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UNPACKING TRADE & INVESTMENT

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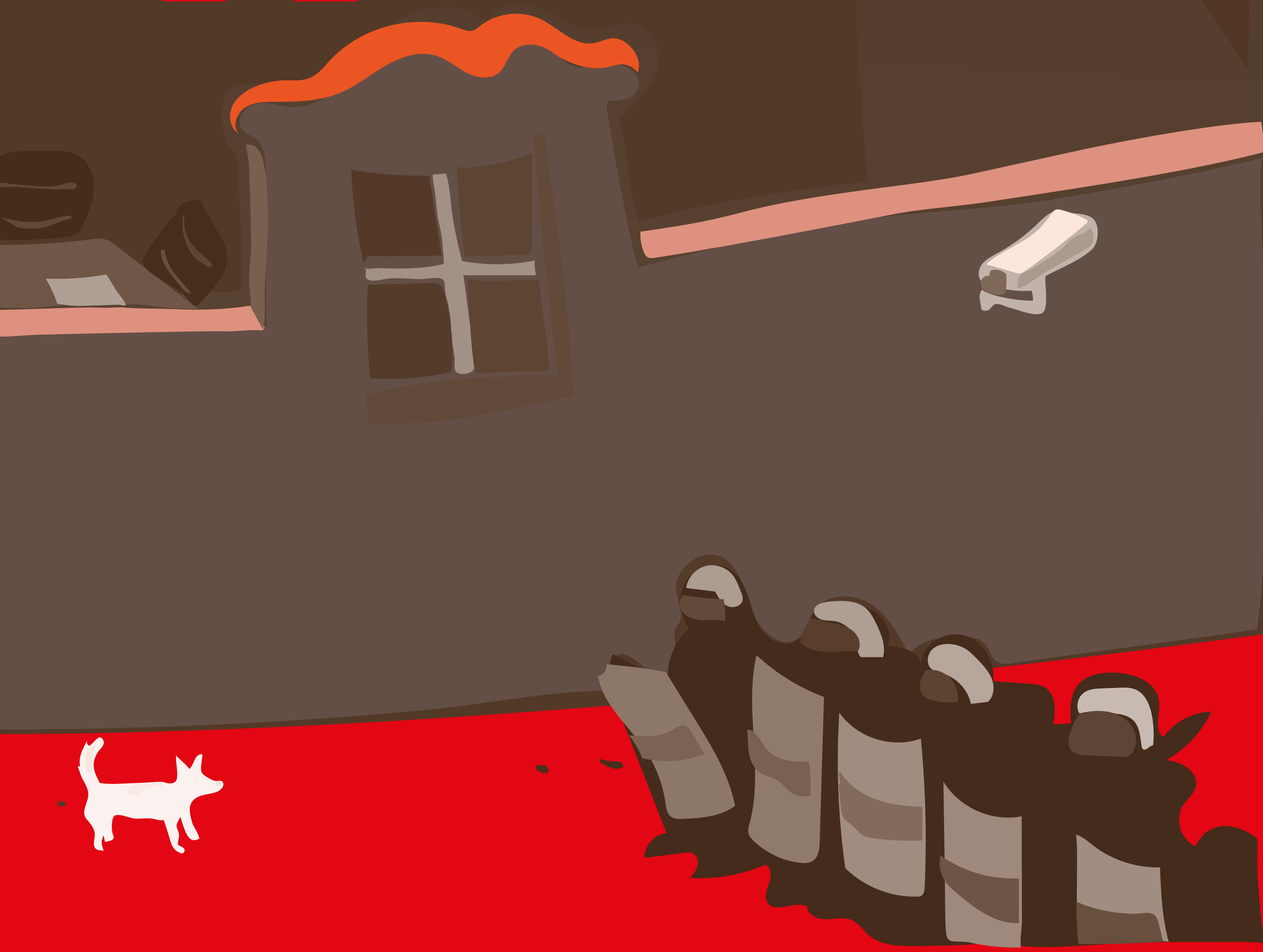
CONTROLLING THE SOUTH: THE CASE OF EAST AFRICA



11 Controlling the South: the case of East Africa

Yash Tandon

This paper falls within the overall theme of mega-regional trade and investment agreements that have proliferated in recent years. It addresses the question of whether they are improving or worsening the condition of countries in the Global South. The paper's main thesis is that the strategic elements of mega trade agreements are more critical than the economic, and that TTIP, TPP and EPAs are an attempt to create a new trading, investment and legal structure to exclude BRICS, particularly China. The objective is more military-security than economic, although, significantly, the latter is also targeted. Against this background, the paper examines the impact of mega trade agreements on value generation, taking the East African region as a case study.

