

ECONOMIC PARTNERSHIP AGREEMENTS (EPAs) AND PROCESSES OF REGIONAL INTEGRATION IN AFRICA

Dr. Peter Custers

Writer/Campaigner, X Minus Y Solidarity Fund, The Netherlands

**Dear chairman,
dear participants,
of this PES-Conference on EPAs,**

First of all, I wish to express my pleasure at being invited to speak in this important Conference on the controversy surrounding the Economic Partnership Agreements, currently being negotiated between the European Union and groups of ACP-countries. I am very happy that the PES agreed to devote its annual development Conference in 2006 to the question of EPAs, and feel honoured being asked to speak at this special event. My speech on the thematic of regional integration and EPAs will be from the perspective of campaign work which over the last four years I have undertaken on globalisation and its consequences for Africa. The EU is holding negotiations with groupings of countries in Africa, the Caribbean region and the Pacific. My commentary will focus specifically on the consequences of the EU's trajectory for countries in Sub-Saharan Africa.

Before raising critical points, let me start on a positive note. After the initial phase of negotiations when talks were held with the whole bloc of ACP-countries with which the EU has maintained special trade relations under the Lome treaties in the past, - the EU has proceeded to negotiate with individual EPA-regions. Four of these are located in the African continent. This EU-approach can be criticized, yet is clearly preferable compared to bilateral negotiations, aimed at signing free trade agreements with individual Southern countries, - such as is being practised by the United States in relation to countries belonging to the Community of Andean Nations (CAN). Formed officially in the year 1996, the Community of Andean Nations until recently consisted of five countries in Latin America (North-West side), striving to promote development through trade integration. The US's decision to negotiate free trade agreements with individual countries of the Andes has already led to major tensions between the Andes countries themselves. Thus, it is feared that the bilateral free trade agreement between the US and Colombia will negatively affect Bolivian exports of soya to Colombia; it is feared that the agreement will serve as a 'springboard' for exports of cheap US commodities to Bolivia and to other Andean nations. In principle, the EU's approach seems quite preferable to that of the US.

Having said so, however, it needs to be added immediately that the EU's approach, which seeks to combine the agenda of external trade liberalisation with the promotion of regional economic integration in Southern regions, raises many questions too. These may be discussed under some five headings:

1.

First: whereas the objective of regional economic integration in itself is commendable, it is necessary to avoid creating the impression that processes of regional integration are being initiated by the EU in Africa, for the opposite is the case. In fact, in each sub-region of the African continent, one or more regional economic blocs have been built since the decolonisation of the continent. These existing initiatives are sometimes overlapping, they differ widely in terms of the length of time for which they have existed, and their aims are also varied. In quite a number of cases, the

regional economic blocs primarily aim at trade integration, on the basis of the presumption that the development of regional trade relations will result in accelerated economic growth. Elsewhere – notably in the SADC, the Southern African Development Community – the focus is partly on institution building and on building integrated industrial sectors. So far my knowledge goes, Africa has not yet followed the third pattern of economic integration, the pattern of integration based on mutual solidarity, as is now being practiced by a number of countries in Latin America, under Venezuela's lead. Nevertheless, in order to promote clarity in the public debate over EPAs, it is necessary to insist over and over again that a great variety of regional economic combinations had been experimented with in Africa previous to the launching of negotiations towards EPAs.

2.

Second: whereas in one case at least the European Union reportedly has chosen to negotiate with a regional economic bloc as previously existing (see the case of CEMAC, Communite Economique et Monetaire d'Afrique Centrale), - in other cases there is no co-incidence between EPA-alignments and pre-existing combinations. Thus, the ECOWAS region is the extended region of ECOWAS that was formed in 1975/1976. The SADC which as noted above was a relatively well structured regional integration initiative, has been sadly split up between countries which have joined the bloc of Eastern African countries negotiating with the EU, - and the remaining SADC-countries. Again, ESA, the EPA negotiating group of Eastern and Southern African states, is a new bloc formed by the European Union, i.e. without any pre-existence. Given the colonial history of the African continent and its tragic experience of formation of dependent states with arbitrary boundaries by European colonial powers, - the re-organisation of the continent into EPA-regions inevitably raises a very sensitive question: has the EU shown a sufficient regard for the autonomous dynamic of trade- and production integration, which African states themselves have been developing over the last several decades? Isn't there a danger that this dynamic will be seriously disturbed rather than enhanced by the EU's negotiating strategy towards signature of EPAs?

