlines the various sources, as well as the different means by which complaints are collected -- for example, 21% were collected via an Internet complaint form. Consumers may complain to any of these entities, regardless of nationality or location.

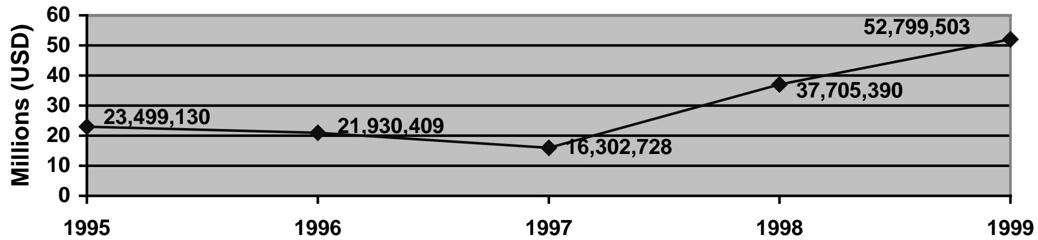
The total number of consumer complaints recorded in Consumer Sentinel consistently increased between 1995 and 1999. Figure 2, with 11 777 complaints in 1995 and 72 045 in 1999. Because law enforcement agencies believe that only a small, albeit relatively constant, fraction of consumers complain, these data are the proverbial tip of the iceberg of ongoing telemarketing, direct sales, and Internet fraud.

Figure 2. **Total consumer complaints**



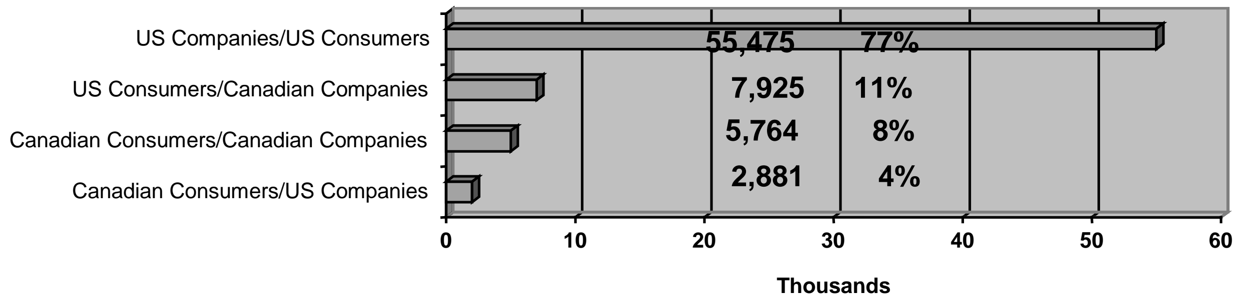
Consumer Sentinel also captures data about injury to consumers (the amounts consumers claim to have paid to the companies in their complaints). The data show that the amount of injury claimed by complaining consumers increased substantially between 1995, when total claimed injury was USD 23 499 130 and 1999, when it rose to USD 52 799 053 (Figure 3). While significant, these claimed losses almost certainly understate total claimed injury because not all consumers who complain provide information about their loss and they are therefore treated as not having a loss in the injury computation. In addition, the injury computation includes only losses for the small fraction of injured consumers who actually complain.

Figure 3. **Claimed consumer injury**



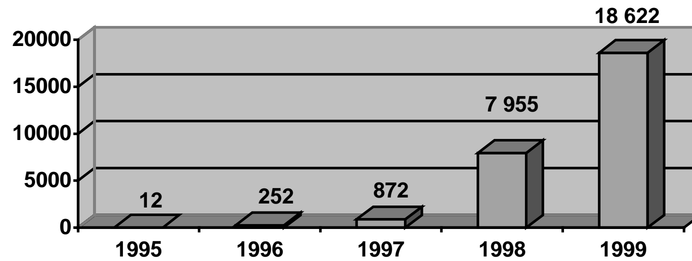
The Consumer Sentinel also provides data that relate the number of complaints received to the locations of the company being complained about and the complaining consumers (Figure 4). In 1999, most of the complaints (approximately 77%) are from US consumers complaining about US firms. However, the data also show that a significant proportion of the complaints (approximately 15%) is related to scams reaching across national borders. When reviewed over a period of years, these data indicate that scams are increasingly international.