CONTEXT: THE BIGGER PICTURE

The international trading system has taken an interesting twist in recent years. This is not a new phenomenon, because bilateral and regional free trade areas (FTAs) have been around since the beginning of capitalism. What is relatively new is the present geopolitical context.

The systemic context is the end of American near-total global hegemony since the fall of the Berlin Wall: the end of a monopolar world. We now live in a multipolar world, with Russia and China chomping at the bit. Within a bigger compass, the two are joined by Brazil, India and South Africa in constituting BRICS. This does not mean the end of the American Empire, but it is undeniably the beginning of its end. America is on the defensive as is, indeed, the European Union.

In the economic domain, the US has been pushing for bilateral trade and investment agreements across the world – the so-called Mega Trade Agreements (MTAs). The best-known are the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP). In East Africa, it is the Trade and Investment Partnership Agreement – TIPA. They jostle for a place in the sun, together with some older ones like the EPAs – the Economic Partnership Agreements between Europe and its former colonies in the African, Caribbean and the Pacific group (ACP).

Also relevant to this paper are the Bilateral Investment Treaties (BITs). There are literally hundreds of them. As of December 2014, for example, Germany had concluded 134 BITs and China 130[1].

Given the changed global context described above, all these paraphernalia of what has been described as a 'spaghetti bowl' of trade and investment agreements is not just about economics – although that is a significant element to it. It is mainly about power. Powerful countries impose and force mega-trade agreements on weaker states, essentially to promote their economic and security interests in a fast-changing global power shift (especially in favour of China, but also of BRICS more generally).

What is often missing from the debate in Europe about TTIP is the broader geopolitical context. Cecilia Malmström, the European Commissioner for Trade, put it in a nutshell when she said "… this agreement is worth the effort … worth it economically, worth it strategically."[2] The argument laid out in this paper is that the strategic element is more critical than the economic. TTIP (and TPP and EPAs) are an attempt to create new trading, investment and legal systems to exclude the BRICS, and China in particular. Its objective is more military-security than economic, although secondarily economic as well.

THE FLAWED THEORY BEHIND 'GROWTH' AND 'FREE TRADE'

Development is not reducible to 'growth'. In fact, 'growth' and the 'GDP' (Gross Domestic Product) are laughable concepts. They are paraded by academic economists as well as by institutions such as the IMF, the World Bank, and the WTO as their key concepts for measuring 'development'. Unpacking 'growth' and 'GDP' reveals a can of worms.

Good examples are the GDPs of the US and the UK. The more bombs they produce and deploy – mostly outside of their own countries – the more their GDP grows! The US is currently fighting 74 different wars … that the government will publicly admit. And when the destroyed countries rebuild their economies (often with the work being done by American corporations, as in the 2003-2011 Iraq war), it is the invading countries that show increased GDP. It is truly bizarre.

There are billions of people on earth that have inadequate access to food, fuel, housing and medicine… and yet the world's GDP grows by the year. By official reckoning, Africa has been 'enjoying' enviable 6 % to 7 % growth a year for the last several years, and yet millions of people are 'internal refugees' – denied elementary access to the means of survival – whilst thousands perish in the Mediterranean.

1 See: Karl Sauvant, 'China's outward FDIs will change its approach to international investment treaties. **http://works.bepress.com/karl_sauvant/426/**

2 **http://www.euintheus.org/press-media/speech-by-cecilia-malmstrom-commissioner-for-trade-ttip-on-track/**

There is another myth that needs to be explored – the notion of 'free trade'. To be clear: there is no such thing as 'free' or 'fair' trade. It is a fiction first created by the English during the height of their mercantile empire in the nineteenth century. The first country to challenge this was the newly independent United Sates. In 1776, the new states told the British, "We don't want to grow cotton and tobacco for you anymore; we want to industrialise ourselves". And they did, closely followed by Germany, the rest of Europe and Japan. Today, these are the very countries that talk about 'free trade', even as they practice protection.

An example is the cotton industry in the United Sates. On 10 June 2003, Burkina Faso, on behalf of the so-called 'Cotton Four' (C-4 - Benin, Burkina Faso, Chad and Mali), raised the issue at the WTO, complaining that America's trade-distorting cotton subsidies are killing their economies. There are some 900,000 farm units in the C-4 that produce cotton. Cotton used to provide employment to almost 8 million farming adults, supporting the livelihoods of nearly 13 million people. But now their livelihoods are threatened by American cotton producers.

Most analysts agree with the C-4 that the US cotton subsidies are trade-distorting: they result in a 10 % reduction in global cotton prices. But the US government is adamant: it will not stop the subsidies; it must 'protect' 18,600 American cotton farms in the name of 'free trade'[3]. This is blatant hypocrisy. It would be laughable if it was not so tragic for the millions whose livelihoods are at risk in the C-4 countries.

