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'Global Factors Influencing the Risk of Conflict and Fragility'

Exporting from fragile states: Challenges and opportunities

Anke Hoeffler
Centre for the Study of African Economies, University of Oxford

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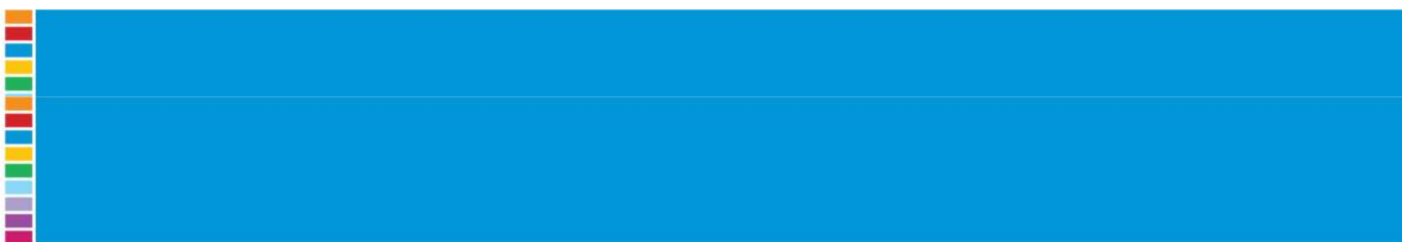

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Note to the reader

This paper is one of eight thematic papers supporting the OECD DAC INCAF project on Global Factors Influencing the Risk of Conflict and Fragility. Each paper explores a specific global factor. The synthesis report, *Think Global, Act Global: Confronting global factors influencing conflict and fragility* (OECD, 2012), can be found at:

www.oecd.org/dac/conflictandfragility/globalfactors.htm.

While the thematic papers have been subjected to a robust peer review process, they remain working papers rather than for publication in peer-reviewed journals.

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Abstract

Although fragile states account for 15% of the global population they only contribute about 2% of exports. Trade is widely believed to be an important determinant of development. This paper analyses the challenges and opportunities faced by fragile states in their bid to diversify their economies and to break into export markets. Currently most of these countries benefit from preferential market access agreements and can export to OECD countries duty free and quota free. However, the trade schemes differ across OECD member countries; fragile states would benefit from their harmonisation. The current schemes also do not provide access for all goods – some agricultural products are excluded. OECD countries should open their markets to all goods from fragile states. Compliance with stringent OECD standards on animal, food and plant safety can also be an obstacle for exporters. Specific aid and technical assistance could help to address this problem. However, the paper also finds that domestic policies in the fragile states themselves are often the binding constraint for potential exporters. Specific “soft” industrial policies can therefore also help to overcome the main challenges of breaking into export markets: these include focusing on one specific task in the production chain, creating clusters of industries in one area, and building the capacity needed to enter the global market.

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Acronyms and abbreviations

AGOA	African Growth and Opportunity Act
C-4	Cotton 4 – Benin, Burkina Faso, Chad, Mali
CAP	Common Agricultural Policy
EBA	Everything But Arms
FCAS	Fragile and conflict-affected states
GPT	General preferential tariff
GSP	Generalised system of preferences
LDC	Least developed country
MFN	Most favoured nation
NPC	Nominal protection coefficient
TRQ	Tariff rate quota
WTO	World Trade Organization

1. Why are exports important for fragile states?

There is a strong empirical link between growth and trade, and trade is widely believed to be an important determinant of development.[1] Growth is of particular importance to fragile states because it has a stabilising effect. Countries with stronger growth are less likely to experience civil war (Collier and Hoeffler, 2004; Fearon and Laitin, 2003).[2] The high growth rates generated by trade can lead to an increase in incomes and a reduction in poverty.

The East Asian growth "miracle" has been strongly associated with increases in exports (World Bank, 1993). As an example, South Korea and Ghana had the same level of per capita income in 1960, but while South Korea has industrialised and fostered exports, transformed itself into a high income economy and joined the OECD, Ghana's growth rates have been disappointing. This country comparison is illustrative of the divergent trend we have observed over the past decades. While countries like Malaysia and Thailand have achieved equitable growth, other developing countries have experienced stagnation, reversion to autocratic rule and armed violence. They are now classified as fragile states. While these 43 countries are home to about 15% of the world's population they only have a share of about 2% in the global export market.

In order for fragile states to stabilise and generate equitable growth they have to tackle the twin challenges of development and security.[3] Assuming that exports are an important engine of growth, this paper analyses how countries affected by conflict and fragility can break into global markets. I address the following questions:

1. What challenges do fragile countries face? Are international trade regulations to blame for their failure to export?
2. What opportunities can be identified for exports from countries affected by conflict and fragility?
3. What domestic policy failings are hindering exports and how could they be addressed?

This paper provides an overview of the challenges and opportunities fragile countries face in global markets. I start by outlining some definitions and a list of what fragile countries currently export. Section 3 discusses the effects and impacts of trade on conflict and fragility, including how current international trade regulations affect fragile countries. Section 4 describes possible entry points for initiatives that can enhance industrialisation and trade in fragile countries. The last section gives some pointers for future research.

Notes

[1] There is some debate over the direction of causality; for example some researchers suggest that growth determines trade (Rodriguez and Rodrik, 2001), while others suggest that trade in Africa has been closely associated with growth accelerations (Pattillo *et al.*, 2005).

[2] For overviews on the causes of civil war see Blattman and Miguel (2010) and Hoeffler (2012).

[3] As noted by the President of the UN General Assembly Jan Eliasson, "Let us remember that the three pillars of the United Nations are security, development and human rights. Without security, no development; without development, no security; but without respect for human rights, no lasting security, no lasting development." 9 May 2006, www.un.org, accessed 26 February 2012.

2. Key dimensions and developments

2.1. What are conflict-affected and fragile states?

The concept of governance is central to the definitions of fragile states in Box 2.1. Both definitions agree that the quality of governance is important for the capacity of citizens to earn a living. In states with poor governance the ability of people to lift themselves out of poverty is severely limited. The prevalence of poverty is high in fragile states: 55% of their citizens are poor if one takes an income of USD 1.25 a day as the poverty headcount measure. About one-third of the world's poor live in fragile states even though these states only account for 15% of the global population.

Box 2.1. What do we mean by conflict and fragility?

Fragility

The OECD (2010) has compiled a list of 43 fragile states (listed in Annex A). This empirical research focuses on that list. Although it is unclear which cut-off points were used to categorise these countries as "fragile", it is a useful list for empirical purposes.

The OECD defines a fragile state broadly as follows: "A fragile state has weak capacity to carry out basic functions of governing a population and its territory, and lacks the ability to develop mutually constructive and reinforcing relations with society" (OECD, 2011).