Figure 4. **Complaint distribution by company location - 1999**



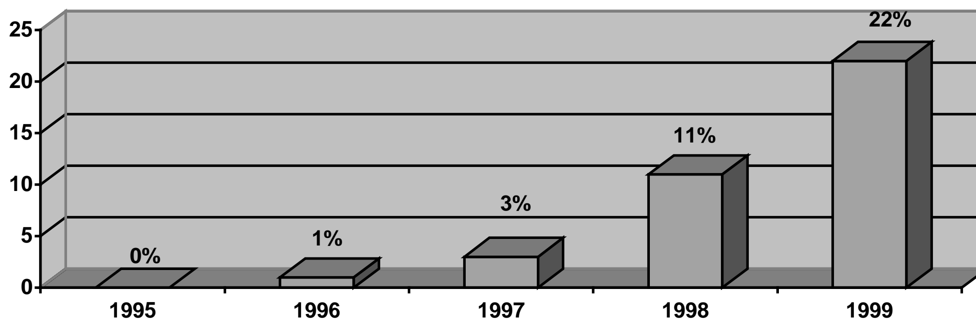
In the Consumer Sentinel database, Internet-related complaints range from complaints where the Internet was used only to make the initial contact with the consumer to complaints where the entire transaction took place online. Based on the number of complaints, fraud that makes use of the Internet has increased substantially since 1995. The number of Internet-related complaints has increased from 12 in 1995 to 18 622 in 1999. (Figure 5.)

Figure 5. **Internet related complaints**



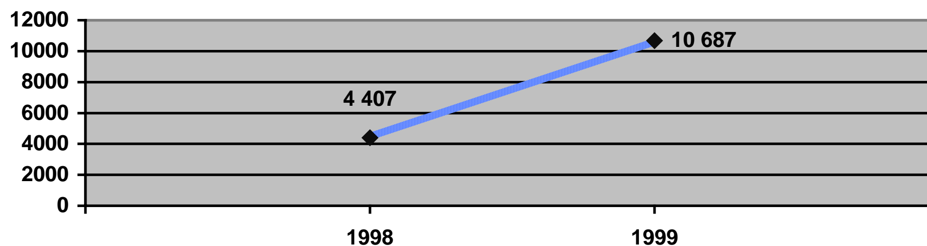
In breaking down the total number of complaints, the data show that Internet-related complaints, as a percentage of total complaints, have increased steadily from approximately 1% in 1996, to 11% in 1998, and doubling to around 22% in 1999. (Figure 6.)

Figure 6. **Internet related complaints as a percentage of total complaints**



The Consumer Sentinel also allows the enforcement agencies to isolate data. For example, the data show that the volume of a specific type of Internet-related complaint -- Internet auctions -- has increased tremendously in the last few years (Figure 7). Complaints about Internet auctions increased from 4 407 in 1998, to 10 687 in 1999.

Figure 7. **Internet auction complaints**



Framework for Canadian-US Cross-border Co-operation

Illegitimate business practices and consumer fraud have an increasingly international component. Scam artists attempt to avoid the authorities in one jurisdiction by targeting consumers in another, tailoring scams to the interests of consumers in countries other than their own. Effective law enforcement across borders can be enhanced through information sharing and enforcement co-ordination. Canadian and US efforts to combat telemarketing and Internet fraud are illustrative of how enforcers have used both informal and formal co-operation arrangements to successfully combat cross-border fraud.

Information sharing

The type and scope of information that can be shared depends on the relevant national laws. The experiences that Canada and the United States have gained in respecting and navigating these laws provide a practical example of what works and what still needs to be done. In Canada, pursuant to section 29 of the *Competition Act*, unless it has been made public, it is prohibited to communicate to any person other than a Canadian law enforcement agency or for the purposes of the administration or enforcement of the *Act*, the identity of any person from whom information was obtained and any information obtained through an order to produce a written return, or a record, or by a search warrant.

In the United States, the Federal Trade Commission's framework for information sharing is based on a number of specific constraints. There are four categories of investigation related materials that neither the Commission nor the FTC staff are authorised to share with any members of the public (including representatives of other national governments). These categories include: confidential commercial information; information received by the Commission pursuant to compulsory process (comparable to a subpoena); information received by the Commission which is marked confidential but is submitted without the issuance of a subpoena or compulsory process; and all other information marked confidential. Information in this final category, however, can be disclosed if i) it does not also fall under the first three categories, and ii) if the person that submitted the request for confidentiality is notified that it will be disclosed and that person does not object to the disclosure within a ten day period.

With the approval of the Commission, the FTC is allowed to share unsolicited consumer complaints with foreign law enforcement agencies as long as there is a guarantee that all personal information remains confidential. All other information can be disclosed to people and other bodies at the discretion of the Commissioners.

Mutual Legal Assistance

The Mutual Legal Assistance Treaty (MLAT) and its enabling statute in Canada, the Mutual Legal Assistance in Criminal Matters Act (MLACMA) provides the basic legal framework that allows a law enforcement agency to request formal assistance from another country relating to criminal activity. It provides for specific mechanisms such as search warrants, document production and orders for oral examination. Both Canada and the United States have entered into this type of bilateral co-operation agreement with a number of other countries.

