

Africa faces tough choices as trade talks with the EU begin

*While the world focused on the anti-globalisation forces demonstrating against the World Bank/International Monetary Fund meeting in Washington at the end of September 2002, the world's poorest countries began a new round of trade talks with the European Union (EU). **Reneé Grawitzky** examines what these negotiations will mean for Africa.*

It was hardly surprising that the start of a new round of trade talks between the EU and the African, Caribbean and Pacific (ACP) countries went almost unnoticed by the rest of the developed world as trade with these countries accounts for less than 0.5% of world trade. However, these negotiations could have far-reaching consequences for the ACP. They face some tough options – liberalise their markets or lose out on billions in development aid.

These talks have been hailed by the EU as an opportunity for the ACP countries to fight poverty and integrate their markets into the world economy. EU trade commissioner Pascal Lamy says trade has a bigger role to play in development than previously anticipated. He claims the negotiations are first and foremost about development. Lamy explains: 'I am not looking at these negotiations in the same way as other trade negotiations. Increased exports from the EU to ACP countries are not my main worry.' This

view is reinforced by his counterpart EU commissioner for development and humanitarian aid Poul Nielson who says the negotiations are about what is happening in Africa.

The EU's African agenda

Having heard Lamy and Nielson's script – EU helps developing countries benefit from trade – some unanswered questions remain. Is this the EU's only agenda? Given the potential size and buying power of the ACP countries, market access cannot be the only factor, although it is something to consider. There are however, geopolitical implications that cannot be ignored. Is the EU prepared to leave Africa to the US (and possible challenge from China) or does it still want to remain a player in a continent to which it has strong historical ties.

Determining the EU's agenda is critical if the ACP countries are to achieve positive outcomes from this process, which was kick-started by the signing of the Cotonou Agreement in

2000. This agreement, which will last until 2020, replaces all former Lomé Convention agreements. Cotonou (excludes SA which entered into a separate deal with the EU) sets out the future framework of cooperation, trade and political dialogue between the EU and ACP countries. The agreement binds the parties to negotiate Economic Partnership Agreements (EPAs) by 2008. The EU believes that EPAs will be a critical instrument for development.

Integration

The ACP leadership is aware of the potential costs (loss of revenue, ability to withstand competition, job losses, potential social instability) of opening its markets but believes Africa has no other option. President of the ACP Council of Ministers Jaya Krishna Cuttaree says: 'We did not choose to live in this reality. We must now try to apply ourselves to this.' The reality for African countries is regional integration as well as integration into global

markets. Integration will require the harmonisation of policies so as to ensure cross-border trade with neighbouring states. This will have a dramatic impact on African countries many of which have weak economies and rely heavily on import duties, (very high in some countries), as a key component of their revenue. Revenue cuts could affect service delivery and ultimately lead to social instability.

High tariffs have largely prevented extensive trade between African countries. This, the EU argues, is critical if Africa is to build a single market, which is more likely to attract foreign investment. In order to achieve regional integration, Africa will have to sort out its regional trading organisations of which there are four.

This process faces some tough challenges as overlapping membership exists while they are also at different stages of development. Aside from ensuring some cohesion within the region – no small task – many African countries lack the expertise to engage in the EPAs negotiations.

A commonly held view is that many of the African leaders who signed the Cotonou Agreement were largely ignorant of what they were signing. This is confirmed by an African ambassador who says: 'Governments in Africa are quick to sign agreements. If Africa was measured by the number of agreements signed it would be a developed country'

These negotiations can barely be described as being between two equal

powers but as Cuttaree acknowledges, the potential hardships for Africa will exist whether it engages or not. Cuba has now even expressed interest in participating in the process and has obtained observer status while China has seen the benefits of a multilateral trade framework.

In view of the challenges ahead, it is hoped that African negotiators ensure key capacity gaps are identified and addressed within the constraints that do exist. Delegates who met recently in Harare to prepare for EU-ACP negotiations highlighted some of these capacity issues. Concerns extended beyond adequate preparation by African representatives to 'after-hours temptation such as drinking and other forms of entertainment'. □