'Free trade' is war. The WTO is a war machine. TTIP, TPP, EPAs, TIPA, CETA – and many other similar 'bilaterals' – are added missiles in the Empire's armoury.[4]

RESOLVING THE RIDDLE OF VALUE ADDITION

In 2013, the United Nations Economic Commission for Africa (UNECA) produced its annual Economic Report for Africa 2013 (ERA 2013) called '*Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation*'[5]. Its core argument boils down to two propositions:

1) That it is imperative for Africa to industrialise for its growth, jobs and economic transformation; and

2) That this is possible only through climbing up the value-chain ladder using Africa's essentially commodity-endowed economies.

There is a good economic logic here. However, a close reading of the Report's analysis shows that the problems Africa faces are deeper than purely economic. Of course, economic issues are important and have to be addressed. But they are, in turn, rooted in something deeper than what a purely economistic or short-term policy approach can even begin to address.

3 See: **https://en.wikipedia.org/wiki/Cotton_production_in_the_United_States**

4 See: Tandon, Trade is War, 2015

5 **http://www.uneca.org/publications/economic-report-africa-2013**

This 'something deeper' has two roots:

1) The historically embedded structures of dependence and domination; and

2) The reproduction of these structures over the last 50 years and continuing.

In other words, one needs to go deeper into questions such as: Who owns Africa's commodities and resources? Who makes policies in Africa? Where does the capital and technology come from? And who controls these (and for whose benefit)? Unless these historically embedded structures of dependence and dominance are seriously tackled – in fact removed – Africa will continue along the same path as the last 50 years. It is politically imperative for these imperial structures of domination and control to be destroyed as a pre-condition, as a *sine qua non* to economic – let alone social and political – development.

The UNECA Report noted that, following two decades of near stagnation, Africa's growth improved to 4.6 % in 2010 and to more than 5.0 % in 2012. Yet, it adds:

> " … this impressive growth story has not translated into economic diversification, commensurate jobs or faster social development: most African economies still depend heavily on commodity production and exports, with too little value addition and few forward and backward linkages to other sectors of the economy. Indeed … the pace is too slow for African countries to achieve their social development goals, especially some of the Millennium Development Goals by the end date of 2015."[6]

The report goes on to suggest that Africa must "… speed up and deepen value addition of local production linkages to the commodity sector, and to embark on a commodity-based industrialization path, they must adopt a strategic approach and work closely with all stakeholders to formulate and implement industrial policy."[7]

So, obviously, the next question is: What value chains should be 'deepened', and with which stakeholders 'formulate and implement industrial policy'? Here is where the problems begin.

The report gives several examples of why this has not worked in practice. In this short paper, only one is explored: that of the cocoa-chocolate industry, from its commodity form to its value-added manufactured product. This is what the ERA 2014 says:

> "Developing countries' contribution to value added in the GVC fell by half between the early 1970s and the end of the 1990s (World Bank 2008). In Africa, producing countries are excluded from control over global logistics and marketing, and from intermediate and final product manufacturing."[8]

The report amplifies this very important point:

> "Chocolate manufacturing is dominated by a few European and US transnational corporations (TNCs), such as Nestlé, Mars and Ferrero (Fold 2002). During the 1990s, these outsourced intermediate manufacturing stages, in some cases even standard chocolate production, to grinders. This enabled them to focus on their core business of product development, marketing and distribution, as well as on high value added products and markets differentiated by product quality and by social and environmental standards (Barrientos 2011). The only exceptions are smaller manufacturers like Ferrero and Lindt & Sprüngli, which remain vertically integrated to preserve commercial secrecy and tight quality control systems."[9]

6 Ibid, p. 6
7 Ibid, p. 12
8 Ibid, p. 138
9 Ibid, p. 139

The domination of highly concentrated TNCs and their secrecy and control systems is clearly one of the major obstacles for African producers and manufacturers moving toward a higher value chain. The report offers the following very useful further insight into the chocolate industry.

> "Two types of lead firms dominate forward linkages in the cocoa GVC: grinders and chocolate manufacturers. They control the links characterized by the highest value added and profitability: trading and marketing (Barrientos and Asenso-Okyere 2008). Supermarkets, which account for an estimated 54 per cent of the global chocolate retail sector, are trying to appropriate a larger share of the value added by selling their own-brand products. Increasing market concentration through mergers and acquisitions has characterized both grinders and chocolate manufacturers. Since the 2000s, a handful of grinders have dominated the intermediate stages of the cocoa GVC: Cargill, Archer Daniels Midland and Barry Callebaut. They control R&D and technologies in food processing and bulk logistics. This has created very high knowledge and capital barriers to entry."[10]

As previously stated, the report gives several other examples, including horticulture in Kenya and the mining sector in Ghana. On the latter it says:

