



Presentation on Emerging Global Trade and Investment Issues

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Outline of presentation

- ▶ Introduction
- ▶ What are the Immerging issues
- ▶ The forums (Shopping Centres) for these issues
- ▶ Implication for Africa and the EU on these issues
- ▶ Should they Form part of the ACP-EU Framework

Introduction

- ▶ The issues that have emerged with regards to trade and investment have been opposed by the ACP over the years in different forums (EPAs, WTO, etc) due to the fact that they have the potential to undermine Africa's development
- ▶ Yet these same issues have surfaced again especially in the draft EU mandate
- ▶ So there is battle ahead of the post-Cotonou Discussions

What are the emerging Issues

- ▶ Investment Facilitation
- ▶ The issues of services, Government procurement, intellectual property,
- ▶ Micro-small and Medium Enterprises
- ▶ competition policies including transparency as regards public subsidies, customs and trade facilitation, regulatory harmonisation
- ▶ electronic commerce
- ▶ Financial inclusion and access to finance, through the use of a broad spectrum of financial services and innovative financial instruments and mechanisms, by supporting the development of open financial systems for increased private sector credit.

The Main Forums of these issues

- ▶ At the Multilateral level-WTO
- ▶ EPAs-rendezvous clause
- ▶ The Post-Cotonou Framework

Inside the EU Mandate-Investment and Private Sector Development

- ▶ 'the parties will foster the development of an attractive and stable environment for investment by supporting stable, transparent and open rules for investors, investment flows, the transfer of capital, technologies and exchange of information'
- ▶ The parties will support the rule of micro, small-medium-sized MSMEs, as crucial enablers of inclusive economic growth as well as sustainable development.
- ▶ '... to enhance financial inclusion and access to access finance, through the use of broad spectrum of financial services and innovative financial instruments and mechanism'

Reconfiguration of membership on these issues at the WTO Level

- ▶ The main proponents over the years had been developed countries. However, at the last Ministerial some reconfiguration took place where new entrants, including some African countries, contrary to the Africa Group's explicit stance against these issues.
- ▶ Nigeria is a member to the working group on e-commerce and Investment facilitation.
- ▶ Liberia, Benin and Togo are in the Investment Facilitation Group and finally
- ▶ Kenya is in the informal working group on MSMEs.

Investment Facilitation

- ▶ What does the EU Mean by Investment Facilitation?
- ▶ A look at the proposals so far whether at the WTO or FTAs focused on capturing administrative processes, regulatory actions in relation to investment-related policies.
- ▶ That is demands on sharing information to enable “stakeholders” to influence national investment policy making.
- ▶ This implies that countries would undertake stringent obligations to publish measures and policies promptly, notify new or existing laws, regulations or administrative guidelines, respond to specific information requests within given timelines etc

Investment Facilitation cont

- ▶ Analysing the proposals tabled by the EU African countries have sensed the return of the spirit and letter of the Singapore issues (Investment, government procurement, competition and trade facilitation) that led to the collapse of WTO ministerial in 2003 in Cancun.
- ▶ Investment proposals then called for corporate-driven investor rights, such as national treatment, free flow of capital, pre-establishment rights, right of entry among others with draconian enforcement mechanisms.
- ▶ These were rejected at that Ministerial and attempts are being made to bring them through the current investment facilitation proposals.
- ▶ But we have the same issues in the EU Negotiating mandate

MSMES

- ▶ Again the EU is talking about the Importance of MSMEs
- ▶ Africa is not against the development of MSMEs
- ▶ But the kind of rules that have been proposed at especially the WTO to 'facilitate' trade for MSMES are in general terms without clarifying what types of multilateral rules could be relevant.
- ▶ Proponents have not defined companies falling under that category having in mind that MSMEs /SMEs in developed countries vary dramatically from those in developing countries and LDCs
- ▶ The EU mandate contain the call to 'support MSMEs

MSMES

- ▶ This is could be problematic and would rather entrench the dominance of large transnational corporations rather than support MSMEs.
- ▶ A clear example is Amazon.com. In the USA alone, Amazon.com has been responsible for causing an estimated 135 million square feet of retail space to become vacant (that is, about 700 empty big-box stores plus 22,000 shuttered Main Street businesses)

E-commerce

- ▶ issue of e-commerce has become topical at the multilateral level
- ▶ The point must be made upfront that Africa is not against electronic commerce.
- ▶ What has been the contention is the kind of rules being proposed in the name of e-commerce within the multilateral trading system.
- ▶ In other words, the attempt to pass-off rules making at the WTO as the benefits of e-commerce

E-commerce

- ▶ two models of liberalisation on e-commerce were tabled at the WTO. The first being the 1998 work programme and the second was the set of new rules proposed by mostly developed countries.
- ▶ The former is based on the existing WTO Rules and how that could be fine-tuned to cover e-commerce. Africa and most developing countries support this model.
- ▶ That is adherence to the existing non-binding 1998 work program that requires members to explore e-commerce from all areas and not to engage in any proposals for negotiating rules and disciplines

E-commerce

- ▶ most African countries have argued that technology is evolving rapidly and characterised by uncertainties and so agreeing to any kind of binding rules in the multilateral system would be like a leap in the dark which could have disastrous consequences for people in the developing world especially Africa

E-commerce

- ▶ The second model, mainly by developed countries, calls for negotiating mandate for rules that would ensure the following:
- ▶ free data flows,
- ▶ no localisation (no local servers in host countries),
- ▶ no disclosure of source code among others.
- ▶ These have sparked lots of debate on the grounds of how Africa and some other developing will develop their digital industry as well as security considerations

E-commerce

- ▶ on 'no disclosure of source code', some have argued, for instance, that Governments may need access to source code in several situations such as procurement of critical infrastructure for example a nuclear power station to make sure it cannot be hacked or procurement of military technology or other sensitive products (Refer to TWN Briefing paper)
- ▶ Again, free data flows would allow data whether sensitive or otherwise to leave the shores of countries and stored on foreign servers. Related to this is the issue where companies would not be required to set up local servers in host countries.
- ▶ No technology transfer

E-commerce

- ▶ In fact, in Africa 75 percent of the population do not have access to internet according to [facts and figures](#) from the UN International Telecommunication Union (ITU).
- ▶ More than half of the world's population is not using internet.
- ▶ So current proposed rules bear no semblance to solutions to the digital divide in Africa

E-commerce cont'd

- ▶ Rather, experts and analysts, see the proposed rules as a way of entrenching the business models of Google, Amazon, Facebook, Apple which are mainly US-based technology giants.
- ▶ That is using rules to ensure their continued monopolistic control and thereby curtail any competitor in the future.

Government procurement- Rendezvous in the EPA

- ▶ The EU is also calling for negotiations on the 'unfinished' business under the EPAs-

Issues Rejected

- ▶ All these have been rejected by the Africa and the ACP at large at the multilateral level over the years
- ▶ But the EU is tabling them in the post Cotonou discussions.

End of Presentation

▶ Thanks