Another definition explains how fragility characterises states that are unable to provide two basic functions: security and economic opportunity (Chauvet *et al*., 2010 & 2012):
(1) The most basic role of the state is to provide physical security to its citizens through maintaining a monopoly of organised violence within the society. Where the government fails to do this and rival organisations of violence emerge, the state descends into civil war.

(2) Governments play some role as regulators of private economic activity, and as suppliers of public goods such as transport infrastructure, health and education.

Conflict

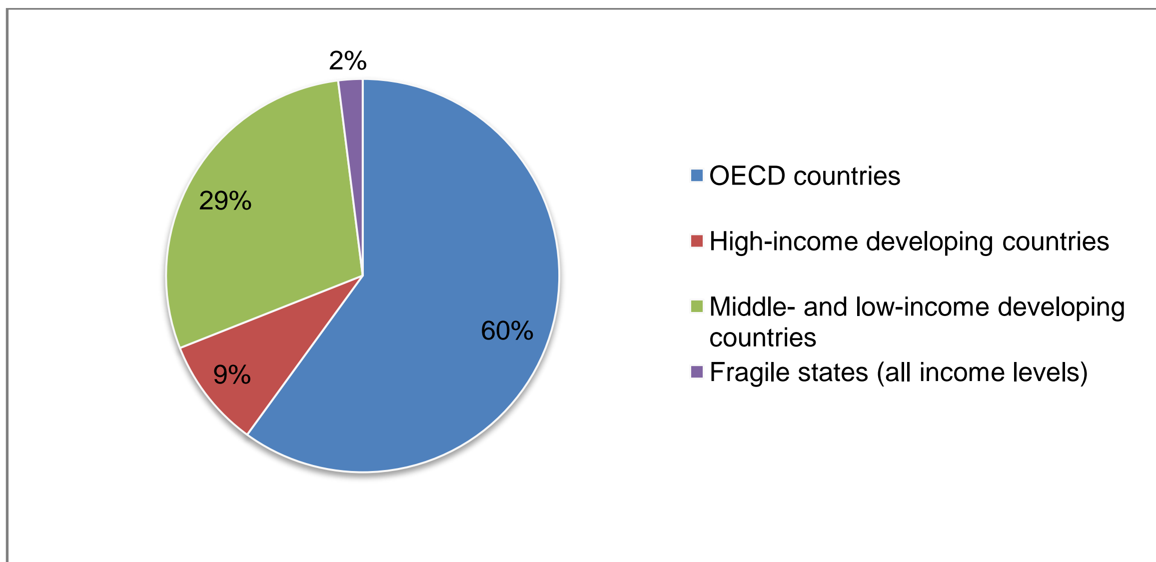
To my knowledge there is no OECD definition of conflict. In this paper I define conflict following Gleditsch *et al* (2002). In their global data set they make a distinction between "major" and "minor" armed conflict. Major armed conflicts or wars cause at least 1 000 battle related deaths a year (military and civilian deaths). Another part of the definition is that there is organised effective violent opposition to the government: this distinguishes this type of violence from genocides, pogroms and communal violence. In this paper I consider conflicts that are internal to a country, *i.e.* civil wars and internationalised civil wars.

The definition of 'fragile' states for the empirical research focuses on the list of states provided in OECD (2010). Annex A provides the full list of these 43 fragile states.

2.2. What do fragile states export?

Fragile countries only marginally contribute to global exports. As Figure 2.1 shows only 2% of exports originate from fragile states.

Figure 2.1 World exports by country category, 2009



Source: based on data from ESDS International (2011), *World Development Indicators*, ESDS International, University of Manchester.

The challenges and opportunities in global markets differ according to the type of exports involved. In order to assess why global exports from fragile states are so small it is helpful to take a closer look at what these countries export. Fragile countries are a heterogeneous group, but they can be broadly divided into: (1) oil and mineral exporters; (2) agricultural exporters; and (3) manufacturing and service exporters (Table 2.1). As I will argue below, the challenges and opportunities in global markets differ according to the type of exports and it is thus useful to categorise failed countries by type of export.

Oil and minerals

Table 2.1 lists all of the fragile states and their main exports in 2009. The following countries are oil exporters: Angola, Myanmar, Cameroon, Chad, Republic of Congo, Equatorial Guinea, Iraq, Nigeria, North Korea, Sudan, Timor-Leste and Yemen. Countries were classified as oil exporters if oil was their most valuable export (therefore it is defined in relative, not absolute terms). While Nigeria (USD 45bn), Angola (USD 38bn) and Iraq (USD 38bn) are globally-important oil exporters, East Timor is not (USD 84m). However, oil is East Timor's most valuable export, followed by coffee (USD 8m). Other countries, such as Côte d'Ivoire, export oil, but their cocoa exports are more valuable. Hence, Côte d'Ivoire is not classified as an oil exporter.

The second group of countries in Table 2.1 depend on mining for their main exports: the Democratic Republic of Congo (diamonds, gold, cobalt, copper), Guinea (bauxite), Nepal (iron), Papua New Guinea (copper, gold), Sierra Leone (diamonds, titanium, bauxite, gold) and Tajikistan (aluminium). As with the categorisation of oil producers, mining activities constitute the most important source of exports for these countries.

Table 2.1. What do fragile states and economies export?

