

AFRICA-EUROPEAN UNION TRADE AND DEVELOPMENT RELATIONS



A poisoned chalice?

It is now incumbent on African countries to become subjects of history by turning this relationship from an instrumental project into a moral enterprise.

By Garth le Pere

Africa's relationship with Europe has been profoundly shaped and influenced by the legacy of colonialism, especially with regard to its central tenets of accumulation, extraction, and control. This is a *fortiori* the case regarding the extent to which this relationship has become embedded in the European Union's (EU's) neo-colonial trade and development policy architecture. In essence, it has enmeshed the former colonies of Africa, the Caribbean and Pacific (ACP) in deeply entrenched modalities of structural inequality and inequity.

These modalities find expression in a carefully choreographed political economy of domination and dependency. They are rooted in the founding treaty of the European Community and its original six members. Thus the 1957 Treaty of Rome provided the foundational elements for the form and texture of future relations by defining a framework

for European cooperation with 22 colonial dependencies and off-shore territories. This entailed offering them special trade and economic support measures which were followed in 1958 with the setting up of the European Development Fund (EDF) as a special envelope to finance economic and social development projects.

Following the period of independence in the 1960s and presented with something of a Hobson's choice, African countries opted to maintain these pre-independence schemes under the rubric of the EU-Africa Partnership. This took contractual form with the signing of the first Yaoundé Convention in July 1963 between the European Community (EC) and 18 African countries. The Convention institutionalised and formalised the *de facto* colonial regime of trade, development and financial aid on the basis of reciprocal and non-discriminatory arrangements.¹

The second incarnation of Yaoundé signed in July 1969 made the EDF the primary vehicle for funding development projects while prolonging the asymmetric non-discriminatory arrangements. When the Yaoundé Convention was superseded by the first Lomé Convention in February 1975 and the EC's enlargement was strengthened by the accession of the United Kingdom, the stage was set for a more extensive articulation of the dependency and domination syndrome, the promotion of the fiction of partnership, and the marginalisation of ACP countries in global trade.

A unique feature of the Lomé Convention was the abandonment of the reciprocity and non-discriminatory principle in favour of unilateral and discriminatory trade preferences to which only countries in the ACP family would have 'privileged' access. These were complemented by special commodity protocols, price-loss compensation mechanisms for agriculture and mining as well as aid and political dialogue provisions. This basic package was not significantly altered during the four renewal periods of the convention whose currency expired in 2000.

However, the most insidious development was what John Ravenhill has termed "collective clientelism"² which came to underpin the new Lomé framework. Coterminous with the first instalment of the convention was the signing of the Georgetown Agreement in 1975 which established the ACP as a political grouping, then represented by 46 countries, the majority of which were from Africa. (This number would eventually increase to 79, including 48 from Africa (South Africa joined in 1998 although its relationship is governed by a separate bilateral Trade, Development, and Cooperation Agreement). The rest was made up of 16 from the Caribbean, and 15 from the Pacific.) Hence, despite sanctimonious and rhetorical EC/EU claims of partnership based on a "special relationship" and a larger commitment to enhanced trade and aid, the Lomé Convention provided the clientelist impetus for the increasing impoverishment and underdevelopment of the ACP grouping.

In Africa especially, the encomium of Lomé representing “the most comprehensive North South partnership” confounded some cold realities:

- the continent continued to lag behind other developing countries especially in world trade indicators; levels of poverty and social deprivation rose sharply;
- the unilateral preferences granted hardly registered any positive growth impact let alone being a vector for increasing value-added exports;
- related to this, the composition of Africa’s trade basket showed little evidence of diversification during the life of the convention and its four iterations from 1975-2000;
- the special compensation mechanisms for loss in revenue due to world price fluctuations in agriculture and mining outputs did not live up to the promise of halting the precipitous deterioration in Africa’s terms of trade;
- as an ultimate indictment, under Lomé more African countries came to be officially designated as “least developed”; and
- Lomé IV (1990-2000) introduced a political dimension that stressed human rights, democracy, and gender issues as punitive conditionalities to be used against countries that insufficiently adhered to them, thus enabling the EC to arbitrarily restrict trade and development benefits.

