CONTINENTAL AND GLOBAL TRADE REGIMES

Structured in line with their developmental imperatives and economic conditions, trade is crucial to the ability of African countries to re-organise their economies and promote equitable development. Appropriate (national and regional) trade and investment policies, facilitated by supportive multilateral trade and investment systems and regimes, are critical to this effort.

The Failure of the Multilateral Trade System to Benefit African Economies

The establishment of the World Trade Organisation (WTO) in 1995 provided an institutional framework for the momentum for global trade liberalisation and deregulation of investment that had developed since the 1980s thanks to the political sway of the so-called Washington Consensus policies. Further, the WTO agreements brought into the ambit of inter-governmental agenda of liberalisation matters like agriculture which had been hitherto excluded, as well as subjects which were strictly not part of cross-border exchanges like intellectual property and the provision of services. Equally important, the establishment of the WTO launched an agenda to expand the remit of liberalisation and deregulation to include investment, competition, government procurement, labour relations, environment, etc.

In spite of the one-member one-vote format of the WTO, the imbalances of economic and political power and state-capacity among its member-states meant that the advanced industrial countries of the West, and the corporate interests that dominate policy choices therein, shaped both concluded agreements as well as the emerging agenda for new agreements overwhelmingly in their favour. African and other developing countries found that the agreements in agriculture and services, as well the agenda of new agreements, were shaped so as to protect farmers, manufacturers, and service providers of the North and their markets, while opening up African and other developing country markets and economies for easy entry and operation by Northern products and investors. The agreements narrowed the space for legitimate policy interventions by African governments in their economies in support of domestic enterprise and development of national productive capacities.

Urged on by civil society campaigns across Africa and the world, African and other developing country governments woke up to these inequitable imbalances of the WTO system, and began to put forward proposals for corrective action, while resisting further new agreements. Relatively soon after its establishment, therefore, the WTO became caught in a fundamental contestation about its future directions. And while the advanced industrial countries prevailed in 2001 in launching the "Doha Round" of negotiations, much on terms favourable to them, this contestation has since produced the stagnation of these negotiations.

Frustrated by the solidarity and organised resistance of African and other developing country members, the advanced industrial countries, with Europe and the US in the lead, adopted regional and bilateral trade and investment agreements as a means for achieving the further deregulation that they had been unable to get in the WTO's Doha negotiations. Thus, in the context of the Economic Partnership Agreements with African (and Caribbean and Pacific) countries, the European Union has been determined to push for the adoption of trade liberalisation and economic deregulation measures far beyond anything contemplated in the WTO, with far more inimical implications for the development of African countries. Similar agendas are being pursued by the US, through the African Growth and Opportunities Act (AGOA), bilateral investment treaties (BITs), and similar frameworks with (groupings) of African countries.

In both the WTO's Doha Round and even more so in the Economic Partnership Agreements, African governments have been under pressure to adopt obligations that could expand the investment measures already undertaken under WB/IMF conditionality, and locked in the form of international treaties. This has implicated not only national governments and national institutions in Africa. It is also set to involve continental bodies like the African Union and its institutions like the Regional Economic Communities (RECs), as well as continent-wide initiatives like the African Mining Vision (AMV) and the Continental Free Trade Agreement (CFTA) currently being negotiated in the African Union.

Towards Regional Integration: The Continental Free Trade Area?

In the context of the contestations and struggles consequent upon all these developments in the multilateral systems, and spurred on by the growing recognition of the marginalisation of their developmental concerns within the multilateral regimes, African governments have woken up to the necessity of their own regional integration efforts, and in particular trade arrangements among themselves. They therefore adopted in 2012 a renewed agenda for concluding a Continental Free Trade Area (CFTA) aiming to urgently take forward the continent's long-standing integration and development agenda and redress the vulnerabilities of Africa's economies within the global economic order that were highlighted anew by the 2008 global financial and economic crises.

The CFTA is beset by internal and external incoherence, however, which threatens to undermine the realisation of its ultimate vision. Internally, while there is sufficient clarity (even if lack of realism) in relation to tariff and other trade-related policy-issues, interconnections between this and policy in key sectoral pillars of economic development, including agriculture and manufacturing, remain to be fully elaborated. In the cases where such policies have been formulated with detail, like the African Mining Vision, there does not seem to be sufficient attention to the linkages between these and the tariff harmonisation agenda of the CFTA. Above all, cross-cutting issues key to a holistic development policy, such as finance and investment, are hardly present.

Externally, Africa's governments continue to make commitments liable to undermine their ability to meet the continent's own agenda. Commitments in the Economic Partnership Agreements, including the circumscription of export taxes, import duties and other tools of industrial policy in general, are the most prominent example of this trend.

Addressing these challenges of internal and external coherence is critical to the ability of the CFTA to power a regional trade and investment framework that supports the imperatives for structural economic transformation in Africa.