Country/economy	Export category	Value in USD thousands, 2009
States which depend mainly on oil exports		
1. Angola	27 Mineral fuels, oils, distillation products, etc.	38 282 454
2. Cameroon	27 Mineral fuels, oils, distillation products, etc.	1 525 271
3. Chad	27 Mineral fuels, oils, distillation products, etc.	2 204 564
4. Congo, Republic of	27 Mineral fuels, oils, distillation products, etc.	6 627 476
5. Equatorial Guinea	27 Mineral fuels, oils, distillation products, etc.	8 557 340
6. Iraq	27 Mineral fuels, oils, distillation products, etc.	37 972 574
7. Myanmar	27 Mineral fuels, oils, distillation products, etc.	2 616 098
8. Nigeria	27 Mineral fuels oils, distillation products, etc.	45 125 366
9. North Korea	27 Mineral fuels, oils, distillation products, etc.	268 756
10. Sudan	27 Mineral fuels, oils, distillation products, etc.	7 151 773
11. Timor-Leste	27 Mineral fuels, oils, distillation products, etc.	84 413
12. Yemen, Republic of	27 Mineral fuels, oils, distillation products, etc.	5 599 690
States which depend mainly on mining exports		
13. Congo, Dem. Rep.	26 Ores, slag and ash	965 386
14. Guinea	26 Ores, slag and ash	723 711
15. Nepal	72 Iron and steel	91 586
16. Papua New Guinea	71 Pearls, precious stones, metals, coins, etc.	1 655 997
17. Sierra Leone	71 Pearls, precious stones, metals, coins, etc.	72 087
18. Tajikistan	76 Aluminium and articles thereof	497 507
States which depend mainly on exporting agricultural and natural products		
19. Afghanistan	08* Edible fruit, nuts, peel of citrus fruit, melons	181 979
20. Burundi	09 Coffee, tea, mate and spices	47 349
21. Central African Republic	44 Wood and articles of wood, wood charcoal	50 830
22. Comoros	09 Coffee, tea, mate and spices	12 155
23. Côte d'Ivoire	18 Cocoa and cocoa preparations	3 724 396
24. Ethiopia	12 Oil seed, oleagic fruits, grain, seed, fruit, etc.	383 864
25. Guinea-Bissau	08 Edible fruit, nuts, peel of citrus fruit, melons	85 649
26. Kenya	09 Coffee, tea, mate and spices	1 104 583
27. Kiribati	03 Fish, crustaceans, molluscs, aquatic	32 488
28. Pakistan	52 Cotton	3 203 790
29. Rwanda	09 Coffee, tea, mate and spices	69 172
30. São Tomé and Principe	18 Cocoa and cocoa preparations	5 642
31. Solomon Islands	44 Wood and articles of wood, wood charcoal	205 611
32. Somalia	01 Live animals	128 515
33. Togo	18 Cocoa and cocoa preparations	320 109
34. Tonga	03 Fish, crustaceans, molluscs, aquatic	5 668
35. Uganda	09 Coffee, tea, meat and spices	376 413
States which depend mainly on exporting manufactured products and services		
36. Djibouti	87 Vehicles other than railway, tramway	216 582
37. Eritrea	94 Furniture, lighting, signs, prefabricated	5 622

38. Gambia	54 Manmade filaments	16 432
39. Haiti	61 Articles of apparel, accessories, knitted or crocheted items	459 718
40. Liberia	89 Ships, boats and other floating structures	981 323
41. Zimbabwe	49 Printed books, newspapers, pictures etc.	435 464
States/economies which depend mainly on exporting miscellaneous products		
42. Niger	28 Inorganic chemicals, precious metal compound, isotopes	300 199
43. West Bank and Gaza	68 Stone, plaster, cement, asbestos, mica, etc.	19 320

Note: the export category numbers follow the international classification system
Source: data from International Trade Centre, *http://legacy.intracen.org/appli1/TradeCom/TP_EP_CI.aspx?RP=004&YR=2009*, accessed 10 January 2012.

Agricultural products

A total of 17 countries depend on the export of natural commodities other than oil and minerals. These are: Afghanistan (fruit and nuts), Burundi (coffee), Central African Republic (wood), Comoros (spices), Côte d'Ivoire (cocoa), Ethiopia (oilseeds), Guinea-Bissau (cashew nuts, peanuts, palm kernels), Kenya (coffee and tea), Kiribati (fish), Pakistan (cotton), Rwanda (coffee and tea), Sao Tome and Principe (cocoa), Solomon Islands (wood), Somalia (live animals), Togo (cocoa), Tonga (fish) and Uganda (tea and coffee).

Manufactured products and services

The remaining six countries export a variety of manufactured goods and services: Eritrea (furniture), Gambia (manmade filaments, *e.g.* sewing thread and yarn), Haiti (clothing) and Zimbabwe (printed materials). Liberia is a big exporter of shipping services. The Liberian Registry is the second largest in the world, which is over 10% of the world's ocean-going fleet.[1] Djibouti's main exports are vehicles. A large proportion of this trade is the import of second hand Japanese cars and their export to countries in East Africa.

To summarise, almost half of the fragile countries export oil and minerals. As there are no international barriers to the trade of oil and minerals these exporters face no restrictions and will not be considered for the remainder of this paper. This leaves the 17 fragile country exporters of other natural commodities such as coffee, cocoa and wood, and 8 countries exporting manufacturing, services and other products.

[1] US Department of Transportation, Marine Administration *www.marad.dot.gov,* accessed 27 February 2012.

3. Impacts of international trade barriers on the export possibilities of fragile states

As discussed above, fragile states are marginalised in the global economy, only accounting for 2% of global exports. This lack of integration in global trade flows is both a cause and a consequence of fragility and conflict. In this section I explore how exports and trade are affecting fragile states, and how trade regulations are affecting fragile states' ability to export.

3.1. The "resource curse"

Oil and mineral exporters face a number of distinct challenges. On average their long-run growth has been much lower than other countries, termed in the literature as the "resource curse". There is a substantial literature exploring both the evidence for the curse and the mechanisms by which it is generated (for example Sachs and Warner, 2005; Auty, 2001; Collier and Hoeffler, 2008; Mavrotas *et al.*, 2011). The initial explanation was the purely economic process of "Dutch disease".[1] In this process, a country sees an appreciation of its domestic currency due to natural resource exports – the raised exchange rate causes the manufacturing sector to become less competitive on the global market and the end result is to deindustrialise the economy (Corden and Neary, 1982). It does seem that oil exporters find it difficult to diversify their economies; there may also be political economy reasons for this (Ross, 1999). Oil producers are systematically less democratic, and countries receiving a lot of government income from natural resource exploitation have a weaker link between taxation and representation (Ross, 2004). This is because people are less concerned about the misuse of public money if they have not been taxed in order to generate it. In addition, governments that misuse public funds can more easily disguise the amount of revenue from natural resources than they can disguise the amount of revenue from taxation. Thus, a government is more likely to be detached from electoral concerns when it has substantial natural resource revenues. In Section 4 I discuss some entry points for addressing these issues; meanwhile in the remainder of this section I look at international barriers and trade regulations and how they affect the fragile state exporters of natural commodities such as coffee, cocoa and wood, and those which export manufacturing products and services.

3.2 The impact of international trade regulations on the ability of fragile states to export natural commodities

How do trade regulations and agreements affect fragile states? As discussed above the most valuable exports from fragile states are oil and minerals. Unless a country faces specific sanctions (such as Syria today) there are no trade restrictions on oil. Minerals are also not subject to general trade restrictions apart from so called "conflict diamonds" (Box 3.1). Most trade in agricultural commodities, such as coffee and tea, is also not restricted by international trade rules. Furthermore, under World Trade Organization rules, developed countries are committed to granting duty-free, quota-free market access to least developed countries (LDCs). There are also a number of preferential trade agreements in place for poor countries: for example the European Everything but Arms (EBA) initiative and the US African Growth and Opportunity Act (AGOA).