The multiple failures of Lomé to prove its efficacy as a normative framework led to a re-evaluation of the EU’s trade and development regime. This particularly concerned the compatibility of its trade arrangements with WTO rules which meant a return to reciprocity after 25 years where the “enabling clause” that allowed non-reciprocal and non-discriminatory treatment hardly turned out to be an unmitigated blessing for the ACP group. Moreover, full reciprocity in trade arrangements would ensure the EU a level of market access that was increasingly attractive to third parties such as the USA, China, Brazil, and India especially when it came to Africa. Other concerns which informed the change in the EU’s attitude toward

the ACP included a post-Cold War geo-strategic shift in political priorities and resource allocation to Eastern Europe and countries of the Southern Mediterranean. The Lomé experience also accounted for a large measure of donor fatigue which had led to a reduced political appetite among EU members to fund development projects and programmes that were not subject to strict oversight and accountability.

It was, therefore, the logic of a different kind of relationship that informed the Lomé successor, namely the Cotonou Agreement of 2000 which would span two decades. A very critical component of Cotonou was its WTO-compatible and reciprocal Economic Partnership Agreements (EPAs) which were to be negotiated with ACP countries from the beginning of 2008 onwards.³ However, notwithstanding the level of ambition enshrined in the Cotonou Agreement, there was nothing to suggest a decisive break from those debilitating and disempowering structural features that had characterised the history of Africa-EU relations. Nevertheless, the Cotonou Agreement represented a much more elaborate carrot-and-stick approach and rested on five pillars:

- there was a much more comprehensive political dimension that included enhanced dialogue with a special emphasis on preventing and resolving conflict but also for promoting democracy and good governance, respect for human rights, and the rule of law;
- an innovative part of the agreement provided for participation by social and economic actors, including civil society and the private sector;
- there was a strong focus on poverty reduction;
- the new framework for trade and economic cooperation placed strong emphasis on regional integration as a key element of the EPAs;⁴ and
- the agreement simplified financial instruments and made them more flexible in order to encourage fiscal cooperation, but also introduced performance criteria as far as the allocation of aid was concerned.

However, what has proven most contentious and controversial, especially for African countries, has

been the impact which the EPAs will have on their growth and development prospects. A primary concern has been the balkanising effects of EPAs which divides the continent into regional blocs for the purpose of negotiations. Based on their regional affiliation, individual countries are then invited to agree and sign onto “interim EPAs” as a first step towards locking all countries into particular configurations for purposes of concluding a final reciprocal arrangement, albeit with an asymmetrical fig leaf in timing and content.

This attempt to rationalise African regionalism could prove antithetical to the African Union’s broader regional and continental integration agenda at a time when important initiatives have been put in place. The most notable is the proposed tripartite free trade agreement between the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), and the East Africa Community (EAC). The divisive effects of EPAs are hardly complementary to these regional bodies’ wider and deeper ambition of enhanced market integration and improved intra-regional trade, infrastructure development, and their industrialisation and trade facilitation agenda. This is so since most crucially the tripartite geographic area knits the markets of 26 African countries together with a population of close to 600 million and a combined GDP of US\$1 trillion. This tripartite arrangement is meant to provide the gravitation pull for a continent-wide free trade agreement by 2017 in an environment where EPAs would constitute a powerful anti-integrationist tendency and adversarial force.

It can thus be argued that EPAs have consequences and implications that could become the albatross around the neck of continental integration imperatives and there are several considerations which are germane in this regard.

Firstly, there is the potential loss of tariff revenue that could reduce the ability of African countries to provide much needed social and welfare services. It has been estimated generally that three-quarters of ACP

countries could lose over 40% of their tariff revenue due to duty and quota free EU imports entering their markets; in Africa the effects would be even more detrimental since tariffs account for 7-10% of fiscal revenue.⁵

Secondly, EPAs entrench the power imbalance between the EU and the ACP countries with even greater intensity. They overwhelmingly represent unabashed EU self-interest with an excessive neo-mercantilist orientation that leans toward dominating market access, on the one hand; and reprobate protectionism on the other, especially where African countries might have some comparative advantage such as in agricultural production and processing. Moreover, the EU Commission represents a bureaucratic juggernaut with a technical and strategic negotiating capacity that heavily burdened African negotiators and regional secretariats can hardly match.

And thirdly, EPAs as currently being implemented are not strategically and operationally aligned with regional and continental programmes to deliver long-term development, economic growth, and poverty reduction because of the EU's aggressive pursuit of its offensive interests. Moreover, the EPA's market liberalisation emphasis does not take account of Africa's lack of economic and trading capacity as well as its multiple supply-side challenges and deficits in infrastructure, development finance, and human capital. Thus EPAs directly undermine the extent to which African countries and regions have the necessary flexibility over the timing, pace, sequencing, and product coverage of liberalising their markets to the EU. In short, the majority of poor country producers would not be able to compete with the muscular ability which EPAs would afford the EU's growing footprint in African markets.