> "Ghana has 13 large mining companies producing gold, diamonds, manganese and bauxite, and more than 300 registered small mining groups and 90 mine-support service companies. *Large mining is dominated by foreign multinationals from South Africa, Canada, Australia, US, UK and Norway. Small mining is dominated by Ghanaians*, largely as a result of the Minerals and Mining Act of 2006 that keeps it for locals. … *A worrying trend is the growing antagonism between small and large mining companies, as they compete for concessions and their operations.*"[11]

The report provides convincing figures – in the case, for example, of cotton clothing, oil, cocoa, copper and gold – to show that <u>there is no increase in value addition nationally or locally.</u> Africa remains solidly where the colonial system left it over 50 years ago – in extractive commodity production and export. The trade agreements that Africa has signed with the Imperial powers – such as the EPAs with the EU and AGOA with the United States – have not changed the value-added component of Africa's manufacturing.

UNECA's strategy of 'commodity-based industrialisation' is meaningless unless Africa starts with the local value chain (LVC), moves on to the regional value chain (RVC) and only when it is able to compete with the rest of the world moves on to the global value chain (GVC). To do that, Africa must resist imposition of 21st century mega trade and investment agreements.

10 Ibid.

11 Ibid, 219, italics added.

MEGA TRADE AGREEMENTS:

The devil's in the details

Mega trade agreements like TPP and TTIP are complex instruments. Earlier, changes in global geopolitics were detailed in order to understand how they have acquired such significance. That was the big macro-picture. But unless they are examined in their micro details, it is impossible to grasp the devils they hide.

To understand the micro aspects of these agreements, it is necessary to have a historical perspective on how trade issues have evolved over the last twenty years (since approximately the birth of the WTO in January 1995). One thing is certain, however. There has been a ground shift in the focus of trade negotiations, a sea change in the way that trade is conducted and trade deals are negotiated.

Historically speaking, the issues that come under trade negotiations may be divided into 'traditional' issues and 'new Issues'. Traditionally, GATT dealt with trade in manufactured goods and issues related to these, such as market access (tariffs and quotas), dumping, subsidies and dispute settlement. After the United Nations Conference on Trade and Development (UNCTAD) was formed in 1964, issues of concern to developing countries were added like commodities, technology transfer and terms of trade (so-called 'UNCTAD issues'). Later, a number of issues were added with the signing of the Uruguay Agreement. At the same time, all the UNCTAD issues were taken out. The 'development' issue was added relatively recently, at the 2001 Doha Ministerial conference.

The UNCTAD issues had come on board largely at the behest of developing countries. Their origin was linked with the developing countries' dissatisfaction with the existing order and their call for a new dispensation – a New International Economic Order (NIEO). However, with the rise of neoliberal ideology in the 1980s and 1990s, the idea of NIEO died, and with that, UNCTAD issues were taken out of the 'trade' agenda. UNCTAD is now a mere shadow of its former self, and the WTO, without the UNCTAD issues, has become a club for the rich and powerful.

Traditional Issues	UNCTAD Issues	WTO New Issues
1. Manufactured Goods	7. Commodities	12. Agricultural goods
2. Market access	8. Technology Transfer	13. Textile & Clothing
3. Dumping	9. Terms of Trade	14. Services
4. Subsidies	10. TNCs	15. Intellectual Property
5. Industrial Tariffs	11. Development	16. Telecommunications
6. Dispute Settlement		17. Investment (TRIMS)
		18. Trade Facilitation
		19. Competition Policy
		20. Procurement
		21. Environment
		22. SPS
		23. Labour Standards
		24. GMOs

The ground has visibly slipped from under developing countries. This has happened in two ways:

Issues of substance: A shift from issues of concern to the South to those of interest to the Empire[12]. Under the umbrella heading, 'trade-related', virtually anything under the sun can become 'trade-related'. These include the so-called four 'Singapore Issues' (SIs) – Investment, Trade Facilitation, Competition policy, and Procurement – also called 'New Issues', which include many others beside the four SIs. Some of these 'New Issues' are detailed below.

AGRICULTURE: For a long time, developed countries did not want to bring agriculture into the multilateral trading system. Each of them developed their own agriculture under protectionist barriers. But now it is a central point – and a very contentious one – in the WTO agenda.

TRADE-RELATED INTELLECTUAL PROPERTY RIGHTS (TRIPS): TRIPS came about largely as a result of pressure from the pharmaceutical industry in the US. This is not about free trade, but about preserving monopolies.

TRADE IN SERVICES AGREEMENTS (TiSA): These agreements refer to trade in non-visible commodities, including banking and financial services, education, insurance, shipping, catering, tourism, communications and a host of other issues. Activist civil society organisations in both the North as well as the South consider TiSA – especially financial services – a dangerous missile in the hands of the Global Corporate world[13].

