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**BACKGROUND PAPER ON :**

**Economic and trade cooperation between Africa and the Arab world  
" The challenges and prospects for building the future "**

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## Foreword:

It is well known that Afro-Arab decision-makers' realization of the importance of pushing for economic cooperation among their countries primarily hinges on political will, something almost constant. However, some just stress that the issue is not related to the political will only, as there is a real need for the decision-makers to have hypothetical, serious conceptions on the potential benefits to be gained from cooperation between the two sides, the obstacles thereto, and their anticipated impacts. This in fact should be of interest to specialists and relevant organizations that should seek to chart out the hypothetical course of both the inputs and outputs of any potential cooperation epitome between the two sides.

Based on the above, we shall try, at least from our perspective, to make a brief analytic presentation on some points that we believe are closely linked to Afro-Arab economic and trade cooperation. The presentation will focus on answering some questions and discussing some relevant points as follows:

What is the nature of the obstacles to the hypothetical orientations towards cooperation between the two sides?

What is the purpose of the Afro-Arab economic and trade cooperation? (A review of the justifications for seeking to overcome the obstacles to cooperation based on its motivations and expected advantages).

What are the prospects for circumventing the impediments to the development of economic and trade cooperation? Are there any practical and real opportunities for that at present?

**Historical overview:**

The Afro-Arab cultural communication was not the product of the past few centuries; rather it is deep-rooted in the ancient annals of history as manifested in a myriad of historical evidence. The trade relations and the mutual bonds of ethnic and cultural integration between the two sides that have long been existing between the two sides due to the spread of Islam and Christianity do justify any talk about the strong historical ties between them.

The 1950s of the past century ushered in a new era of building strategic Afro-Arab relations based on the struggle for getting rid of colonization as well as on the attempts at progress and development away from dependence on colonials.

Since then, relations between the two sides have seen multiple historic changes marked by political coordination as well as large-scale economic cooperation and support in the wake of the emergence of liberation and independence movements in Africa.

These also include the emergence of the Non-Aligned Movement, a specific stance on the Palestinian question and the 1967 and 1973 wars, and coordination through the African Unity Organization and the Arab League. They also involve resolutions from the Arab summit conference held in Algeria back in 1973 according to which numerous financial institutions were founded to support the Afro-

Arab cooperation, in addition to the first Afro-Arab summit held in Cairo in 1977.

- With the beginning of the nineties and under the new uni-polar world order and the wave of globalization that have swept many of the foundations of international relations at both official and unofficial levels, Arab states had only a slim chance to get a share of Africa's external relations. This was associated with the growth of the role played by the European and American donors in the field of loans, grants and aid, in addition to the roles of the World Bank, the International Monetary Fund, and the international non-governmental organizations operating in various fields in Africa, in terms of supporting the economies of many African countries. The period saw the formation of effective frameworks for the formulation of Africa's relations with the new world order besides the negative impact of those conditions on the volume of Arab aid to African countries when compared to the other flows of international aid to the continent. This prompted many of these countries to question the goals of cooperation and its credibility as well as the enthusiasm of Arabs to cooperate with African countries in the first place.

- Those circumstances, spanning the period from the end of the seventies to the end of the nineties, resulted in the faltering of the march of Afro-Arab cooperation and reflected negatively on the regularity of the meetings of cooperation organs and mechanisms. The Standing Committee on cooperation met at the last ordinary session in 1989, but did not hold any meetings during the nineties. During that period, many Arab studies on the reasons for the decline in the level of collective relations between the two parties were conducted.

Most of these studies found that the two sides have a problem relating to the absence of a strategic vision on the planning of their relations, not to mention what seemed to be an Arab departure from the traditional, strategic and ideological basis of such relations, which requires that the Arab-African cooperation is imperatively demanded by the necessities of security and mutual interests.

At the start of the 21<sup>st</sup> century, the Afro-Arab relations saw positive developments that bring hope into the future of Arab-African cooperation in general. They also witnessed some developments in terms of international relations, especially as many major economies tended to boost their collective ties in the framework of regional economic groupings to reap economic and trade fruits desperately needed to address some effects of the distorted role they experienced as a result of the bloody political and military confrontations fought elsewhere in the world. This phenomenon is called, as per the science of international relations, "Status incompatibility " .

What the policies of the United States and some European colonial countries had suffered in the past few years is potentially a clear example of this phenomenon. All these developments seem to have spurred some of Arab and African actors to revive the idea of Arab-African cooperation, something strongly and clearly put forward by the Arab summit held in Amman in March 2001. Also, the Standing Committee on the Afro-Arab Cooperation held its twelfth session in Algeria in April of the same year after a break of more than ten years.

At the end of its meetings, the Committee issued a statement reflecting the keenness of the Arabs and Africans to activate their cooperation in various fields, and to elevate Afro-Arab common action to the level of full partnership. This was followed by some developments in terms of reviving Afro-Arab cooperation, most prominent of which was the holding of the second Afro-Arab Summit in Sirte, Libya on October 10, 2010, which came up with a number of resolutions and recommendations on Afro-Arab cooperation. Such developments were suggestive of new trends, which are more practical than ever before.

Thus, we are now supposed to witness the manifestations of these reviving, positive developments that hit hardest Afro-Arab relations three decades ago. In that sense, any talk at this point in time of any Afro-Arab cooperation has to be taken into consideration, as it is justified by an optimistic outlook. Thus, the two sides have to realize that the pace of history does not wait, and that history itself does not have mercy on those hesitating to serve the interests of their nations.

## Section 2

### Challenges facing Afro-Arab cooperation "Ingredients of and constraints on environment "

#### First, obstacles arising from the environment, "Milieu and inputs of cooperation "

Now we shift to another point to shed light on some of the most particular ingredients that characterize the economies of Arab and African countries, as well as some economic facts relating to those components that include but not restrictive to the following:

- Most Arab and African countries have weak domestic markets because of low per capita income and low purchasing power, in addition to the low level of services, especially in Africa, and the high cost of many imported consumer goods. This can also be imputed to the absence of domestic production depending on local inputs, despite the availability of many raw materials necessary for the establishment of local industries.

All these led to the recent projects in various economic fields being disrupted.

- Arab and African countries are unable to individually undertake modern projects at the technical, economic and technological levels for the following reasons:

1 – These projects need large capitals

2 - Narrow scope of local markets

3 - Scarcity of qualified scientific and technical personnel required for their establishment.

- Weak competitive and negotiating position of the Arab and African countries in the field of multilateral economic transactions.

The reason lies in the dependence of exports on raw materials (agriculture - mining, etc.), which are characterized by relatively inelastic demand.

Most deals related to those exports are struck with industrialized countries, and their intra-trade is so meager that they lose maneuvers in matters of supply, price levels and contract conditions. On the other hand, these countries rely mostly on inputs, equipment and machinery imported from industrialized

countries, which led to the adoption of wrong economic policies, such as "import substitution" policy or "export for import" rather than making as the primary objective the exportation of goods, and securing capital inflows that can contribute to other strategic productive and investment sectors.