Interestingly however, Africa's geo-political relevance has improved in the recent past. This has been driven mainly by robust global commodity demand, steady economic growth, and improved forms of economic and political governance. As a consequence, the EU has sought improved dialogue on the basis of a redefined strategic partnership that promotes a normative and ethical shift away from doing

things for Africa to doing things with Africa. This shift has been manifested in EU-Africa summitry starting in Cairo in April 2000⁶ which has put in place a range of action plans to provide support in critical areas of peace and security, governance and human rights, regional and continental integration, as well as energy and climate change. These commitments culminated in a renovated and overhauled "EU-Africa Strategic Partnership" in 2005 which was supplemented by an operational Africa-EU Joint Strategy in 2007. Both have provided the general template as well as the cooperation parameters for a new type of partnership between the EU and the African Union.⁷

Of course, the EU's recourse to this new type of partnership which is based on equity and a harmony

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of interests take into account the growing pluralism in Africa's external political and economic relations and the alternative opportunities that these bring with them. There is, for example, the system of preferences afforded to eligible African countries for duty free access to the United States under the rubric of the Africa Growth and Opportunity Act. But even more auspicious is the different calculus of choice which the BRICS countries (Brazil, Russia, India, China, and South Africa) jointly and severally provide for African countries in terms of more permissive and supportive trade, investment, and development aid opportunities. These developments will hopefully allow African countries to incrementally break free of the EU's

stifling and obstructive structural yoke but also provide them with an optic to finally see through its hypocrisy and double-talk which masquerade as noble and virtuous intentions. In this regard, we are reminded of EH Carr's pithy dictum which avers that a harmony of interests "thus serves as an ingenious moral device invoked, in perfect sincerity, by privileged groups in order to justify and maintain their dominant position."⁸

In the face of new challenges to its historical hegemony, it is all the more likely that the EU will seek to maintain if not strengthen the hard integuments which have given it such a dominant and commanding position in shaping Africa's colonial and post-colonial political economy on the basis of its different trade and development cooperation frameworks. However, it is now incumbent on African countries to become subjects of history by turning this relationship from an instrumental project into a moral enterprise. ■

Footnotes:

- ¹ Reciprocity and non-discrimination are very important trade principles of the General Agreement of Tariffs and Trade (GATT) and the World Trade Organisation (WTO) which succeeded it. However, a 1979 agreement known as the "enabling clause" made possible permanent "generalised and non-reciprocal and non-discriminatory" treatment for developing countries under GATT/WTO rules. It was this "enabling clause" that informed the spirit of the Lomé Convention.
- ² See John Ravenhill, *Collective Clientelism: The Lomé Conventions and North-South Relations*, New York: Columbia University Press, 1985.
- ³ This commencement date set was in anticipation of the phasing out of trade preferences between the EU and ACP countries by December 2007 in terms of a WTO waiver.
- ⁴ An important rider to EPAs is that ACP countries may choose to opt out of participating in them, especially if they are Least Developed Countries (LDC) of which there are 35 in Africa. In such cases, such LDCs may still benefit from duty free access to the EU market through the Everything But Arms (EBA) initiative which was adopted in 2001. In April 2007, the EU announced that it was prepared to extend EBA status to non-LDCs in the ACP group but this probably a case of "too little, too late".
- ⁵ "EU-ACP Economic Partnership Agreements: The Effects of Reciprocity," Institute for Development Studies Briefing Paper: Sussex University, UK, May 2005
- ⁶ Subsequent summits took place in Lisbon, Portugal (2007); Sirte, Libya (2010); and Brussels, Belgium (2014). The Lisbon summit which was to take place in 2003 was indefinitely postponed because of an acrimonious dispute and disagreement between the EU and African countries about whether President Robert Mugabe of Zimbabwe should be allowed to attend because of what the EU viewed as gross human rights violations, poor governance and abuse of the rule of law.
- ⁷ See Garth le Pere, "AU-EU Security and Governance Cooperation," in Adekeye Adebajo and Kaye Whiteman, (eds.), *The EU and Africa: From Euro-Afrique to Afro-Europa*, New York: Columbia University Press, 2012, 257-275.
- ⁸ EH Carr, *The Twenty Years' Crisis, 1919-1939: An Introduction to the Study of International Relations*, New York: Palgrave, 2001 (first published in 1939), 74-75.