SINGAPORE ISSUES: The four SI issues came under WTO discipline at the first WTO Ministerial in Singapore in December 1996. Developing countries have blocked further negotiations on these ever since. However, at the December 2013 Bali Ministerial, Trade Facilitation was brought back onto the WTO agenda. Developed countries are now trying to smuggle in the three 'lost' issues through bilateral and regional trade agreements with developing countries, called Free Trade Areas, and mega trade agreements.

SANITARY AND PHYTOSANITARY MEASURES (SPS). These relate mainly to the developed countries' quite legitimate concerns about the food safety of their imports. But they are increasingly used as a 'non-trade-barrier' (NTB) to agricultural imports from the developing countries as well as between the developed countries. The developing countries have a harder time meeting the SPS standards set by developed countries.

Issues of process: There is a dramatic change in the regulatory landscape of trade deals and trade negotiations. Regulations have become the heart of the mega trade agreements (MTAs) like TPP and TTIP. These engage in cross-cutting issues negotiated within the framework of not only the stand-alone MTAs but also – separately and in parallel – with other matters such as the 'New Issues' discussed above.

There is much talk about 'regulatory coherence'. Nobody knows what it really means. 'Coherence' with what? Whatever it means (even the US and the EU do not agree on its definition), it is a hugely controversial area – a slippery slope[14]. Nonetheless, one thing is clear: the MTAs will bring the developed countries together to try and harmonise standards and reduce non-tariff barriers to their exports to the developing countries.

12 I am aware that the word 'Empire' does not normally feature in the vocabulary of even the left in Europe. However, for Africa and for much of the global south, the Empire is a reality.

13 See: Chakravarthi Raghavan: 'US undermining WTO MTS through 'secret' TiSA talks'? SUNS, Geneva, #8066, 21 July 2015

14 See: Corporate Europe Observatory, 'What are you hiding? The opacity of the EU-US trade talks.' **http://corporateeurope.org** 16 December, 2014

Also clear is that the US is pushing for the conclusion of the TPP as a priority over TTIP. On the margins of the Asia-Pacific Economic Cooperation (APEC) meeting in Indonesia on April 20, 2013, about twenty negotiating groups were set up to try and agree on legal texts and negotiating outcomes on, e.g., financial services, government procurement, intellectual property, investment, sanitary and phytosanitary standards, and technical barriers to trade.

Against the background of the virtual demise of the WTO (it is not exactly dead, but may be in a comatose state) the MTAs have loomed large on the trade landscape, overpowering the WTO and UNCTAD. One only has to attend one of the meetings of the WTO these days (that is, after the 10th Ministerial Conference in Nairobi in December 2015) to appreciate how the WTO has been diminished in the face of the MTAs[15].

It is too early to speculate on the effects these MTAs will have on Africa and the developing countries. One area to watch is the effect of these on trade diversion from Africa, and preference erosion on access to markets in the US and Europe. For example, within the framework of the TPP, Vietnam might drive African producers of textile, clothing and footwear (and agricultural products such as fish, bananas and sugar) out of the American market[16].

THE EAST AFRICAN EXPERIENCE WITH EPA AND TIPA

THE EPA SAGA

The British, during their colonial domination over Kenya, Uganda and Tanganyika, found it expedient to 'integrate' the three countries into what was called the East African High Commission (EAHC) to coordinate a customs union with a common external tariff, a common currency, and common services – transport and communications, research and education. After the independence of these countries in the early 1960s, the EAHC disintegrated.

But the colonial tendrils remained. These are rooted in the region's history and institutions of economic and political governance. Attempts to break away from these tentacles, especially in Tanzania under Julius Nyerere and Uganda under Milton Obote, largely failed. In the case of Obote, he was overthrown in a military coup in January 1972 in one of the first countries to experience 'regime change' engineered by the former colonial power. This is not finger-pointing at the British; it is simply an existential reality in much of Africa – to this day.

This brief introduction is important in order to understand the political economy of post-colonial East Africa. By a strange ironic (or cynical) twist, Africans were (and still are) made to believe that they owed (still owe) their survival to the 'preferences' they 'enjoyed' ('enjoy') in the European market. In reality, the imperial 'preference' system was a case of 'reverse preference' – a system that favoured Europe, not Africa. Africa provided cheap commodities for European industries, a market for manufactured products, and investment opportunities for European corporate capital accumulation (and still does).

15 See: D. Ravi Kanth, 'WTO. Davos 'euphoria' fails to click at WTO', SUNS, Geneva, #8182, 2 February 2016

16 See: Africa Kizza (2016)

One significant development distinguishes the post-colonial period from the colonial. The bilateral colonial system has evolved into a multilateral imperial system. The former colonial powers – Britain, France, Germany, Belgium, Portugal and Spain – have joined forces to retain, indeed strengthen, their economic and political ties with their erstwhile colonies. These evolved into what today are called Economic Partnership Agreements (EPAs) between them and Africa. It is an asymmetrical 'partnership' between the European Union – an industrial power house that negotiates as a single body – and essentially a commodity-producing Africa fragmented into about forty countries[17].