Additionally, in 1995 the Canada-US Agreement regarding the Application of their Competition and Deceptive Marketing Practices Laws established a framework for closer relations between the two countries. The agreement includes a number of specific obligations including, for example:

– Notification -- Each country must notify the other about enforcement activities that affect the other's important interests. (For example activities that: involve anti-competitive practices

originating or being carried out in its territory; involve conduct that the other country required, encouraged, or approved; or involve remedies that would require or prohibit conduct in the other country.) However, formal notification obligations do not currently apply to enforcement activity related to the misleading advertising and deceptive marketing practices provisions of the Competition Act or to the labelling statutes in respect of any other jurisdictions.

- Enforcement co-operation -- The parties recognise their common interest in co-operating: i) to detect anti-competitive activities or deceptive marketing practices; ii) to enforce their competition laws and deceptive marketing practices laws and iii) to share information, to the extent legally possible and compatible with each country's interests.

- Co-ordination -- The parties recognise that, in appropriate cross-border cases, co-ordination of their enforcement activities may be warranted.

- Meetings -- Include a commitment to hold official biannual meetings.

In 1996, a U.S.-Canadian Task Force on Cross-border Deceptive Marketing Practices was created. The Task Force is intended to identify suspected deceptive marketing operations that are based in either country where the victims of the illegal activity are residents of the other country.

In April 1997, US President Clinton and Canadian Prime Minister Chrétien established a US-Canada Working Group on Telemarketing Fraud and directed it to report on ways to counter the serious and growing problem of deceptive cross-border telemarketing. The Working Group's report, released in November 1997, recommended expanding co-operation and information sharing because they allow law enforcement agencies to avoid duplication of effort and more quickly identify and prosecute ongoing fraud.

Other Co-operative Activities

Internet Surf Days

As cross-border fraud continues to flourish on the Internet, enforcement authorities are taking advantage of the new technology to develop new ways to fight it. A prime example of such innovative activity can be found in the recent "Internet Surf Days" (or Internet sweep days). Surf days are a co-ordinated effort where law enforcement agencies from across the country and sometimes from around the world get on the Internet at the same time to search for Web sites making fraudulent claims. The searchers are generally looking for a specific kind of scam as they search, such as false claims about health care products or fraudulent business opportunities. The targeted sites are then sent e-mail-warning letters notifying them that the claims that they are making may be against the law. This is done in part to deter fraudulent activity and in part to reach new entrepreneurs and alert those who may be unwittingly violating the law.

The most recent surf day, "GetRichQuick.Con," focussed on Internet-based get rich quick scams, including pyramid schemes, business opportunity and investment schemes, work-at-home schemes, and deceptive day-trading schemes. This was the largest ever, international law enforcement project to fight Internet fraud and involved 150 organisations from 28 countries on five continents. As part of Get.Rich.Quick.Con., surfers from around the world identified about 2 300 suspicious sites, of which about 1 600 received warning e-mails signed by most of the surf participants. In connection with this surf, a Web

site was specially designed to assist in co-ordination. The site included online instructions for the surfers, a contact list, and finally an area to input the results of the search to allow for easier and more comprehensive data.

International Marketing Supervision Network (IMSN)

The IMSN is, as its name implies, an international network of government consumer protection enforcement agencies. The primary objective of the IMSN is to facilitate practical action and information sharing in an effort to prevent deceptive marketing practices and provide effective and appropriate redress. The IMSN works to foster co-operative efforts to tackle consumer problems connected with cross-border transactions in both goods and services. It facilitates the exchange of information among the participants for mutual benefit and understanding. The IMSN Web site has a great deal of valuable public information including on-screen links to Member country Web sites and, in some cases includes special bridge pages to provide basic information about the country and its enforcement policies and activities. The site also provides contact information for IMSN members and information about past enforcement activities and sweep day results. The IMSN also maintains a password protected Intranet site only for its members where government enforcers can exchange more detailed information about national enforcement actions.

Conclusion

The growing popularity of the Internet and other innovative technologies allows advertising, marketing, and sales information that were once constrained by geographical borders and the limited reach of more traditional media to be sent quickly and easily to a global consumer audience. Over the past decade, technology has enabled legitimate commercial activities to grow and increasingly flow across borders. Scam artists are taking advantage of these same technological advances to target consumers in other countries quickly, easily and cheaply. As co-operative efforts like the Consumer Sentinel, CANSHARE and the various bilateral agreements between Canada and the United States show, effective information sharing and co-operation among enforcers has greatly increased and achieved very positive results. There is, however, still much room for discussion about how to broaden and enhance global efforts to combat cross-border fraud.