Indeed, the position of African countries in this regard is more complicated, as most of Africa's trade is directed towards the industrial countries rather than boosting trade and economic cooperation at the regional level.

- Africa in particular suffers from lack of infrastructure in many areas, which makes it difficult to transport and ship goods due to high costs.

For example, a special United Nations report confirmed that an Infrastructure network in Africa is much more important to remove the restrictions on trade.

- Large-scale dependence of Arab economy on the outside (Asia, Europe and the U.S. in particular), besides its suffering from entrenched food gap whose size reached about 12.1 billion U.S. Dollars in 1996, half of which in grain, followed by milk at 19.8%, sugar at 11%, plant oil at 9.4%, and meat with 7.5%. This is not to mention the fact the rate of global Arab food imports also picked up, given that the overall Arab population rate amounts to 4.2% of the total world population in 1990. The Arab world's total imports in the same year amounted to 55.3% of the total world imports. These include meat (55.3%), wheat (20%), sugar and rice (15.7%), and vegetable oil (11.1%)... etc.).



- Most of Arab economies suffer from the problem of unemployment and distorted market of supply and demand for labor. Perhaps, what should be noted at the end of this section is the need to differentiate between the obstacles that arise from the environment itself and those dictated by the nature of ineffective policies laid out by those in charge of cooperation between the two sides. These policies mostly constitute the direct reasons for the stalling of such cooperation.

The most prominent difference between the two types of environmental constraints is likely that some may serve as a motivation for cooperation being the only logical way to overcome these obstacles, while the behavioral constraints - or so to speak - do not sometimes carry meaningful implications. As such, there is no way to overcome them, except by refraining from exercising such behaviors, especially if they are expressive of misapprehensions on the part of policy makers in the countries concerned. Overall, both types of constraints can undoubtedly be overcome and dealt with whenever there is a political will on all sides.

### **Second, constraints arising from direct policies:**

It is known that the Afro-Arab economic and developmental cooperation had achieved great advancements since the beginning of the sixties of the last century and its institutional inauguration at the first Afro-Arab Summit conference in 1977. However, it was not long before this cooperation saw a remarkable decline due to lots of rifts caused by the complex political circumstances experienced by the Arab region in particular at the backdrop of signing the Israeli-Egyptian peace accord (1978 - 1979).

This was accompanied by a floundering Egyptian role in terms of Afro-Arab relations in general, which came into play though Egypt was considered as the key power governing these relations. Further, there have been sustained Arab attempts to export political differences to several Afro-Arab meetings, and even to the Organization of African Unity. These endeavors were also coupled with Israel's exploitation of this fertile environment, as it embarked upon a political and geostrategic expansion in various regions of the African continent at the expense of Arab interests and national security.

With the beginning of the nineties and in light of the crucial changes that hit the world order, coupled with the increased role of aid policy that served as an influential instrument in shaping up developing countries' relations with major powers and international donors, such as the World Bank and the International Monetary Fund, voices started resounding in the African context, wondering about the feasibility of talks about the strengthening of Afro-Arab cooperation in light of relative calculations as to the size of Arab assistance to Africa compared to that provided by the international community.

These calculations also pertain to the political burdens imposed by the nature of African geostrategic obligations towards crucial Arab issues, such as the question of Palestine and the international intervention in Iraq and Somalia and the issue of Nile water etc.

This is not to mention the extent of cooperation competition with the nature of systemic development relations that link African countries to major world Powers -The United States of America - China - France – and Great Britain - in addition to what seems to be a quasi-absence of any strategic vision on both sides to plan their relations in accordance with the established strategy and ideology that are compatible with the imperatives of security and common national interests.

Though there have been talks about the necessity to revive the Afro-Arab cooperation since the holding of the second -Afro Arab Summit in Sirte, Libya in October 2010, there have already been many serious obstacles to this cooperation. Perhaps, it makes sense to clearly talk about those impediments if the two sides are to regain the real momentum of their strategic relations at a time when they desperately need to restore and strengthen them.

### **Constraints arising from policies:**

- The inability of Arabs and Africans to maintain the regularity of meetings of the specialized technical cooperation committees away from political interactions and conflicts; the Standing Committee on Afro-Arab cooperation, which is the focus of cooperation between the two sides, is a case in point. This is contrary to what is happening in many international cooperation frameworks forged by many world political rivals that have often been keen to keep the door open to any possibility of communication and rapport as a prelude to finding solutions to strife and political conflicts.

- The political systems (mainly the executive powers) on both sides are not keen to reactivate the role of their legislatures in strengthening their relations through competent institutions. Added to this is the continued adoption of most issues relevant to these relations away from those institutions, which deprives the components of such relations of the visions and attitudes that are closest to the pulse of the people of both sides.

- The reluctance of political regimes on both sides, represented by their competent organs, to market the concept and content of cooperation among them at the grassroots levels in order to create public opinion that understands and supports any steps that might be taken in the direction of strengthening the bonds of cooperation between the parties involved, not to mention the discouragement by these regimes of any effective contribution from national capitals.

- Inability of political systems , represented by their competent authorities, to formulate appropriate operational frameworks to put into practice the recommendations and decisions from the institutions and committees of joint cooperation , including the joint initiatives and efforts made by the private sector, whether this incapability results from lack of technical competence and congenial mechanisms or from the weakness or lack of political will.

- **2 - Technical and economic constraints:**

- Low level of trade exchange between Arab and African countries in general.

- Low level of direct Arab investment in both public and private sectors in Africa.

-The differences over the management of Arab financial aid offered to Africa, as some Africans raise questions on the need to involve the African side in the management of private Arab funding agencies supporting development on the continent , while some Arabs believe that this should be entrusted to the General Secretariat of the Arab League.

- The Arab aid policy didn't contain a strategic vision for strengthening the role of the private sector in Africa and the Arab world by enabling it to take advantage of the assistance allocated for development. Aid has often been used for the purchase of technological equipment and technical devices from developed countries through multinational companies. This increased dependence on developed countries against the will of both Arab and African countries. It also deprived the Afro-Arab private sectors from the opportunity of practicing such activities and making use of their own revenues.

- There emerged some criticism from some Africans of the nature and role of the Arab Bank for Economic Development in Africa, as they saw that it was more appropriate to deposit the Arab funds allocated for the development of Africa at the African Development Bank in Abidjan in order to conveniently manage these financial resources.

In contrast, some Arabs see the need to entrust the management of those financial resources to Arab institutions, as those resources originally came from Arab, not African countries such as the GCC states.

- Lack of clarity regarding the nature of legislation, incentives and investment guarantees, particularly in African countries.

- Lack of data and information on investment opportunities in Africa.

- The difficulty of monetary and fiscal transfers across some African countries, and lack of constant, reassuring financial and economic policies, in addition to political instability caused by political coups, conflicts and civil wars.

- Lack of regular and institutional communication channels between the components of the Afro-Arab private sector.