In the East African region, Kenya, Uganda and Tanzania have gone through a long gestation period to create an East African Community (EAC) with political integration as its ultimate goal. In recent years, the EAC was expanded to include Rwanda and Burundi. It is a bold attempt to get out of the colonially imposed division of Africa, and on 15 April 2016, South Sudan joined the EAC. So we have three former English colonies, two former Belgian colonies, and now a breakaway separate state from the Sudan that constitute the EAC. The challenges they face in trying to get out of colonial-imperial shackles should not be underestimated.

Towards the end of 2014, it was announced that the Governments of the East African Community had signed the EPA. It was signed under mounting pressure, especially from the flower export industry in Kenya – an industry under the control of large global corporations and some wealthy and influential Kenyans. It was only one factor. A second was East African countries' dependence on the so-called 'development aid' from Europe. Even the EAC's Secretariat, located in Arusha, is EU aid-dependent; slightly over 60 % ($78.17 million) of the EAC budget for 2014-15 was funded by donors, the largest being the European Union. There are other neo-colonial forces – related to security – which are not detailed here.

But while the corporate lobby groups that effectively run the European Commission in Brussels pushed for the signing of the EPA – and got their way – the poor farmers in East Africa are now paying the cost in terms of their existential survival. In 2007, the Kenya Small Scale Farmers Forum (KSSFF) filed a case against their government, arguing that EPAs would put the livelihoods of millions of Kenyan and East African farmers at risk. Six years later, on 30 October, 2013, the High Court of Kenya ruled in KSSFF's favour. The court directed the Kenyan government to establish a mechanism for involving stakeholders (including small-scale farmers) in the on-going EPA negotiations, and to encourage public debate on this matter. But the EPA was signed in Brussels anyway. Nothing more is heard of the court decision.

THE TIPA SAGA

Since October 2012, the US has pushed the EAC to sign the US-EAC Trade and Investment Partnership Agreement (TIPA). TIPA is a mini version of TTIP – a secretly negotiated trade and investment agreement with all the acclaimed virtues and hidden vices of.

TIPA has triggered strong voices of opposition from the East African civil society organisations. On May 13, 2013, the Southern and Eastern African Trade Information and Negotiations Institute (SEATINI), together with twenty-two other civil society organisations, sent a written appeal to the East African Legislative Assembly (EALA), warning it against the dire consequences of endorsing TIPA. It is the same with the EPA – a struggle between the farmers and the workers of East Africa on one side and US global corporate interests on the other. Although the US and the governments are reporting 'progress' on the talks, TIPA is not yet concluded.

17 For more extensive discussion, See; Tandon (2015), Chapter Three: EPAS – Europe's Trade War on Africa.

HOW DOES EAST AFRICA MOVE FORWARD?

Summarising the above narrative:

- Global geopolitical reality has changed. It is the end of a monopolar and the beginning of a multipolar world, with Russia and China joined by Brazil, India and South Africa, creating a new compass for the global ship.

- TPP, TTIP and EPAs are not just about economics – although that is an essential aspect. More fundamentally, it is about power – desperate attempts to create a new legal order reconstituted to protect American and European global capital from China's 'invasion'.

- It is in this context that the fiction called 'free trade' was analysed. Historically, since the rise of capitalism, no such thing has ever existed. Europe, America and Japan all developed behind a wall of protection for their domestic industry. Their advocacy of 'free trade' now is essentially opportunistic and ideological. Even today, they are more protectionist than they would have us believe. The sad saga of the 'Cotton Four' in Africa, whose impoverished people face starvation because the US government protects its 18,600 highly subsidised cotton farms, is a prime example.

- Against this background, the mystique of 'value generation' was analysed, which has become the catchphrase for any country that seeks the sunlight of the 'free market utopia'. Evidence from the UNECA's annual Economic Report for Africa (ERA2013) was presented to show that there is no increase in value addition, nationally or locally. Africa remains solidly where the colonial system left it over 50 years ago – in extractive commodity production and export.

- TPP and TTIP were re-examined for some of the details wrapped in complex technical provisions that make it impossible to capture the devil they hide. The geopolitical contextual analysis provides an overall perspective. The details hiding below the opaque surface of TTP and TTIP provided enough evidence to conclude that MTAs will have negative effects on Africa's access to the world market because of trade diversion and preference erosion. The analysis of EPA and TIPA give a fairly good idea of the challenges the East African Community is facing.

And so the critical question: How does East Africa move forward?

WHAT ARE EAC's OPTIONS?

