

EU-Africa trade dispute: it's sustainability, stupid

Oladiran Bello is a Researcher and Project Coordinator at FRIDE, a European think-tank based in Madrid



Introduction

How would a win-win sustainable development perspective in EU and Africa relations differ from the current focus on zero-sum commercial calculations which have so far undermined important dialogues between the partners? As the EU and Africa approach the January 2014 ultimatum for 18 EPA rejectionist states to sign up or lose market access to the EU, the Rio sustainability conference of June 20-22 offers a timely opportunity for urgent reassessments on both sides. Transcending rigid positions and embracing more sustainability-focused dialogues can open up new vistas for EU-Africa economic and development partnership. To achieve this, a more progressive outreach anchored in the sustainability agenda of the Rio+20 summit is urgently needed.

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The deadlocked Economic Partnership Agreement (EPA) negotiations between the EU and Africa's regional Economic Communities (RECs) have shown inconsistencies in EU policies and also the fragmented nature of Africa's regional integration schemes. Both partners will also not present a joint intercontinental position at the Rio summit as envisaged under the Joint Africa EU Strategy, an unfortunate knock-on effect from the EPA dispute.

Transcending rhetoric

Sustainability can be defined as an approach to policy which seeks durable outcomes through prioritising actions that are most likely to promote socially inclusive, economically sound and environmentally optimal ends within the longest possible time horizon. Since the original Rio Earth summit of 1992, global policy makers in Europe, Africa and elsewhere have embraced the centrality of the environment and wider sustainability dialogues as a cross-cutting agenda in distinct policy spheres.

Twenty years on from the original conference, this year's Rio+20 summit will gather global leaders to discuss the future of sustainable development in a context where “pure” environmentalism as a standalone concern has largely given way. Disappointingly though, implementing sustainability

as a pragmatic, holistic and progressive approach based on mutual solidarity among industrialised, emerging and developing countries continues to rank very low among several policy priorities.

In theory, sustainability considerations significantly shape international policies, including in trade, investment, environmental regulation, and development cooperation. Yet, the official rhetoric often fails to match the practical actions on the ground when it comes to pursuing policies and priorities most likely to promote global sustainability. In recent years also, a global economy in melt down is further testing the resilience of global development partnerships as zero-sum calculations take explicit priority over greater solidarity.

In Europe, official pronouncements notwithstanding, a broad consideration of sustainability and its opportunities is still not sufficiently reflected in the real world actions and policies framing development and trade relations with Africa. For developing economies in Africa also, a twentieth century mindset still dominates deliberations on sustainability, seriously setting back prospects of devising adequate responses to complex and evolving twenty-first century challenges.

In truth, the changing nature of sustainability in the new global economy makes the traditional distinction between ‘high’ and ‘low’ polluters anachronistic. To the extent that it is paid only lip service in real world decision-making, the indivisibility of global public goods, including the common environment, remains a growing but little acknowledged fact of international life. Climate concerns, environmental vulnerability and failure to generate sustainable employment and equitable growth will become mutually reinforcing negative feedback loops capable of undermining African and global poverty eradication efforts. Attention to these interconnected issues ought to occupy a more central place in EU-Africa trade dialogues if both sides are to achieve more mutually beneficial outcomes.

Building sustainable economic partnerships

The Economic Partnership Agreements (EPAs) are a scheme devised to create a Free Trade Area (FTA) between the EU and the African, Caribbean and Pacific (ACP) group of States. Negotiations on them began in 2002 to replace the previously subsisting Preferential Trading Agreements and bring them in line with the World Trade Organization rules.

Based on reciprocity and non-discrimination, the EPAs will re-establish the trade preferences and barriers removed in the middle 1970s in an attempt to help developing countries in trade with the EU and the rest of the world.

Even the Cotonou Partnership Agreement (CPA) of 2000 which anchors the overall EU-ACP relations sets out a strong development focus, with *“poverty reduction/eradication, sustainable development, and progressive integration of the ACP countries into the world economy”* as its core rationale. Yet, a critical analysis of the important sustainability dimensions of this agreement has been absent from the discussions so far. This essay partly fills that gap.

Much concern has been raised in recent years about the potential negative impacts of the EPAs on the ACP countries, and economic sustainability in African in particular. EPA demands include elimination of tariffs on a full 80 percent of African imports from the EU. Only about 10 out of 47 African countries have signed on to the deal on offer, with the rest rejecting. EPA optimists argue that African states and their Regional Economic Communities can expect major benefits, including a 10 percent increase in overall ACP exports to the EU. Agricultural exports (excluding meat and cotton) and textile products are also forecast to grow by 40 percent.

Deadlocked after more than a decade of unsuccessful negotiations, criticism of the EU's EPA approach in Africa has intensified in recent times. Some studies show that ACP countries will lose on average about 70 percent of tariff revenues on EU imports in the long run. Other commentators focus on the inability of domestic producers to withstand European competition.

EPA rejectionists also point to the European preference for a tight negotiation timetable as evidence of reckless insincerity that seems aimed at dividing-to-rule African interlocutors, in the process exacerbating centrifugal pressures within Africa's eight officially recognised RECs. Also, concerns have been expressed about the likely disastrous impact of EPAs on forests, biodiversity and rural communities in the absence of more transparent Sustainability Impact Assessments which prioritises equitable development outcomes.

In a broader perspective, Africa's robust growth of about 5 percent annually over the last decade has been in spite of – not as a result of – successful regional integration. A disproportionate share of recent trade expansion is dominated by an externally-oriented extractive sector. As the World Bank explained in a 2012 report, Africa loses billions in potential trade earnings as it falls short of its vast promise in cross-border business.