- Multiplicity of channels and initiatives on the provision of Arab aid to Africa :Arab Bank for Economic Development in Africa, the Arab Fund for Technical Assistance to Arab and African countries, the OPEC Fund , the Arab Fund for Economic and Social Development, and the Arab aid through international institutions. This is accompanied by lack of institutional coordination and/or arrangements that adapt to the requirements of regional and international development stages.

- Lack of a database to document, monitor and analyze the decisions issued and the executive financial, economic, cultural and social steps taken.

## Section 3

### **Prospects for the development of Afro-Arab trade and economic cooperation** **"Priorities and Opportunities"**

Our presentation will attempt at this point to indicate the steps that should be taken by the political frameworks responsible for paving the way for strengthening Afro-Arab economic and trade cooperation. It would then try to shed light on the priorities and opportunities of enhancing such cooperation, with reference to some of the priorities proposed for adoption by the private sector, as well as the explanation of some successful experiences related to overcoming some of the obstacles to cooperation in general.

### **First: the role of public policy-makers: "The duties and visions of the political framework "**

There is no doubt that the political framework within which works the component of Arab-African economic and trade cooperation, represented by decision-makers in the countries involved, are by and large responsible for considering the obstacles to cooperation and for trying to develop solutions necessary to overcome them. It can be noted initially that Arabs have recently felt the importance of restoring momentum to the process of Afro-Arab cooperation.

In its final communiqué, the Arab summit held in Amman in March 2001 called for Arab leaders to discuss the various aspects of Arab-African cooperation and emphasized the importance of pursuing the efforts aimed at strengthening this cooperation and removing the obstacles to the meetings of its organs as well as the implementation of its joint programs.

Then came the resolutions of the Standing Committee on the Afro-Arab Cooperation, which were issued at its fourteenth session held in Cairo in March 2010, to confirm the importance of continuing political and security cooperation between the two sides, reactivating its activities between the two organizations (the Arab League and the African Union), and revitalizing the

proposed joint programs , including by emphasizing the importance of rotating the joint ministerial meeting on agricultural development and food security, which was held in Sharm el-Sheikh, Arab Republic of Egypt, from February 14 to 16, 2010.

This also included the adoption of joint action plan on agricultural development and food security, as well as facilitating the establishment of a unit to carry out the plan, not to mention the review of the operations of both the Arab Bank for Economic Development in Africa, and the Arab Fund for Technical Assistance to African countries.

Further, the second Afro-Arab Summit, which was held in Libya in October 2010 , 33 years after the first summit held in Cairo in 1977, stressed that there is a serious intention on both sides to bring back cooperation between them to its halcyon following its actual launch at Cairo summit.

During that summit, a draft Strategy for Afro-Arab Partnership was presented and focused on four priority areas, namely: The political aspect, peace and security, enhancement of investment and trade, agriculture and food security, and social and cultural cooperation. Each of these areas involved many priorities as follows:

### **Political Cooperation:**

The aim of the strategy is to modernize the Afro-Arab political dialogue at all levels to promote strong and sustainable partnership between the two regions, while getting basic institutional support from the African Union and the Arab League.

The scheme will ensure increased Afro-Arab partnership and solidarity to achieve peace and security in the two regions and the world at large, based on respect for sovereignty and territorial integrity of all States.

It also centered on holding consultations between the two regions to ensure the harmonization of policies, attitudes and actions at the international level, especially in the United Nations and other international forums, including those related to global economy governance, and cooperation in the fight against foreign occupation, terrorism and transnational crime.

The strategy also called for combating human trafficking, drugs, piracy, and foiling other threats to regional and international security and peace. It also urged the exchange of experiences in resolving disputes through peaceful means and existing mechanisms of preventing, managing and resolving conflicts, in addition to promoting the culture of peace, and undertaking joint action to prevent and resolve conflicts simmering in the two regions.

Furthermore, the blueprint envisaged undertaking post-conflict activities pertaining to construction and development, establishment of an African mechanism to support the efforts of the African Union and Arab League meant for peace-building and organizing meetings between the competent Afro-Arab organizations, civil society, parliaments and others.

### **Economic, trade and financial cooperation:**

The Afro-Arab strategy seeks to intensify the Afro-Arab cooperation in the economic, financial and commercial areas and other development fields based on the principles of solidarity, interdependence, and bilateral benefits.

It also seeks to boost the positive achievements of the strategies, programs and key institutions established in the past three decades such as the African Union, the New Partnership for Africa's Development (NEPAD), the regional economic groupings, free trade zones and customs unions.



This also involves strengthening partnership based on bilateral benefits, and ensuring a satisfactory status for both sides, developing integration and promoting self-reliance in order to achieve rapid and sustainable development in the two regions in accordance with the visions set out in the following areas:

**A) Promotion of Investment:**

The agreement will improve economic governance and investment climate to enable the African and Arab countries build their economic powers, boost their competitive advantage in world markets, and attract regional investment and foreign direct investment. It also focuses on raising funds for large Afro-Arab national projects, as well as regional and sub-regional economic integration projects and, in addition to encouraging the participation of the private sector in economic development by creating a conducive environment, among others.

**B) Trade:**

It is expected that the strategy will boost trade between African and Arab countries as a means of promoting sustainable development, creating job opportunities and increasing income. It seeks to improve living standards, eradicate poverty in the two regions and promote cooperation in quality and standards control.

**C) Infrastructure, Transport and Communications:**

The strategy will strengthen cooperation in modernizing and constructing physical infrastructure as a prerequisite for achieving sustainable development, increasing productivity and the flow of trade, boosting tourism and upgrading regional communications.

**D) Building Knowledge Societies:**

The strategy will help to intensify the bilateral cooperation and support the process of building knowledge societies and harvesting information and communication technologies for social and economic development to achieve the millennium development goals (MDGs).

### **E) Power:**

The strategy emphasizes the need for cooperation in the field of development, exploitation and management of energy resources, including new and renewable resources, through joint investment, exchange of experiences, capacity building , joint researches and technology transfer.

### **F) Environment and Water Resources:**

The scheme visualizes the strengthening of cooperation in terms of addressing serious environmental challenges through coordination of positions in international forums on climate change , environmental issues and the efforts aimed at combating drought and desertification.

### **Agriculture and Food security:**

The strategy seeks to promote development through positive and sustainable changes in the policies ,strategies and programs of the two regions in order to bridge the gap between the rate of growth in agricultural production and growing population , in addition to reducing the incidence of famine by providing food, ensuring food safety and quality , enhancing domestic and foreign investments and diversifying regional economies . It also tries to address crises, and the use of early warning systems to protect food production from natural disasters and migratory insects and take action to reduce post-harvest losses.

### **Social and Cultural Cooperation:**

The strategy emphasizes the importance of supporting individual and joint efforts of African and Arab countries , and promoting social development and the achievement of the Millennium Development Goals related to poverty reduction , collective access to primary education, lowering the rate of maternal and child mortality, reduction of hunger and the fight against epidemics such as HIV , tuberculosis , malaria and others.