3.

A third point relates to the discussion on the effects of future EPAs for the income position of African trade 'partners' of the EU. Given the fact that the EU generally is the main trade 'partner' of Sub-Saharan African states; given the fact also that income from import (and export) tariffs is a crucial source of income for the given states, - the negative income effect from the liberalisation of trade between the EU and African states is bound to be huge. I will not elaborate on the point here in terms of statistical details, since I presume that this will be done more effectively by speakers during one of the other sessions of this PES-Conference. In any case, in the context of the discussion on regional integration, the point needs to be made that the transformation of non-reciprocal trade relations into reciprocal trade relations, between the EU and African regional groupings, also affects the construction of customs unions, and affects the income which individual African countries have in the past derived from these unions. The case of SACU, referred to in the literature, is relevant being mentioned here: several Southern African countries have suffered significant income losses due to the free trade agreement which was signed between the EU and South Africa (TDCA). Here, the EU's agenda of trade liberalisation is at cross-purpose with the regional integration agenda formulated by African states themselves.

4.

Fourth: I now wish to briefly refer to the question of unintended by-effects, being the result of exceptions granted by the EU to individual Sub-Saharan/ACP countries. Here the understanding is that the European Union expects each country participating in negotiations over EPAs to ultimately liberalise its trade with the EU for 80 percent, leaving each country free to decide on 20 percent of commodity trade that will be exempted from the general rule of external trade liberalisation. Whereas at first it may appear that the European Union has realized it needs to show flexibility, and allow at least some self-protection to African countries seeking to protect vulnerable sectors of their

economies, - under a regime where countries individually take decisions on exceptions in the course of their EPAs negotiations, there is a risk that policies within the African regional blocs will be further fragmented, splintered. Equally ominous, it seems, is the risk that the country which has opened its borders to a particular cheap European product, becomes the 'springboard' for the import of the same commodity towards other countries in the same EPA-region – an effect similar to the effect of the free trade agreements signed by the US with countries of the Andes region in Latin America noted above.

5.

Fifth: however, the major and overriding danger that follows from the EU's trade liberalisation agenda is the danger that the importation of European commodities, which are often cheaper due to the enormous differences in capitalist productivity existing between Europe and Africa, will negatively affect intra-regional trade in the African continent, and will disrupt the attempts to build regional markets around African agricultural and industrial commodities. A very significant example which illustrates this is the export of European tomato concentrate towards Senegal and other West African countries, subsequent to the liberalisation of imports by those countries in the 1990s. For here the impact was not only to disrupt the production of tomato and of tomato concentrate in Senegal, the disruption being very dramatic in scale. The impact was also that Senegal's attempt to build a regional market around its specialized, processed agricultural commodity was severely affected by the liberalisation of trade with the EU. As this example illustrates well: it is not at all logical to interconnect an agenda in favour of external trade liberalisation serving the EU's export interests, - with an agenda that seeks to promote intraregional trade and economic integration within African regions themselves. While the EU for ideological reasons may want to interconnect these agendas, - the primary consequence of trade liberalisation is likely to be to severely disrupt regional processes of integration.

In conclusion: over the last two-and a half years, since the successful launching of the international campaign on EPAs in April, 2004, a broad range of African 'stake holders', governmental representatives, academicians, and grassroots' organisations, have expressed strong opposition against the signing of EPAs in their current form. In Europe too, protests against the EU's negotiating agenda have mushroomed, and have reverberated in national parliaments and in national ministries. Amongst the criticisms most frequently cited in opposition against EPAs are that ACP-countries will likely be flooded by cheap European commodities, and the predictable major negative impact on governmental revenue. It is my conviction that the EU's official agenda, stating that it seeks to promote regional integration between trade partners in the South, needs to be very seriously criticized as well. As I hope will be clear from my expose – there are huge contradictions between the agenda of external trade liberalisation as pursued by the EU, and processes of regional economic integration pursued in Africa. Given its huge problems of poverty and degradation, the African continent cannot afford any further setbacks. It is high time the European Commission changes gear.

Thank you for your attention,

Dr. Peter Custers

Writer/Campaigner

X Minus Y Solidarity Fund

The Netherlands, October, 2006

Email: antimil@hotmail.com

Website: www.petercusters.nl