1. Accept what is laid in front of them by the Empire – accommodate, don't resist;

2. Resist the hegemons in the WTO and those driving the MTAs – including EPA, AGOA & BITS;

3. Make alliances within WTO, which is still a lesser evil than the MTAs;

4. Globally, take advantage of BRICS (especially China) to balance the power of the Empire; and

5. Regional integration and partial de-coupling from globalisation.

The **first option** stands on its own. The last four are not mutually exclusive; they can work in tandem or in sequence.

It is interesting, but not surprising, that the Brussels-based European think-tank, European Centre for International Political Economy (ECIPE) advises the first option as 'the best', not just for Africa, but for all the ACP countries. Here is what ECIPE's 'thinkers' say:

> **UNILATERAL REFORMS: THE FIRST BEST OPTION:** " … each ACP country needs to conduct its own assessment of how it is positioned in the mega regionals 'game' … so that the country is not left too far behind. The potential threat of either trade preference withdrawal, or the introduction of reciprocity, should serve as a spur to domestic reform efforts. In conducting such assessments careful thought also needs to be given to how aid for trade funding could bolster the reform effort in light of what lies down the road, particularly with respect to the regulatory convergence agenda…"[18]

Admittedly, this 'surrender option' cannot be ruled out – not out of real choice, but because the Empire will put huge pressure with promises of 'development aid' to 'surrender … or else'. At the recently concluded WTO 10th Ministerial Conference in Nairobi (December, 2016), the African countries capitulated to the Empire on the very soil of Africa[19].

The **second option** – Resist the hegemons in the WTO and those driving the MTAs, including EPA, AGOA & BITS – is what the civil society activists in East Africa have been pursuing and advocating to their governments. SEATINI, for example, has successfully lobbied (among others) the East African Legislative Assembly to battle against the imposition of the EPAs by the EU[20]. And although the EPAs were signed by the bureaucrats in Brussels toward the close of 2014, the battle on the East African soil is not yet over.

The **third option** is to make alliances within the WTO. The WTO is still a lesser evil than the MTAs. Ever since the WTO was created, the global South has managed to stand their ground on issues related to trade, intellectual property, and the environment, among others. The South Centre based in Geneva has been playing a significant role in this coalition-building strategy. Countries that submit to the Empire on African soil often have courageous diplomats in Geneva who can raise their voice, knowing that they will have support from other diplomats from the South. For example, after the debacle in Nairobi at the 10th WTO Ministerial, the ambassador from Uganda was reported to have challenged the process: "… the vast majority of the membership did not participate in shaping its outcome," an agitated Ugandan trade envoy told the director- general. "We were never consulted," said Ambassador Aparr, challenging the credibility of the Nairobi process[21].

18 Mega-Regional Trade Agreements: Implications for the African, Caribbean, and Pacific Countries
By Peter Draper, Simon Lacey and Yash Ramkolowan ECIPE OCCASIONAL PAPER o No. 2/2014, para 5.2.1

19 Tandon, Yash, 'Trade Is War: A Postscript TO WTO MC10', **http://yashtandon.com/trade-is-war-a-postscript-to-wto-mc10/**
Posted on January 19, 2016

20 For an account of this, see: Tandon (2015), chapter three.

21 See; Ravi Kanth, 'Davos 'euphoria' fails to click at WTO', SUNS, #8182, 17 February, 2016

The **fourth option**: take advantage of BRICS (especially China) to balance the power of the Empire within the context of changing global geopolitical dynamics. Once again, the European think tank, ECIPE, cautioned Africa against China. Its 'thinkers' say that if the mega trade agreements such as TPP and TIPP fail, then the ACP countries "would have to face up to a China dominated trading system earlier, perhaps, than previously anticipated."[22] On the other hand, a former high official at UNCTAD, Karl Sauvant, has a more balanced view on China. He says that, in spite of growing scepticism about China, on balance, China is viewed positively by European (let alone) African governments. He said, "Chinese FDI was especially welcome in the European countries most affected by the Euro crisis"[23].

And finally, the **fifth option**: Regional integration and partial de-coupling from globalisation. I have advocated this strategy for many years, and I am not the only one. The well-known Egyptian economist, Samir Amin, has been talking about 'delinking' for many years. In fact, the reason countries like China and India are doing relatively well is because they have effectively 'decoupled' themselves from the vagaries and uncertainties of globalisation[24].

CONCLUSION

Taking the evidence from UNECA's study on value addition in Africa, and drawing on related experience in the real world, the following conclusions are made apparent:

1. Africa is still caught up in the imperial embrace, as a provider of largely unprocessed raw materials; the continent has continued to play this role over the last 50 years of 'virtual independence'.