The strategy stresses the need to create a culture of strong collaboration through effective dialogue and cultural exchanges by encouraging arts and sports, as well as holding joint periodic cultural festivals , and ensuring better communication between Africa and Arab world to promote common understanding

through the promotion of exchange and communication between independent actors , including trade unions ,professional associations , the private sector, civil society , media organizations, schools, universities, sports, clubs and others.

If the above presentation of the decisions of the Standing Committee and the content of the draft joint strategy shows the nature of awareness among those responsible for the various issues of cooperation between Africa and the Arab world, we in turn will attempt to set out some relevant visions as follows:

- Reactivating the role of the Standing Committee , taking interest in promulgating its decisions in media outlets, and marketing its outputs in the context of academia and private business sectors in the countries of the two sides.

- Taking Interest in the establishment of information centers and services for those interested in the quality of research, business and investment institution.

- Reactivating communication between the Arab League and African Union represented by their institutions that work on the issues of economic and trade cooperation, particularly the African Union's efforts to boost the economic cooperation in Africa.

- Reactivating cooperation with the African Union on border disputes in Africa, and reaching common understandings and consistent attitudes on key political and security issues of mutual interest such as fighting v extremism , terrorism and corruption, enhancing human rights, and resolving the problems of displaced persons , regional asylum, and executing the Union's Convention on cross-border cooperation known as "Niamey".

- Cooperation with the African Union in the establishment of the African Union Centre for reconstruction and development during post-conflict periods.

- Strengthening and reactivating common parliamentary activities, including by supporting the emerging Association of Senates, Shura and Equivalent Councils in Africa and the Arab world (ASSECAA), and adopting its visions to promote trade

and economic cooperation between the two sides. ASSECAA has recently proposed the establishment of an Arab-African trading bloc an "AATB" based on the recommendations from the meetings of chambers of commerce and industry in Africa and the Arab world (South Africa 2008, and Bahrain, 2010).

- Seeking to create an effective cooperation concerning the establishment of an African university association, and creating a scientific academic and research partnership between it and Arab universities.

- Coordinating the execution of the draft charter of the African cultural renaissance to be signed in the framework of the African Union.

- Coordinating efforts under Addis Ababa Declaration of Ministers of African mineral resources on building a sustainable future for extractive industries in Africa.

- Reactivating coordination and cooperation in the framework of the African Union's Peace and Security Council.

- Coordination of positions among Arab countries with regard to African affairs, including by ensuring the holding of regular meetings for those responsible for African affairs in line with the regular meeting held once a month in Brussels by those in charge of African Affairs in the European Union to agree on a common position on various African issues.

- Reviving the Afro-Arab organization for finance and investment that had been proposed by Kuwait during the tenth session of the Standing Committee on the Arab-African cooperation held in Kuwait in June 1989, as the founding of this outfit was disrupted at the time due to reservations from some Arab countries.

- The officials of the two sides should continue to stress the idea of reconsidering the philosophy of Arab-African cooperation on several concepts, most notably the following:

a) - Cooperation has a two-pronged relationship according to which each side shall bear specific responsibilities as per the nature of its political and economic potentials away from the concepts of dependency and negative attitudes.

B) - The diplomacy of assistance is one of the tools necessary for the implementation of foreign policy and, therefore, it cannot be a neutral one. Although Arab aid is characterized in general by being irrelevant to exploitation and bartering, it generally takes place in the absence of any strategic vision or clear priorities.

## **Second, Areas of strengthening cooperation and opportunities:**

In the elimination of these obstacles that we have mentioned in the previous section, there arises a central question on the issue of Arab-African cooperation: Is it possible to take short-term practical steps that can stimulate cooperation at present and then prepare it for attaining promising breakthroughs in the future? The answer to this question is yes, as we can talk about many practical steps that can be taken in order to enhance cooperation as follows:

### **a) Commerce :**

1 – Reducing customs restrictions by the two sides in order to encourage trade, while at the same time taking alternative measures to deal with the effects of such restrictions on the parties involved.

2 - Boosting technical cooperation programs on trade policies in order to enable the Arab and African institutions to discuss on a regular basis the reforms that have been implemented, and re-examine their potential impacts on commercial arrangements.

3 – Taking interest in providing business information by governments and the private sector by creating a network for Arab-African Information in cooperation with some international institutions such as the International Association of Governmental and Commercial Institutions in Developing countries", "The United Nations Conference on Trade and Development"

(UNCTAD), " The United Nations Programme for Development", and " The Center for International Trade".

The network shall use most up-to-date technologies in the field of telecommunications which are currently available at reasonable prices. It is also possible to establish a center or a research unit specializing in studying Arab-African relations, mainly those related to the strengthening of trade and economic cooperation.

4 - Arab and African countries, thanks to the new system of establishing commercial centers, can get adequate information on laws, rules and practices applicable in all African countries in the field of foreign investment, which would enable them to establish joint ventures. Egypt, Tunisia, Morocco and Algeria have established many such centers.

5 - Enhancing sectoral competitiveness that could increase exports on both sides.

6 - Improving investment climate, especially in African countries and increasing the efficiency of government institutions and direct contacts between African Chambers of Commerce, and their Arab counterparts.

7 – Considering the creation of a clearing house on both sides in order to cater for trade between them, as the majority of African countries and some Arab countries have difficulty obtaining foreign currency.

8 – Finding ways to finance trade between the two sides, as there are no institutions to fund trade except for the short term only. Among the suggestions that can be made in this regard are the establishment of an Arab-African Foundation for funding, increasing cooperation among central banks, and establishing strong, joint financial institutions to ensure investments.

9 – Encouraging the establishment of joint ventures, especially in agriculture and industry, as the two sides have potentials to do this.

10 – Speeding up the reactivation of the recommendations of the tenth session of the Standing Committee on the Afro-Arab Cooperation that included the finalization of a study on the establishment of a preferential trade zone in the Arab and African countries, taking into account that the draft Convention on the establishment of such a zone, which had been put forward during the eighth session of the Committee held in Damascus in January 1986 as well as the ninth session held in Burkina Faso, December 1986, have not yet ratified.

11 – Indigenizing some consumer industries depending on raw materials available in some African and Arab countries, which can be exported both within and outside the two regions, such as the industries of sugar, textiles, cotton, cocoa, coffee, meat, dairy, fodder, rubber, vegetable oil, and appliances.

12 – Working hardy and systematically on studying the most effective economic and scientific approaches to establish a pattern of effective Arab-African cooperation or regional integration on par with similar models, such as the Andean in Latin America and the ASEAN in Asia, which are based on the perspective of "integration for development".

It is to be noted that such an endeavor can be made by releasing market forces into the countries of the two regions to enable them arrange their economic structures through setting out internal policies to harmonize and coordinate the work of these forces in order to achieve the objectives of cooperation. It can also be made through coordination among specific sectors or similar economic projects.

Some may consider sectoral coordination as one of the best means of cooperation among developing countries that are known for their flawed structures in terms of the productive sectors, which leads to low level trade exchange.