Given the preferential treatment for LDCs and African countries it would appear that fragile countries do not face any trade restrictions. However, I have identified three areas of debate which could be addressed to improve fragile states' access to global markets:

1. Have AGOA and EBA achieved their goal, *i.e.* have these agreements stimulated exports from fragile states? Are there any important products not covered by the preferential trade agreements?
2. What is the impact of agricultural subsidies in the OECD countries on fragile states?

3. Are some of the current international trade rules detrimental to the industrialisation process in fragile states?

Box 3.1 Keeping minerals free from conflict

The Kimberley Process is a joint government, industry and civil society initiative to stem the flow of conflict diamonds – rough diamonds used by rebel movements to finance wars against legitimate governments. The Kimberley Process Certification Scheme aims to ensure that no diamonds are used for rebel finance as was done for example in Angola, the Democratic Republic of the Congo and Sierra Leone. The Dodd-Frank Act also aims to curb the trade of conflict minerals. The act passed into law in July 2010 in the US and requires that companies registered in the US provide evidence of the source of their minerals and assurances that they are "conflict-free".

For more information see *www.kimberleyprocess.com*

Has preferential market access stimulated exports from fragile states?

Most OECD countries grant preferential market access to least developed countries. Preferential access is granted at reduced tariff rates and with less restrictive quotas or even by granting duty and quota-free market access. In order to illustrate the impact of these preferential schemes I concentrate on a brief assessment of the US and European Union trade initiatives.

The African Growth and Opportunity Act (AGOA) is a US trade initiative. It became law in 2000 and will last until 2015. Several amendments have followed (AGOA I - AGOA VI). The act gives reforming African countries preferential access to the US market for their exports. To be eligible countries have to reform their labour markets in order to improve labour rights and more generally move toward a market-based economy. The eligible countries have duty free and quota free access for a range of products, including textiles and agricultural goods. The fragile countries currently benefitting from AGOA are: Angola, Burundi, Cameroon, Chad, Comoros, Congo, DRC, Djibouti, Ethiopia, Gambia, Guinea, Guinea-Bissau, Kenya, Liberia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Sierra Leone, Togo and Uganda. The Central African Republic and Sudan have been temporarily suspended and Liberia is permanently banned over labour rights disputes.[2]

In 2001 the European Council adopted the Everything but Arms (EBA) regulation, granting duty-free access to the EU market to imports of all products from LDCs, except arms and ammunition. Initially there were some quantitative restrictions for bananas, sugar and rice but this has now been phased out. The programme has no time limit, the access granted is permanent.[3] The fragile state beneficiaries are: Afghanistan, Angola, Burundi, CAR, Chad, Djibouti, DRC, Comoros, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Liberia, Myanmar, Nepal, Niger, Rwanda, São Tomé and Principe, Sierra Leone, Solomon Islands, Somalia, Sudan, Timor Leste, Togo, Uganda and Yemen. North Korea and the West Bank and Gaza are not covered (UNCTAD, 2011). Interestingly, the list includes beneficiaries that are not LDCs (for example Equatorial Guinea).

Both trade initiatives have significantly increased exports from the beneficiary countries compared to non-beneficiaries (Collier and Venables, 2007). A recent study by the Center for Global Development (CGD) found that (Elliot, 2010):

- AGOA has increased trade from LDCs, although important commodities are excluded, such as sugar, peanuts, dairy products and tobacco.

- EBA has also had positive impacts on exports but the rules of origins (ROOs) are complicated and should be simplified.[4] Since the writing of the CGD report the EU has simplified the rules of origin but so far there is no assessment of these changes.
- AGOA has increased garment and apparel exports but this success was curtailed by the ending of the Multi Fibre Agreement (MFA) in 2005.[5]

The analysis by Collier and Venables (2007) also points out various shortcomings and ways to improve the current regulation. Another issue with the AGOA is that it does not grant tariff free and quota free access for sugar, peanuts, dairy and tobacco. Bouët *et al* (2010) calculate how opening markets further would affect LDCs' exports. They found that granting 100% product coverage throughout the OECD (instead of the current 97%) would be likely to generate large gains: an increase of 17% in exports from LDCs, equivalent to USD 2bn. Malawi is likely to be the biggest winner because the country exports tobacco which currently faces a 350% tariff for entering the US market. Lifting this trade restriction would lead to a sharp increase in exports of tobacco. The authors also look at the impact of lifting import restrictions on sugar under AGOA. Currently only Malawi and Mozambique export small amounts of sugar and only two other African LDCs – Ethiopia and Zambia – have had exportable sugar surpluses. Bouët *et al* (2010) suggest that the resulting increase of 100 000 short tons[6] would have a negligible effect on US sugar prices and production.

The impact of OECD agricultural subsidies

OECD subsidies may have a dynamic impact on the structure of domestic production in developing countries, distorting potential internal and external market opportunities and the resulting welfare implications (Box 3.2).[7]

Box 3.2 The effect of OECD subsidies on Haiti

In the mid-1980s Haiti received a conditional multilateral loan that required the country to open up its markets to foreign competition. For example tariffs for rice were reduced from 50% to 3%. As a result subsidised rice from the US flooded the markets and local rice production dropped by about one-third. Ten years after the initial reform Haitians were eating more imported than domestic rice.

Source: UNCTAD (2010)

The impacts of the EU's Common Agricultural Policy (CAP) on developing countries have been widely studied. Cantore *et al.* 2011 provide a succinct overview. They suggest that the impact of any CAP policy varies depending on the country's composition of production, dependence on food imports, trading costs and national policies. For example, as McMillan *et al* (2007) also point out, many poor countries are food importers and an increase in global agricultural prices (if subsidies are decreased) is harmful to their welfare. On the other hand EU export subsidies (EUR 1bn in 2008 and EUR 650m in 2009) make it more difficult for other exporters to be competitive. Cantore *et al.* (2011) suggest that the recent CAP reforms are a step in the right direction. These reforms reduced market price support in favour of direct aid to farmers, resulting in a less strong impact on agricultural prices. The payments which are now direct to the farmer and not "coupled" to production increased from 3% of the CAP budget in 2004 to 68% in 2008.

One interesting example of agricultural non-food subsidies is cotton. Baffes (2011) examines the recent cotton subsidies and their impact. A number of countries subsidise cotton, with the US providing the highest total amounts: in the 2000s the US cotton industry received annual subsidies of between USD 2 and 4bn, depressing the global cotton price by about 10%. In 2002 Brazil took the issue of US cotton subsidies to the World Trade Organization (WTO), which ruled that the subsidies had to be withdrawn. Benin, Burkina Faso, Chad and Mali –known as the C-4 (Cotton-4) – also brought the case of cotton

subsidies to the WTO in 2003, demanding compensation. So far financial compensation has not been awarded. In 2006 the US congress announced that subsidies would be scrapped (BBC News, 2006), but today the US still supports cotton farmers. Baffes also looked at whether the US subsidies were to blame for the inability of the C-4 to export cotton. He concluded that a number of domestic policy problems prevented the C-4 countries from exporting. Other countries, such as India and China, are successfully using biotech varieties of cotton, while on the whole African countries are not applying these technologies. Second, the reforms of the domestic cotton market took a long time, the state-owned monopsony of cotton buyers has only recently been broken up. However, the most important factor was that the local currency, the CFA Franc, has appreciated considerably over the past 10 years, decreasing nominal cotton prices by about 28%.