Indeed, concerns that Africa's recent economic rise is fragile is directly connected to the failure of African integration schemes to boost intra-regional trade and overcome structural constraints such as infrastructure and interconnectivity. Africa lacks integrated regional markets that can support greater economy of scale, foster product diversification, and expand the political space for regional climatic and sustainability undertakings.

On the more positive side, there exist opportunities to sustain and upscale Africa's recent economic upturn through a closer and coherent integration of its fragmented markets as well as through renewed focus on a greener economy. More dynamic economies in Sub-Saharan Africa could also identify sectors where they can flexibly take advantage of growing South-South trade while leveraging sustainability as a comparative advantage.

However, if the EU's EPA offers are forced through by the January 2014 ultimatum, they risk undermining both integration and green progress. As a study by Trade Law Centre for Southern Africa (TRALAC) argues, EPAs have fostered an unusually critical review of African integration agendas themselves, revealing important gaps between the political ambitions and economic reality that underpin them.

In general, recent trade negotiations with Africa have focused excessively on liberalization for goods trade whilst issues that really matter for the enhancement of African trade performance, including intra-African trade and quality of exchanges with the rest of the world, are ignored. Even as recent EU policy proposals highlight the vital role of the private sector in future development partnerships, it will be ironic if EPA missteps undermines these dynamic engines of growth in Africa's non-commodity sectors.

The core challenge remains how to foster greater diversification in African productions, while supporting the emergence of regional champions that can lead the way in realising comparative advantages, including in biofuel, solar and other renewable energy sources.

Furthermore, it will be vital to pay closer attention to the climate-security nexus as Africa faces proliferating instabilities. A sustainable African outlook will be impossible as long as the scourge of renewed conflict remain unaddressed. If rising instability is left to fester, the most likely scenario for Africa over the coming decades is one of modest economic growth existing alongside political and social upheavals, potentially compromising sustainable development outcomes.

A major point of weakness has emerged in especially West Africa/Sahel and the Horn of Africa regions where growing instability blocks critical regional integration and economic growth arteries. Here, a toxic combination of conflict, food vulnerability and environmental fragility are rapidly taking hold. If unchecked, they will reverse much of the modest gains of recent years.

To be sure, Africa's trans-border insecurities have recently proliferated on a scale not seen since the conflict-ridden 1990s. These dynamics hardly conduce to sustainable development, but an increasingly inward-looking EU also represents a key concern especially as the Union turns away from a once promising security partnership with Africa's continental body post-Libya conflict. The EU has mostly restricted itself to verbal condemnations and symbolic sanctions amidst the raft of military coups and an Islamist takeover in northern Mali which threaten to destabilise

whole regions. Certainly, a renewed EU engagement focused on sustainable security and stable development is needed in these contexts.

What should be done?

First, the EU should promote sustainability through genuinely inclusive global policies. Beyond the soaring rhetoric, the EU EPA negotiations should pay closer attention to what environmentally conscious corporate actors, their ideas and green innovations can add to make the EPAs deliver for all signatories. Corporations such as Unilever and Phillips (both Dutch) and Marks and Spencer (UK), along with other European businesses, are currently engaged in an advanced process of environmental partnership and corporate social responsibility which directly involves suppliers in Africa and elsewhere. Rather than leaning on EPA rejectionists in a way that potentially compromises the prospects of African private sectors, the EU should instead emulate a partnership approach modelled on these private sector pioneers in order to ensure consensual and durable EPA outcomes.

Crucially, these corporate green leaders are already offering leadership in areas where governmental action seems behind the curve. Examples include their structured dialogues on the sideline of official deliberations at Rio, with the objective of synthesising new innovations into policy ideas capable of complementing national and global level initiatives.

Second, the EU must reach for more than just symbolic leadership. Current EU policies need to evolve towards practically linking sustainable development to wider policy areas. Recent EU policy pronouncements feature a strong rhetorical commitment to sustainability – from the Europe 2020 green targets to the sustainable development objectives in the Agenda for Change ratified by the European Council on 14 May 2012.

In Cancún in December 2010, the EU also supported enthusiastically a commitment by developed countries to

mobilise jointly US\$100 billion per year by 2020 to promote mitigation and adaptation actions in developing countries. Yet, the assumption that the EU's share could be about one third of this amount seems overly optimistic given the sovereign debt crisis and pressures on the EU's overall budget. Alternative funding sources from the private sector and carbon markets area also doubtful in the deteriorating global economic climate.

Furthermore, the EU's overall emission has grown at the same time that countries like the United States are reducing their levels of pollution. Without real movement towards addressing policy contradictions in interconnected spheres, the EU risk becoming a laggard in the green debate. The EU must urgently meet its sustainability challenges as part of efforts to build a dynamic European economic model fit for the 21st century.

Finally, Europe *can help shape a vision of the future*. Many separate fulcrums of the European policy architecture also need to work in tandem to promote a more sustainable global vision. Addressing global poverty and rising vulnerabilities, the European Parliament in a recent declaration regarding the effects of the global financial and economic crisis reaffirm *"the EU's obligation to assist developing countries in coping with the burdens of the global economic crisis and climate change"*.

Yet, such commitments have been repeatedly watered down during the lengthy process of translating the EU Commission's modernisation proposals into laws governing EU development cooperation. Recent EU initiatives such as the April 2012 Sustainable Energy for All Summit in Brussels have also provided little added value beyond the high-profile publicity that surrounds them. On the road to Rio+30 in 2022, a more forward looking EU should move beyond imperfect compromises to shape a more substantive vision of sustainability at both the European and global levels. ■