Further, joint ventures are not usually affected by the national macro economy, as they are flexible in achieving the interests of all parties. In addition, the relatively rich countries involved are not merely donors, but rather do contribute to supervising and managing projects, while joint ventures contribute to offsetting the balance of payments deficit and creating jobs in poor countries.

### **B) Tourism:**

many studies and primary statistics confirm that tourism is one of the promising sectors in the framework of the Arab-African cooperation. There is no doubt that there are great potentials to promote Arab tourism in Africa, especially if it is possible to overcome some obstacles to the issuance of visas, as some countries fear the flow of foreign labor, not to mention the lack of adequate, regular airlines between many Arab and African countries.

In addition, the two sides are not interested in encouraging tourism and opening up tourist offices. It has recently been observed that there is an increase in the volume of tourism between Arab and African countries as a result of the US-European intransigence to grant tourist visas to Arabs and Africans in the wake of September 11 events, which diverted a large number of tourists to Arab and African countries.

The juxtaposition of the two regions allows for great prospects for the development of tourism between them; it makes sense to launch intensive efforts by the two sides to mutually promote tourism potentials. Some Arab investors have already begun preliminary, serious attempts at the establishment of tourist projects in Africa, particularly in the Southern African region.

It is known in general that tourism in Africa is growing relatively reasonably, especially in South Africa, which has become a distinctive tourist attraction. The number of tourists coming to Africa is estimated at about 18 million a year.



The rate of tourism in Africa has evolved reasonably, but the continent's share of international tourism revenues generally remains modest at no more than 2.9% and 1.7%. The point is that the number of African countries considered as tourist destinations is very limited, as tourism is mainly concentrated in the countries of North and South Africa as well as other countries such as Gambia, Kenya, Tanzania, Uganda etc.

It is also observed in the recent years that there is a growing tourist activities in African countries that account for 47.8% of the volume of Africa's foreign tourism. A large African tourist market is held biennially, with inputs coming from some Arab countries.

### **C) Culture and Media:**

There is no doubt that an integrated Afro-Arab cooperation is in a dire need of stimulation in the fields of culture and the media. In the present day world, these areas have decisive effects on the formation of critical trends of public opinion worldwide. In this regard, some steps have been taken to promote cultural and media cooperation between the two regions. These include serious efforts made by some Arab countries, especially Egypt, Algeria, Libya, Saudi Arabia, Sudan and Yemen, in terms of providing thousands of scholarships for African students to study at these countries' institutes, in addition to the establishment of Arab Cultural Centers in some African countries.

A number of cooperation agreements were also signed between some Arab media agencies and their African counterparts. There is also an enthusiasm to make the transmission of some Arab satellite channels reach Africa. A meeting was held in Cairo in 1990, among the heads of Afro-Arab media organizations, during which they agreed on the possibility of using the Arab satellite and the African Network of Communications for the exchange of television programs, the establishment of medium-sized centers and ground broadcast stations in an African country in order to serve as the central feed for the two sides.

The Union of African Journalists, based in Cairo, has contributed to training of hundreds of African journalists during the last two decades in journalism, including the press, radio and television.

In the same vein, other efforts can be launched to strengthen Afro-Arab cooperation relations in the areas of film industry, printing, publication and translation of the most important books in the fields of art, literature and applied science, in addition to the production of specialized periodicals in Arabic as well as in various African languages and dialects, such as English, French, Swahili and Hausa.

#### **D) Youth and Sport:**

It is known that youth and sports sector is one of the most important avenues supposed to promote Arab-African cooperation, especially as sports sector has become one of the most important investment and business sectors in the world as evidenced in the memorable contributions made by African athletes to many sports sectors in various parts of the world.

The reality is that the two sides have early recognized the importance of strengthening this sector as a key component of cooperation. They had entered into cooperation agreement on youth and sports in 1985, through the Council of Ministers of Arab Youth and Sports and the Supreme Council of Sport in Africa.

The Cairo Declaration on the Afro-Arab youth and Sports program was announced in September 1991, on the sidelines of the fifth African tournament. Such agreements have identified cooperation frameworks between the two sides. The Afro-Arab Ministers of Youth and Sports met in Tunisia in 1992 on the sidelines of the Arab-African trade fair, and agreed to coordinate their positions within the international federations and organizations, to work on the establishment of an African Centre for Sports Medicine, and to organize Arab-African games.

In addition, a joint meeting of ministers is held every four years or in coincidence with each African or Arab tournament, but the majority of these understandings have not yet been implemented. It is therefore expected that these efforts will be reactivated through practical steps and regular procedures to be taken by both sides. It is necessary to visualize practical visions and ideas on how to enable the private sector implement economically feasible and safe investment projects in the field of youth and sport. This is no doubt one of the tasks entrusted to the private sector and the executive bodies and decision makers in the two regions.

### **Thirdly: Role of private sector: "Priorities of action and visions for partnership"**

The role of the private sector indicates its modest contribution to enhancing Arab-African trade and economic cooperation in general. It may not be held full responsible in this regard, as it is well known that capital does only exist in fertile and safe investment environments.

But a closer look - from another angle – at the points we have already presented regarding the components of the Afro-Arab e cooperation environment , its inputs, the constraints thereon and the prospects for the possibility of developing such cooperation and overcoming impediments , indicates the possibility of the private sector playing an important role in promoting cooperation relations in partnership with the relevant official bodies. Generally, we can refer to some of the steps and priorities that can be adopted by Arab and African private sectors in this regard as follows:

- The private sector can encourage and support the creation of systematic database on trade and investment environment in African and Arab countries, as well as the effects of their political, geographic and demographic circumstances on trade and investment-related decisions in general. This issue is supposed to be given a high priority in terms of encouraging

Arab -African capital to indulge directly and strongly in strengthening Arab -African economic and trade cooperation.

We have attempted in this paper to provide a practical example of what the data and information can add to the explanation of the nature of the investment environment in Africa and the Arab world by means of collecting some statistical data related to such trends. There is generally a lot of relevant data that can be gathered, classified and analyzed based on the methodologies usually adopted in this respect.

-The Private sector's interest in consolidating its ties and contacts with official bodies and committees concerned with the economic and trade cooperation within the framework of the formal institutional structure of Afro-Arab relations.

- The private sector can exercise an active role in stimulating national legislative institutions working on the enactment of legislation and give necessary incentives to encourage and protect investment and capital flows.

- Keeness of the private sector on both sides to strengthen ties with each other through the construction of channels of communication between businessmen and their various unions, and to hold multiple periodic and regular meetings, in addition to the exchange of business and investment information.

- Private sector's support to any government efforts on both sides to establish a fund or an authority to ensure investment , free movement of capital, speedy remittances and an effective, practical mechanism for appropriate compensation in the face of investment risks in general.

- Keeness of the private sector on reactivating its role related to its social responsibility ,including by resolving social development problems, and contributing practically to reducing the burdens of the poor , improving their financial capabilities and enabling them to contribute to production and trade by improving their purchasing powers.