Regulations that undermine industrialization

Page (2010) suggests a broad definition of industrialisation: a change in the allocation of resources from low value added to higher value added production. Since most fragile states currently produce agricultural products, one step up the industrialisation ladder would be to process some of these products and export them, so as to cash in on the value added in the processed product. However, certain trade restrictions are preventing fragile countries from breaking into these export markets. An example is that of cocoa and the AGOA. At least 12 fragile states export cocoa: Cameroon, Côte d'Ivoire, Equatorial Guinea, Haiti, Liberia, Nigeria, Papua New Guinea, São Tomé and Principe, Sierra Leone, Solomon Islands, Togo and Uganda. For these countries cocoa is among the six most valuable exports.[8] Skully (2010) describes the impact of US trade rules on cocoa product exports. Although AGOA provides African countries with preferential access to US markets for their cocoa exports, agricultural products covered by tariff-rate quotas (TRQs) are excluded.[9] The US sugar and dairy sectors, as in most OECD countries, are highly protected. Sugar and dairy products account for two-thirds of US TRQs which means that imports of products containing sugar and dairy are restricted. This makes it difficult for countries wishing to sell their processed cocoa products, for example sweetened cocoa powder and chocolate, on the US market because processing them involves using sugar and dairy products. AGOA-eligible countries' cocoa exports are worth USD 91 million every year, while their chocolate and other processed cocoa preparations are worth only USD 17 000 a year (average for 2005-2009). Without market access to rich countries, the main consumers of chocolate and other cocoa preparations, African cocoa producers have little incentive to process cocoa and so will continue to only export unprocessed cocoa.

As the case of cocoa shows, despite opening of domestic markets considerably over the past two decades, OECD trade restrictions still hamper the production and export of processed agricultural goods from developing countries. These trade restrictions have a dynamic, long term stifling impact because they discourage industrialisation.

Notes

[1] The term Dutch disease was coined by *The Economist* (1977).
[2] *www.agoa.gov*, accessed 29 February 2012

[3] *http://ec.europa.eu/trade/wider-agenda/development/generalised-system-of-preferences/everything-but-arms/* accessed 29 February 2012

[4] For example, the "EBA rule for apparel, for example, restricts imports of woven garments by requiring that the fabric be manufactured locally and then cut and assembled in the beneficiary country to be eligible for access ... By contrast, the U.S. rule for "lesser developed" beneficiaries under AGOA allows them to source fabric and other inputs globally and still claim AGOA benefits, as long as the apparel is cut and sewn in the beneficiary country" Elliott, (2010).

[5] The Multi Fibre Agreement set quotas for the amount of textiles and clothing developing countries could export to developed countries. It expired on 1 January 2005. Collier and Venables (2007) stress that African countries were not competitive when the MFA ended and in some countries textile exports declined. The extension of the AGOA apparel special waiver until 2012 has addressed this problem.

[6] A unit of mass equal to 907.2 kg.

[7] McMillan *et al.* (2007) evaluate the impact of OECD agricultural subsidies on poverty in developing countries. They find no effect of subsidies on poverty. The main reason is that many of the poorest countries are net importers of food. Subsidies lower food prices and this is welfare enhancing for consumers in net food importing states.

[8] Source: *http://legacy.intracen.org/appli1/TradeCom/TP_EP_CI.aspx?RP=004&YR=2009*, accessed 10 December 2011.

[9] "TRQ is a two-level tariff: a lower in-quota tariff is applied to a limited volume of imports in a particular period, and a higher over-quota tariff is applied to all additional imports. A TRQ may be less restrictive than a quota because it allows the possibility of additional imports if the over-quota tariff is not prohibitive." Skully (2010).

4. What are the entry points for international action?

There are two sets of initiatives that would increase exports from fragile states: (1) changes in international regulations; and (2) domestic industrial policy changes. I take these two sets of suggestions in turn, and look at how they can be supported by OECD countries.

4.1. Changes in international rules

Improving the impact of preferential market access schemes

What can be done to improve the impact of preferential market access schemes on fragile states?

- Harmonise the various schemes: The discussion in Section 3.1 showed that there are considerable differences between the American and European preferential market access schemes, the AGOA and EBA initiative. In addition, other OECD countries have their own market access schemes aimed at increasing exports from the poorest countries. However, this diversity of schemes across the OECD is costly: potential exporters have to gather information about the different schemes in order to decide which markets they should target. An integrated scheme across the OECD that subsumes both EBA and AGOA would minimise the information costs to exporting firms (Collier and Venables, 2007).
- Make preferential access permanent: Some preferential market access schemes are limited in duration, for example AGOA IV will end in 2015. Setting up export businesses often involves large start-up costs and these investments are less likely to be undertaken if the time horizon of the international programmes is relatively short and there is uncertainty over an extension of the programmes in the future. Elliott (2010) therefore suggests making preferential market access regulation permanent.
- Include all products in the schemes. Most OECD preferential access schemes exclude some products, mainly agricultural products. Fragile countries would substantially benefit from an increase in product coverage to 100% (Bouët *et al.,* 2010).
- Harmonise sanitary and phytosanitary standards. The majority of fragile states are dependent on agriculture. Elliott (2010) suggests paying special attention to the regulatory requirements for food, animal, and plant safety that often hamper agricultural exports. Harmonisation of sanitary and phytosanitary standards across the OECD would lower transactions costs for all involved.

A new trade initiative for African developing countries has been suggested by Collier and Venables (2011). The idea is for the EU to launch improved market access for African manufacturers, especially those countries that have yet to break into global manufacturing. In return for this market access to the EU, African countries would have to make credible commitments to liberalise trade with their neighbours. This would enable the EU to help poor, late-entrant countries to diversify their economies. Compatibility with the WTO rules could be achieved by using a threshold of eligibility of manufactured exports per capita combined with an income threshold. This avoids a geographically-defined criterion. For example, eligibility for all countries with manufactured exports of below USD 100 per capita would include all pertinent African countries, but exclude all the more established manufacturing countries. Alternatively, as with AGOA, the WTO could agree to a waiver for an Africa-specific arrangement.