- Private sector's initiative to establish joint promotional trade shows, holding marketing ,investment and tourism conferences and meetings , and sponsoring joint cultural and media meetings and forums .

#### **Fourthly, successful models on the road to cooperation:**

It may be necessary at this juncture to point out a media fact – or so to speak – which indicates that in as much as information is known about the size of the obstacles to the Arab-African cooperation, there is a clear negligence in marketing the positive aspects of this cooperation, a fault shared by most of those involved in undertaking such cooperation on both sides.

Accordingly, we can point out some of the successful experiences and steps that have been taken in terms of strengthening cooperation between the two sides through either the organs concerned or initiatives from unofficial sectors on both sides as follows:

#### **1 - Arab Bank for Economic Development in Africa:**

This Bank was established in February 1974 in order to document the links between African and Arab countries, and to support the economic growth of African countries within the framework of solidarity and common interests. It began its operations in some African countries in March 1975, and its functions were identified as follows:

- Contribution to the financing of economic development of African countries.
- Encouraging the contribution of Arab capital to the development of Africa.
- Contribution to the provision of technical assistance to development in Africa.

The Bank finances projects and technical assistance operations in African countries and provides project loans. The interest rate ranges between 1 % and 4% per annum, while the loan term ranges between 18 and 30 years. It further grants a grace period of between four and ten years, and the priority is given to its activities in agriculture, infrastructure and human resource development.

Since its inception, the bank funding have targeted 42 out of the total number of countries eligible to benefit from its loans and aid; it also targeted some regional organizations. The loans

include a large proportion of non-refundable grants. For example, the total net loans granted from 1975 to 2000 amounted to \$ 1590 million , of which \$ 836 million (52.60%) allocated for infrastructure sector, \$ 476 million (29.9%) was allotted for agriculture , \$ 116 million (7.3%) for energy, \$ 52 (3.3%), million for industry, \$60 million (3.8% for the banking sector), \$ 34 million (2.1%) for community sector, and \$ 12 million (0.8%) for the private sector.

The bank paid a special attention to technical assistance. According to one of its recent report, it has provided funding for feasibility studies, institutional support to government agencies and departments as well as regional organizations, in addition to recruiting experts, and organizing training courses; the amounts spent on those areas stood at \$ 80 million. The bank also helped cover the expenses of some Arab and African exhibitions. It also participated in supporting Arab exports to African countries, where it contributed the sum of \$ ten million to the capital of the African bank for exports and Imports, and allocated \$ 50 million for financing Arab exports to Africa.

Several proposals have been made to improve the bank's performance , as it regarded as an important cornerstone in the Arab-African Cooperation. These included proposals from the United Arab Emirates on the possibility of contributing to the financing in local currency of the Bank's future operations , especially in terms of goods and services, and diversifying contributions in such a way that diverts them towards raising the living standards of people as do the International Development Agency (IDA) and the African Development Fund.

## **2 - Afro-Arab Trade Fair:**

This exhibition was set up in order to support economic cooperation and promote trade exchange between Arab and African countries. In June 1989, the Council of the Arab League and the Council of Ministers of the Organization of African Unity agreed the recommendations of the Standing Committee on the organization of Arab-African trade fair. The first exhibition was held in Tunisia in October 1993, the second in Johannesburg in October 1997, and the third held in Dakar in April 1999.

### **3 - Week of Afro-Arab Businessmen:**

This week was launched out of a common desire to support the economic and trade cooperation and investment between the two sides. The council of the Arab League and the Council of Ministers of the Organization of African Unity approved the holding of such a week, and the first exhibition was set up in Cairo in March 1995. We have no information on whether or not the expo has been held since then. The fact of the matter is that the experience was successful.

### **4 - Association of Senates, Shoora and Equivalent Councils in Africa and the Arab world (ASSECAA):**

The Association, which is one of the regional governmental organizations, is regarded as the most recent emerging Afro-Arab cooperation institution. It was created in 2004 thanks to the efforts made by many African and Arab countries. ASSECAA's General Secretariat has its headquarters in Sana'a. Though the Association is still nascent, and its material potentials are modest, it has been able to achieve some relative successes via the implementation of several joint activities.

It seeks to achieve its goals, atop of which came the promotion of bicameralisms and parliamentary efforts, the strengthening of relations among member states, considering the issues of common concern, and making recommendations and decisions thereon.

For example, the Association is sponsoring the meetings of Chambers of Commerce Industry in Africa and the Arab world, and contributing to the support of community activities related to scientific and academic aspects of interest to the Association. These include bicameralism, good governance, democracy, human rights, peace and security issues, the achievement of stability and development in the Association's member countries.

The Association also organizes reciprocal visits of representatives from member councils and sponsors periodic meetings of women parliamentarians from member States. It has recently sponsored a pilot project in the promotion of young researchers to address issues of interest to the Association in the areas of development and stability.

The project was launched in Sana'a University, represented by the Center for Political and Strategic Studies, in partnership with the Association, which is still keen on proceeding with such a drive in collaboration with academic institutions. It is expected that this project will be circulated later to many universities in the Association's member states.

## **5 – Meeting of chambers of commerce and industry in Africa and the Arab world:**

This meeting came out as a fruit of serious cooperation between the Association of Senates, Shura and Equivalent Councils in Africa and the Arab world, the business sector in Africa and the Arab world, and the Arab Bank for Economic Development in Africa.

The first meeting was held in South Africa in 2008, whereas the second took place in Bahrain in 2010. We in turn are presenting our paper to the third meeting which is held in Morocco from 29-30 November 2012.

In fact, by looking into the documents issued by the two previous meetings, the reality confirms that this relatively recent arrangement has provided an insight into and practical approaches to the development of economic and trade cooperation between Africa and the Arab world. Perhaps, of the most prominent objectives the meeting seeks to achieve is to conclude an agreement on the establishment of Afro-Arab trading bloc "AATB."

This project could add a lot to the content of cooperation in case it sees the light of the day in the near future. Further, the above-mentioned meetings also came up with a set of recommendations on economic and trade cooperation between the two sides. What distinguishes this meeting is the presentation of a range of specialized work-papers in order to confirm the Association's desire for expanding its outlook on the future of cooperation into specialized and methodical frameworks, something for which this meeting takes credit.



## **Model experiences of some Afro-Arab investors:**

### **1-International Dubai port Corporation (UAE):**

In October 2007, the corporation signed an agreement to operate and develop the container terminals in Dakar ,Senegal. The firm has 90% of Dakar port's shares, an investment of about \$ 75 million. It also has a number of hotels in South Africa.

### **2-The Telecommunication Company (Dubai):**

Since 2005, telecommunication networks have been existing in the African market, where the company possesses nine mobile phone subsidiaries that work with governments and the private sectors. They also negotiate with other African countries to get work permits.

### **3-Raas Al-Khaima minerals investment company (UAE):**

This firm commenced operation in partnership with the foreign and domestic private sectors back in April 2007, with an investment of 30 million Dollars. It was granted the concession to harness copper and cobalt in Lubumbashi, the Democratic Republic of Congo.

### **4-Al-Khurafi companies group (Kuwait):**

Since early 1990, the group has been investing in Africa in tourism , hotel and resort construction and management, the agricultural and contracting sector , with the volume of its investment amounting to 500 million Dollars.

### **5-Zain Telecom (Kuwait):**

In 2007, the Company purchased 75% of the Ghana-based Western Telesystems Limited company's shares for 120 million Dollars. The firm operates in partnership with the private and public sectors in 15 African countries. It invested about 7 billion Dollars from 2007-2008, and has 36,9 million subscribers. The company is regarded as a pioneer in telecommunications in 11 out of 15 countries where it operates.

#### **6-The Afro-Kuwaiti Investment Company (Kuwait):**

Since 2006, the company has been investing in the financial sector, real estate and tourism in Senegal . The volume of its investment in Senegal, Morocco and Algeria stands at roughly 155 million Dollars.

#### **7-North Africa Ouna-Amunium group (Morocco):**

The group's activities include food industries, mining sector, mineral industries and banking. Its mining subsidiary is operating in the DRC in partnership with the Congolese Costamin company which has two licenses to extract cobalt. The group-owned Lisor Crystal in partnership with the French Lisor Company has obtained 34% of Africa Oil Refinery Company's share.

#### **8-Morocco Telecommunication Company:**

The Company acquired 51% of the stake of Onateel Telecom company which is based in Burkina Faso to the tune of 220 million Euros. In 2007, it acquired 51% of Gabon's Telecom stake for 61 million Euros, in addition to 51% of the Mali-based Sutilma Company's stake acquired in January 2009 by the tune of 225 million Euros. The company works in the aforementioned countries in partnership with the public sector.

#### **9-Wafa Commercial Bank:**

The bank has a branch in Senegal, which has a stake of 29%, the highest in the Senegalese market. It purchased 51% of the capital of Mali International Bank, the second largest in the country. In November, 2008, the bank struck a deal to acquire the branches of the French group (Farmers' Loan), which is based in Africa. Under the deal, the bank purchased the bulk stake of banking network including five African banks to the tune of 250 million Euros.

#### **10-Orascom Telecom Company (Egypt):**

The firm is operating in Zimbabwe, and in 2008 it established Telecell Globe for investment in mobile phone companies in Africa. The firm also acquired three telecom companies in Burundi, Central Africa and Namibia.

### **11- Al-Swaidi company for Cables:**

The company is investing in energy and power sectors in Africa, and had constructed factories to manufacture electricity meters in Ghana, Zambia, Ethiopia, Kenya, Nigeria, Sierra Leone and Uganda.

### **12-Arab Contractors Company (Egypt):**

The company invested in roads and constructions in Nigeria, Ghana, Equatorial Guinea, Benin, Cameroon, Chad, Botswana, Rwanda and Uganda. It started its operations in Africa in 1991` with a capital of 100 million Dollars. The firm operates in partnership with the African private sector.

### **Sixthly: Future of trade and investment in Africa:**

#### **a) Current status of African economy:**

The African countries have recently seen the highest GDP growth and the lowest rate of inflation. In 2007, the rate of economic growth amounted to 6,5%, while the macro-economy as well as the performance of economic policies have improved. Demand for African raw materials has been rising. Foreign capital flows, which have been on the rise, amounted to \$ 13,8 billion in 2003, \$ 18 billion in 2005, \$ 38,8 in 2006, and \$ 53 billion in 2007 .

According to a report from the UN's trade and development conference, the above increases are ascribed to the prohibitive price hike of basic commodities as well as the quantum leap in the revenues of direct foreign investment, including natural resource harnessing projects, which stood at 31% in 2007. This led to an increase in foreign currency reserves in several African countries.

Since 2006, Africa has seen a serious international trend to reduce overall debt burden as envisaged in an initiative launched by the International Monetary Fund (IMF) as well as the World Bank in

collaboration with regional and international donors, including the African Development Bank.

Under the initiative, 22 world countries were forgiven of a total of \$ 50 billion in foreign debts. The step has contributed to the reduction of Africa's foreign debts by either writing them off totally or rescheduling same, thus enabling 62 African countries to have their overall debts reduced to \$ 68,4 billion , about 50% of their gross domestic production at the end of 2007.

### **b)-African Investment and Trading partners:**

It is obvious that during the two recent decades, several international powers have been keen to establish distinctive trade and economic ties with Africa. The reality is that such bonds have become stronger than those that linked the continent's countries to their colonizers over the past decades. Foremost among those powers are China, the EU and the US.

It can be helpful at this point to review the most important features of such relations that may help utilize the experiences of such countries in forging excellent economic ties between the two sides.

### **1-The European Partner:**

The EU is considered as Africa's largest trading partner, as the volume of trade exchange between the two sides came to 200 billion Euros in 2006. Also, Europe is regarded as Africa's most prominent donor whose assistance to the continent amounted to 35 billion Euros in 2006.

The Afro-EU trade relations are marked by favorable conditions that serve the interests of the EU countries, such as the "the preferential trade policy" inherited from Africa's European colonial masters, a policy the World Trade Organization (WTO) seeks to invalidate.

It is known that many African countries mainly depend on the European market for the exportation of their products. Likewise, the European countries heavily rely on Africa in importing raw materials, especially in the field of mining, energy, and rare minerals.

The reality is that the EU is facing a cut-throat competition from China and the US that have recently felt an urgent need to boost its politico-economic presence in Africa. The issue has recently figured high on the agendas of the European countries attempting to reconsider their economic and trade policies towards Africa.

Ironically enough, those policies traditionally focus on importing raw materials and then re-exporting consumer products to their countries of origin, while giving no attention to the enhancement of production and investment infrastructures through setting up investment ventures to harness natural resources and then export same to constitute an added value to the African economies.

## **2-The US partner:**

Notably, the US believed over the past decades that it was pointless to engage in trade with Africa due to the dominating European influence there or out of belief that the continent's stake in the world trade was modest.

However, such a view has relatively changed since the early 1990s, particularly in 1996, when the then Secretary of the State Warren Christopher toured some African countries. Subsequent visits were also made by American officials, most important of which was that paid by former US president Bill Clinton to six African states.

Then came the Afro-US summit held in the US in 2000, during which time Clinton called for writing off 70 billion Dollars of Africa's foreign debts.

The size of the Afro-US trade exchange rose from 7 billion Dollars in 2001 to 22 billion Dollars in 2011, as the volume of the new US investments in Africa stood at 302 billion Dollars in 2010, the bulk of which was diverted to energy ventures.

Recently, the Obama administration has laid down what it called "action strategy paper" that focused mainly on building up partnership with Africa. An American company council concerned with Africa was also established, let alone the recent visits made to Africa by US officials who were accompanied by US tycoons and business moguls.