Coherence between OECD domestic and development policies

Most OECD countries intervene in their agricultural sector. Subsidies lower prices of agricultural products and a possible consequence is that countries that do not pay farming subsidies are less competitive in the global market. Thus, OECD agricultural policies can be harmful to the development of fragile states. As we

saw in Section 3.1, the link between subsidies and development is complex. Any future reform of OECD agricultural policies should therefore be coherent with development policies.
OECD donors have reached a common understanding that partner countries have to reform in order for aid to be effective, which means a focus on de-regulation, privatisation and good governance as the cornerstones of many assistance programmes. However, the fact that OECD members themselves regulate and subsidise their own agricultural markets is at odds with their advice to developing countries. Many OECD countries thus send the wrong signal to potential reformers. OECD countries should change their agricultural policies if they are to encourage reform elsewhere (Cantore *et al.*, 2011).

4.2 Domestic policies and OECD assistance

As the example of cotton exports from West Africa shows (Baffes, 2011), there can often be significant domestic constraints for producers trying to break into global markets. In the West African case it was these domestic policies that were crucial in preventing exports – the impact of international policies was much lower. What changes in domestic policies are needed to help fragile states become successful exporters, and how the OECD can assist in bringing about these changes?

In the past many developing countries introduced industrial policies to protect their internal markets. Import-substitution was encouraged by protecting "infant industries". While these policies were successful in some countries (World Bank, 1993) in African countries this policy was a disaster: the infant industries never grew up, *i.e.* they were uncompetitive and when markets were (partially) deregulated the small industrial sectors shrank. Today, most African economies are not diversified and are dependent on agriculture (Kappel, 2011). Bigsten and Söderbom (2011) argue that it is hard to get industrial policies to work well, but there is a case for them in the context of market failure. They concentrate on two forms of market failure. The first arises from information externalities. Entrepreneurs invest in new products and services; if the enterprise fails they bear the cost but if they succeed society at large benefits (other firms follow, generating employment and knowledge). Thus, the individual benefits are smaller than the benefits to society and therefore investment in new products and services will be undersupplied. The second form of market failure arises from co-ordination problems. Returns on investment can depend on other investments being made, thus co-ordinated investment by a number of companies would be profitable but investment by a single entrepreneur may not be. Bigsten and Söderbom (2011) suggest that industrial policies can help to overcome these market failures but should only be developed and applied to issues arising from information externalities and co-ordination problems.

Others suggest that it matters for growth what countries export: Poor countries tend to export low value-added goods, while rich countries export high value-added products (Johnson *et al.,* 2007); Hausmann and Rodrik, 2006). The production of low value-added goods, such as unprocessed agricultural commodities, does not accelerate growth. Key to an increase in the value of exports is thus to break into markets for industrially-produced goods. There are a number of different channels through which the production and export of manufactured goods might generate growth. In contrast to the traditional agricultural sector, the manufacturing sector generates economies of scale. Another channel through which manufacturing exports stimulate growth is the creation of a middle class that demands good institutions, which in turn spur growth (Acemoglu *et al.*, 2005).

The production and export of manufacturing goods requires industrialisation. I use a broad definition of industrialisation: when a country industrialises it generates a structural change by shifting resources from low into high productivity (Page, 2012; Bigsten and Söderbom, 2011). The low productivity sector is the traditional agricultural sector and the high productivity sectors are manufacturing, agro-industry and services. Industrialisation does not necessarily have to mean more smokestacks. It can involve processing agricultural commodities, horticultural and floricultural products or making clothes. Given that Asian countries have successfully integrated into global trade and are now manufacturing goods which require low skills, it is not clear whether this strategy could be successfully replicated by fragile countries. This

segment of the market is now occupied by Asian countries and fragile countries may be lagging too far behind to catch up in traditional low-skilled manufacturing.
Fragile and conflict-affected states (FCAS) are characterised by very low levels of human capital and skills. Unlike the industrialising countries in Asia and Latin America, their industries are not concentrated in one geographic area, but are usually spread across the country. This may be due to the destructive effect of past conflict or due to past industrial policies that encouraged manufacturing in certain locations for political, not economic reasons. Such countries face three main challenges when breaking into industrialised product markets (Page, 2012): (1) trade in tasks, (2) agglomeration and (3) building capacity. Since many of the FCAS are African or have similar low incomes, conflict experiences and industrial policies, I found his framework particularly useful to categorise the possible entry points for FACS. I now discuss the three challenges in turn:

Trade in "tasks"

Breaking into global markets is easier if fragile states concentrate on trade in tasks, rather than producing and exporting an entire product (Page, 2012). Low communication and transport costs make it now feasible for a number of different countries to be involved in the production of one good. Mastering one task and trading in this task is easier than having to master all of the necessary tasks to produce the good. Garment assembly is one example of an achievable aim for FCAS and is possible due to low transport and co-ordination costs. For example garments are produced in the following steps: the cotton is harvested, it is then spun and woven, cut into segments and the segments are assembled. All of these tasks can be carried out in different countries, and every task adds value in the chain of production.[1] While industrial policies (for example import substitution, see above) have in the past failed to encourage manufacturing exports from fragile states, there is a range of "soft" industrial policies that could be used to encourage the trade in tasks. These include agglomeration of firms and the building of capabilities (Bigsten and Söderbom, 2011), both discussed below.

Agglomeration

Agglomeration (or clustering) of firms is a characteristic of manufacturing and service industries. Experts stress that it is important in the industrialisation process (Bigsten and Söderbom, 2011; Collier, 2011; Page, 2012). One extreme example is the Chinese city of Qiaotou where 80% of the world's zips and 60% of the world's buttons are produced (Watts, 2005). These button and zip producers require similar inputs, access to market, benefit from knowledge flows and specialised skills. UNIDO (2009) provides a survey of how agglomeration leads to significant productivity gains. There are a number of reasons why agglomeration increases productivity: it allows for a "thick" labour market; information and knowledge can be shared, as can common overheads and services; and there is the opportunity to observe customers and competitors closely. The challenge is to start the process of agglomeration, because although firms benefit from being in an agglomeration none has the incentive to start in a new industrial location.

This problem can be overcome by suitable public policies, such as generating special economic zones to attract a critical mass of firms. An interesting recent development is the establishment by China of 19 "economic and trade co-operation zones" around the world, five of which are in Sub-Saharan Africa (Ethiopia, Mauritius, Zambia and two in Nigeria). One driver behind the establishment of these zones is rising labour costs in coastal China. Bräutigam *et al* (2010) and Bräutigam and Xiaoyang (2011) analyse the opportunities and challenges these special economic zones bring for Africa. The main concerns raised so far are: (1) the zones are mainly offering opportunities to Chinese, not African companies (2) the use of Chinese, not African labour (3) poor labour and environmental standards (4) poor communication with local communities. Special economic zones may therefore establish Chinese enclaves rather than generating growth and spillover effects by encouraging technology transfer, creation of local employment and the development of local supply chains. The OECD can help by encouraging African states to be more forward thinking and strategic in their negotiations with the Chinese government and Chinese firms in the following ways:

- Encouraging transparency and accountability by making contracts and agreements public.
- Providing assistance for the provision of good-quality off-site infrastructure, such as roads, ports, railways, communication technology, housing etc.
- Developing and enforcing environmental and labour standards.
- Developing and implementing programmes to link special economic zones with local markets (especially supply chains).

Building capacity

Capacity is the “tacit” knowledge or working practices that enable a firm’s workforce to develop and produce new products. Such capacity must be developed in the process of industrialisation. Whether fragile states can industrialise will depend on whether firms can acquire and master the capacities needed to compete in a global market. There is also micro evidence that firms learn through exporting, in other words entering the export market allows them to “learn by doing” (Bigsten *et al.*, 2004).

Interventions that distort prices – such as taxes and duties on imports and exports – are to be avoided because these interventions distort markets, set the wrong incentives (see the cotton example above). There is a long history of marketing boards and import subsidies in many African countries, which resulted in taxing farmers, depressing agricultural output and increasing demand for imported goods, thereby benefiting the urban elite and disadvantaging the rural majority. Instead, soft industrial policies aimed at stimulating collaboration among authorities, industry and private organisations in order to increase productivity are potentially very effective. Examples of soft industrial policies include: increasing the availability of labour with certain skills, supporting new techniques and improving infrastructure. These policies give less room for corruption and rent seeking than policies which give direct support to specific firms.

Exchange rate policies

As the example of West Africa shows, exchange rate appreciation made the region’s cotton exports uncompetitive (Baffes, 2011). One possible policy suggestion is to pursue a strategy of keeping the exchange rate undervalued (Rodrik, 2009). China has successfully maintained an undervalued currency and encouraged manufacturing exports. However, Bigsten and Söderbom (2011) argue that undervalued exchange rates are not the right tool for pursuing industrialisation in Africa. If exchange rates are kept artificially low, foreign investors will want to invest but this would exert pressure on the exchange rate. Thus, countries that have been successful in this strategy have to restrict capital inflows and rely on domestic savings for investment. However, in African countries domestic savings rates are low and regulation of international capital flows seems beyond the capacity of most governments. Many African countries have also received high aid inflows, exerting appreciation pressure on the exchange rate. Thus, the use of the exchange rate to encourage industrialisation in fragile states does not appear to be a useful policy option at present.

Aid for trade

Aid could potentially help countries break into global markets. The Aid-for-Trade Initiative, launched in 2005 at the Hong Kong WTO Ministerial Conference, has established a comprehensive framework to link aid and trade. A number of OECD/WTO reports provide information and an assessment of the initiative. The monitoring and evaluation framework includes several components. One component is based on partner and donor self-assessment, enabling a qualitative analysis of the initiative. The reporting of aid-for-trade flows and performance indicators provide the basis for quantitative analysis. My comments focus on the quantitative components of the framework. The data for the aid-for-trade flows are taken from the OECD’s Creditor Reporting System (CRS) database and are broken down into five categories:

1) technical assistance for trade policy and regulations (Box 4.1);

2) trade-related infrastructure;

3) productive capacity building (including trade development);

4) trade-related adjustment; and

5) other trade related needs.

In 2009 these aid for trade flows added up to about USD 40bn (OECD/WTO, 2011), corresponding to almost half of all global aid from OECD countries. The most recent OECD/WTO report on aid for trade concludes that it has raised awareness of trade's role in development (OECD/WTO, 2011), but that there are there are few tangible trade outcomes. “The most pressing question in aid for trade is how to show results” (OECD/WTO, 2011:174). The report concludes that one possibility for evaluating the impact of the initiative would be to use rigorous impact evaluation methods, such as randomised control trials (RCTs) or quasi-experimental methods (OECD/WTO, 2011). In order to apply these methods the focus will have to be narrow, concentrating on specific measures, *e.g.* product-specific technical assistance for export. Given that the CRS-based aid for trade data definition is broad, narrowing the focus seems a useful evaluation strategy. However, it is worth noting the limitations of RCTs and quasi-experimental methods: (1) donors and partners have to be willing to fund these expensive and often controversial experiments; (2) often experiments do not provide information on how to scale up initiatives and the problems that may occur when the experiments are scaled up; and (3) there are inevitably concerns about the external validity of the experiment. Deaton (2010) provides a detailed discussion of RCTs and quasi-experimental methods.

Box 4.1 Overcoming regulatory obstacles when entering the global market

A large number of developing countries have successfully broken into the export market for value-added agricultural goods. These include palm oil production in Malaysia, wine production in Chile and floriculture in Kenya (Chandra, 2006). In almost all cases government promotion and initial external investment were crucial. Regulations on food and plant safety are complex and compliance is difficult to achieve for producers in poor countries. Food and plant safety standards are in many cases obstacles to breaking into overseas markets (see for example Elliott, 2010). Melese and Helmsing (2010) analyse the case of a Dutch joint venture in the Ethiopian cut flower industry. This industry has experienced impressive growth and in 2009 cut flowers were Ethiopia's fourth most valuable export.[2] Melese and Helsing estimate that the sector had generated 15 200 permanent and 8 800 permanent jobs by 2007. The Ethiopia-Netherlands Horticulture Partnership has provided capacity building, for example study tours to other countries; a phytosanitary unit;[3] market and sector information services; and a decision support system for selecting new products. Regulations on food and plant safety are complex and compliance is difficult to achieve for producers in poor countries. Food and plant safety standards are in many cases obstacles to breaking into overseas markets (see for example Elliott, 2010). This example shows that these obstacles can be overcome in a joint venture where the partner has considerable experience in the production and export of the product.

Good governance

Although some countries, such as China, have experienced growth and development under autocratic systems of governance (Besley and Kudamatsu, 2008), the empirical evidence suggests that autocracy has been disastrous in Africa (Radelet, 2010). Democracy is a key determinant for growth on the African continent (Bates *et al.*, 2012). The recent wave of democratisation since the fall of the Berlin Wall has forced African leaders to pay more attention to the needs of the rural population, rather than to the narrow urban elites as previously. Agricultural productivity has increased and the greater strength of the agricultural sector opens opportunities to break into markets for higher value agricultural products (Bates and Block, 2010). Good governance is also important as a framework for any of the industrial policies suggested above. Interventions are most effective (and distort markets less) in states that have strong institutions and good governance (Bigsten and Söderbom, 2011). Unfortunately, some African countries seem to be sliding backwards down the good governance scale: indicators of democracy and political openness show a decline in good governance (for example Polity IV, Freedom House and Moi Ibrahim index; for more detail see Bates *et al.*, 2012).