In 2000, the US administration had set out a strategy called "AGHWA" scheme", a 15-year action plan aimed at bolstering trade exchange between the US and Africa. The scheme envisaged exempting a long list of African-made products from import duties. Yet, the very measure has in itself created an imbalance in trade relations between the two sides, as some African countries still turn to Asian countries for production under this framework, which made it easy for Chinese and Vietnamese textile products to enter the US market without any customs duties being imposed.

### **3- The Chinese Partner "The Chinese Strategy as a model"**

China is Africa's third largest trading partner, as the continent has become a key destination for Chinese investments. China is keen to take a distinctive approach to its relations to Africa, thus offering an acceptable model of building up joint cooperation to the advantage of both sides. It is also interested in cementing its bilateral relations with African countries, namely South Africa, Sudan, Ethiopia and Egypt.

Indeed, the rising Chinese interest in dominating the African markets is coupled with a serious keenness to consolidate the competitiveness and exports from African countries by taking care of the extractive industries and publicizing the African products in the Chinese market.

This is despite the fact that the Chinese exports to Africa are mostly textiles and fully-produced commodities, in addition to the fact that China has big investment ventures in telecommunications, transport, infrastructure and fisheries.

Further, China has encouraged African exports to the Chinese market and other world markets by setting up a permanent trade fair for African merchandises in Mok district, which is home to over 1,000 Africans.

The expo is meant to encourage the marketing of African products, help African companies and traders utilize the Chinese markets, enhance transit trade, and raise the profile of African products in China.

The direct Chinese investments in Africa topped the equivalent of 15 billion Dollars being invested in ventures across 50 African countries. In 2009, China pledged about 15 billion Dollars in preferential loans to African countries to help them upgrade their own infrastructures, agriculture, convertible industry and small and medium sized projects.

The Chinese investment and trade in Africa has stimulated the ever rising economic growth in Africa. The International Monetary Fund (IMF) projected this growth at 5,8% in south Sub-Saharan Africa, which is one of this trade dividends.

China also set out to offer economic and technical assistance to several African countries in the economic and technical spheres and infrastructure; the Asian giant has since 2006 built more than 100 schools, 30 hospitals, 30 anti-malaria centers and 20 expos for displaying agriculture technology in Africa.

Given the growing Afro-Chino trade exchange, one can just notice the exceptional efforts being exerted to reinforce relations between the two sides. The volume of Afro-Chinese trade exchange totaled \$ one billion in 1980, \$ 6,5 billion in 1999, \$ 10 billion in 2000, and \$ 39,7 billion in 2005. It jumped to \$ 55 billion in 2006 and then to \$ 100 billion in 2010, a 700% increase since 1990. The increasing trade volume has recently hit a growth rate of over 30%. China has envisaged a new vision for Afro-Sino partnership based on contributions to all fields, such as dam construction, setting up

optical fibers and telecommunication networks, hospital and school construction, and offering interest-free loans. In addition, the Chinese government offers some countries a full partnership in strategic projects such as mining, dams, hydroelectric power stations, railways, highways and oil refineries.

In addition to the public sector's contribution, the Chinese communities are involved in direct investment ventures in African countries. The Chinese government and its own embassies give a considerable help to Chinese communities operating in Africa by providing them with significant information, legal consultations, interest-free loans, and emoluments granted to expatriates upon their return home.

The investments done by the Chinese communities in Africa are in the form of convertible industries, hotels and restaurants. While Western investors set preconditions for partnership with their African counterparts, Chinese entrepreneurs take a non-differential approach.

Chinese authorities usually bind their public and private institutions to show respect and good conduct towards host countries, particularly in terms of respecting local regulations, responding transparently to biddings, and abiding by labor laws ensuring the interests of local employees and conserving the environment.

### *Africa's most key trading partners*

**The above data were adopted from the table available in the following link:**

|                    | Rate of imports |      |      |      | Rate of Exports |      |      |      |
|--------------------|-----------------|------|------|------|-----------------|------|------|------|
|                    | 1992            | 2000 | 2005 | 2009 | 1992            | 2000 | 2005 | 2009 |
| Europe             | 55.1            | 49.9 | 43.9 | 38.5 | 57.3            | 46.6 | 41.4 | 35.3 |
| US                 | 11.2            | 9    | 6.5  | 6.9  | 16.0            | 18.6 | 21.1 | 18.2 |
| China              | 1.8             | 4.3  | 8.1  | 14.0 | 1.7             | 4.2  | 7.2  | 12.9 |
| Inter-Africa trade | 4.2             | 11.4 | 10.1 | 9.9  | 2.7             | 8.6  | 9.1  | 8.4  |

<http://www.oecd-ilibrary.org/sites/factbook-2011-en/04/01/05/index.html>



## **Conclusion:**

There is no doubt that a research on the issue of Arab-African economic and trade cooperation does actually need more space than merely this paper. But we tried - as much as possible - to focus on providing a general vision on the issue, which is simply inspired by the general atmosphere within which the component of cooperation presently works.

If some of those, who routinely debate Afro-Arab relations, are pessimistic about the possibility of developing these relations in view of the magnitude of the challenges and difficulties faced at present, the researcher believes that the current climate of relations is exceptional, given the nature of the changes that took place in the structure of international and regional relations in general.

It is undoubtedly a climate that spurs cooperation and coordination between the two sides more than ever before. Many of these transformations indicate the necessity of an African-Arab line-up to protect interests and encounter common threats, atop of which came the risks of decline in the economies of the two sides in the face of successful regional economic blocs or the predominance of the structure of the unjust international economic system over the future of their economic interests. These threats also include political instability and insecurity in light of the escalating activities of international terrorism groups in a number of Arab and African countries.

They further involve the apparent recent decline of the influence of some ideologies that have long hindered the development of such cooperation in the light of the political transitions, witnessed by many Arab and African countries, towards the establishment of more rational and objective political systems.

The nature of these countries' relations with the outside world in general cannot be overemphasized. Accordingly, it can be emphasized that the general climate of Afro-Arab economic and trade cooperation does really indicate that there are many serious obstacles to any attempt that may be made to develop it. But most of these obstacles and difficulties, especially those arising from the circumstances characterizing the economies of the two sides, are marked by the fact that they can be addressed better only in the light of cooperation. It is also clear that the constraints resulting from the political and executive behavior of those in charge of cooperation do not seem so complex; they can certainly be overcome in record time in the event those concerned have firm convictions and strong willpower to move ahead on the way of developing and strengthening cooperation.

After all, it is necessary that all official and unofficial parties to cooperation should seriously consider the importance of consolidating the role of the private sector in this regard. They should also provide the best means to protect such a role, as it is quite clear that any launch of a real and effective cooperation between the two sides cannot be achieved away from the participation of the private sector.

It is therefore important that this fact should be championed by all those interested in the issue of cooperation in general. It is also necessary that both the public and private sectors should realize that this issue is basically related to the achievement of the interests of the parties involved.

To conclude, the researcher opines that the genuine efforts, which are still being exerted by the Association to bring together the institutions of the private sector in Africa and Arab world to coordinate action and deliberate upon the issues of common interest, would bear fruit in terms of enhancing cooperation.