For the half of all fragile states that are producers and exporters of oil and minerals (see Section 2), their resource dependence generates specific political economy problems which have to be addressed in a specific way. Democratic reforms, often instigated by outside actors, are unlikely to address these fundamental issues if the reforms centre on introducing elections. Although free and fair elections enable broad participation in the democratic process, without checks and balances the government cannot be held to account. Thus, resource-rich economies need a distinctive form of democracy with strong checks and balances. Unfortunately, this is rare. Checks and balances are public goods and new democracies are likely to undersupply them (Collier and Hoeffler, 2008). International initiatives, such as the Extractive Industries Transparency Initiative (EITI), aim to increase accountability by verifying and publishing company payments and government revenues from oil, gas, and mining.[4] A number of other recent international initiatives aim to increase transparency and accountability, thus ultimately deepening democracy and improving the use of natural resource revenue for development (for further discussion see Collier and Hoeffler, 2012).

OECD countries can support internal democratic forces by:

- Monitoring voter registration, election campaigns and elections
- Encouraging freedom of the press
- Lobbying for transparency in government (for example through public expenditure tracking surveys)

Notes

[1] The global production of a simple white t-shirt is described in *Die Zeit*, 2010 (51).

[2] *http://legacy.intracen.org/appli1/TradeCom/TP_EP_CI.aspx?RP=004&YR=2009,* accessed 10 December 2011.

[3] Phytosanitation promotes plant safety, it prevents the spread of pests and pathogens that plants may be carrying.

[4] For more information please see *http://eiti.org/*

5. Conclusions and areas for further research

Fragile states need to move away from traditional agricultural products to process higher value products for growth-generating exports. Economic growth is one of the most important factors in reducing conflict risk, and stabilising fragile states. However, the fact that fragile states are characterised by low capacity, low investment and high risk makes industrialisation difficult to achieve. In this context, fragile countries might do better to:

- Concentrate on the production of processed food/non-food, horticulture, floriculture and low-skilled manufacturing tasks, such as garment assembly.
- Concentrate on trade in a single task, rather than producing and exporting an entire product. Garment assembly may be one achievable task.
- Implement a range of "soft" industrial policies that could be used to encourage the trade in tasks. These include policies to encourage firms to build capabilities.
- Work on establishing a system of strong checks and balances to deal with the revenues from oil and minerals.

OECD countries can support these efforts by:

- Integrating all the different OECD preferential trade agreements into one coherent system to reduce their costly diversity.
- Ensuring OECD-wide coverage of all goods by such preferential trade agreements (including sugar, dairy, peanuts, rice and tobacco): this could increase the poorest countries' exports by as much as 17%. There could also be longer-term gains from these changes because it would encourage the production of processed food stuffs (such as chocolate). In addition, specific country studies, for example of cocoa producers, may be helpful to demonstrate the potential labour and welfare gains if the remaining trade restrictions were abolished.
- Provide support (*e.g.* technical assistance) to help fragile states to comply with stringent OECD standards on animal, food and plant safety.
- Stimulate and assist with design and implementation of soft industrial policies that encourage trade in tasks, like the agglomeration of firms and the building of capacity.
- Make "aid for trade" more specific by concentrating on aid-for-trade infrastructure, technical assistance for capacity building and assistance to comply with the OECD's stringent food, animal and plant safety regulations which are important non-tariff barriers to trade.
- Use aid to support internal democratic forces in fragile states.

5.1 Areas for future research

Trade capacity building can be achieved by combining a package of development assistance, market access guarantees and capacity building/technical assistance. However, in order to have an impact these packages have to be formulated on a country-by-country case. Future research could use industry and country case studies to assess the relative importance of international and domestic constraints to exports. Based on these case studies more specific policy recommendations could be developed. In addition specific country studies of cocoa producers may be helpful to demonstrate the potential labour and welfare gains if the remaining trade restrictions were abolished.

Annex A: Country definitions

Income status according to the World Bank (2011)

High income OECD: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Rep., Luxembourg, Netherlands, New Zealand, Norway, Portugal, Slovak Republic, Spain, Sweden, Switzerland, United Kingdom, United States.

Other high income: Andorra, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados, Bermuda, Brunei Darussalam, Cayman Islands, Channel Islands, Cyprus, Estonia
Faeroe Islands, French Polynesia, Greenland, Guam, Hong Kong, Isle of Man, Israel, Kuwait, Liechtenstein, Macao, Malta, New Caledonia, Northern Mariana Islands, Oman, Puerto Rico, Qatar, San Marino, Saudi Arabia, Singapore, Slovenia, South Africa, Trinidad and Tobago, United Arab Emirates, Virgin Islands (US)

Middle income and poor: Albania, Algeria, American Samoa , Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Belize, Benin, Bhutan, Bolivia, Bosnia and Herzegovina,
Botswana, Brazil, Bulgaria, Burkina Faso, Cambodia, Cape Verde, Chile, China, Colombia, Costa Rica, Croatia, Cuba, Dominica, Dominican Republic, Ecuador, Egypt, Arab Rep. ,El Salvador, Fiji, Gabon, Georgia, Ghana, Grenada, Guatemala, Guyana, Honduras, India, Indonesia, Iran, Jamaica, Jordan, Kazakhstan, Kyrgyz Republic, Lao PDR, Latvia, Lebanon, Lesotho, Libya, Lithuania, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mali, Marshall Islands, Mauritania, Mauritius, Mayotte, Mexico, Micronesia, Moldova, Mongolia, Morocco, Mozambique, Namibia, Nicaragua, Palau, Panama, Paraguay, Peru, Philippines, Poland, Romania, Russian Federation, Samoa, Senegal, Serbia, Seychelles, Sri Lanka, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Swaziland, Syrian Arab Republic, Tanzania, Thailand, Tunisia, Turkey, Turkmenistan, Ukraine, Uruguay, Uzbekistan, Vanuatu, Venezuela, Vietnam, Zambia

Fragile states (list of countries as in OECD, 2010)

Low-income countries (26 countries): Afghanistan, Burundi, Central African Republic, Chad, Democratic Republic of Congo, Comoros, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kenya, North Korea, Liberia, Myanmar, Nepal, Niger, Rwanda, Somalia, Sierra Leone, Tajikistan, Togo, Uganda, Republic of Yemen, Zimbabwe

Middle-income countries/economies (16 countries or economies): Angola, Cameroon, Republic of Congo, Côte d'Ivoire, Djibouti, Iraq, Kiribati, Nigeria, São Tomé and Principe, Solomon Islands, Sudan, Timor-Leste, Tonga, Pakistan, Papua New Guinea, West Bank and Gaza

High-income countries (1 country): Equatorial Guinea

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