2. Africa must start with the local value chain (LVC), move on to the regional value chain (RVC) and only when it is able to compete with the rest of the world enter the global value chain (GVC);

3. In the meantime, Africa must resist the imposition of the 21st century mega trade and investment agreements.

4. The WTO is a *mchezo* (Swahili, in this context meaning 'circus') selling trinkets and baubles in the name of free trade; and Africa must learn how to play the game. And, finally:

5. Purely academic discourse must be avoided: it obstructs intellectual development and public debate. The ideologues of the IMF, the World Bank and the WTO must also be avoided: they are self-serving institutions controlled by the Empire.

22 See: ECIPE, 'Mega-Regional Trade Agreements: Implications for the African, Caribbean, and Pacific Countries', loc. cit. Executive Summary.

23 See: Karl Sauvant, 'China's outward FDIs will change its approach to international investment treaties ', Section II. The Perception and Reception of China's Outward FDI in Host Countries **http://works.bepress.com/karl_sauvant/426/**

24 For my views on the subject, see: Tandon (2015), Chapter 6 'From War to Peace: Theory and Practice of Revolutionary Change'.

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INDEX OF ACRONYMS

ACP African, Caribbean and Pacific
ACTA Anti-Counterfeiting Trade Agreement
AGOA African Growth and Opportunity Act
AGP Agreement on Government Procurement
AMS Aggregated Measures of Support
AoA Agreement on Agriculture
APEC Asia-Pacific Economic Co-operation
ARA Advisory Referendum Act
ASEAN Association of Southeast Asian Nations
BIT Bilateral Investment Treaty
BRICS Brazil, Russia, India, China, and South Africa
CAP Common Agricultural Policy
CDS Credit Default Swaps
CETA Comprehensive Economic and Trade Agreement
CSI Coalition of Services Industries
DDA Doha Development Agenda
DDR Doha Development Round
DFQF Duty-Free, Quota-Free
EAC East African Community
ECIPE European Centre for International Political Economy
EGA Environmental Goods Agreement
EAHC East African High Commission
EPA Economic Partnership Agreement
ESF European Services Forum
FAN Friends of Anti-Dumping
FAO Food and Agriculture Organization
FET Fair and Equitable Treatment
FTA Free Trade Agreement
FTAA Free Trade Area of the Americas
FTAAP Free Trade Area of the Asia-Pacific
GATS General Agreement on Trade in Services
GATT General Agreement on Tariffs and Trade
GFC Global Financial Crisis
GDP Gross Domestic Product
GVC Global Value Chain
GI Geographical Indication
GM/GMO Genetically Modified/ Genetically Modified Organism
GEMC Group of European Mining Companies
GPA Agreement on Government Procurement
GSC Global Services Coalition
GSP General Preferencial Scheme
GSP+ General Preferencial Scheme Plus
GVC Global Value Chain
ICESCR International Covenant on Economic, Social and Cultural Rights
ICS Investor Court System
ICSID International Centre for Settlement of Investment Disputes
IIA International Investment Agreements
IMF International Monetary Fund
IFC International Finance Corporation
IP Intellectual Property
ISDS Investor-State Dispute Settlement
ITA Information Technology Agreement
ITUC International Trade Union Confederation
JEC Joint EPA Council
LDC Least Developed Countries
LVC Local value chain
MA Market Access
MAI Multilateral Agreement on Investment
MERCOSUR Southern Common Market *Mercado Común del Sur (es)*
MFN Most Favoured Nation
MTA Mega Trade Agreement
NAFTA North American Free Trade Agreement
NAMA[1] Friends of Ambition; also
NAMA[2] Non-Agricultural Market Access
NATO North Atlantic Treaty Organization
NIEO New International Economic Order
NMB Nairobi Ministerial Declaration
NSG Nuclear Supplier Group
NTB Non-Tariff Barriers
OECD Organisation for Economic Co-operation and Development
OPEC Organisation of Petroleum Exporting Countries
OTC Over the Counter
OWINFS Our World Is Not for Sale
PAP Processed Agricultural Product
RCC Regulatory Cooperation Council
RCEP Regional Comprehensive Economic Partnership
RMI Raw Material Initiative
RoO Rules of Origin
RTA Regional Trade Agreement
RVC Regional value chain
S&D Special and Differentiated Treatment
SACU South African Customs Union
SAP Structural Adjustment Program
SCM Subsidies and Countervailing Measures Agreement
SDG Sustainable Development Goals
SDT Special and Differential Treatment; also S&T
SOE State-Owned Enterprises
SP Special Products
SPP Sustainable Public Procurement
SPS Agreement on the Application of Sanitary and Phytosanitary Measures
SSG Special Safeguard
SSM Special Safeguard Mechanism
SUNS South North Development Monitor
SVE Small and Vulnerable Economies
TAFTA Transatlantic Free Trade Agreement
TBT Agreement on Technical Barriers to Trade
TFA Trade Facilitation Agreement
TFEU Treaty of the Functioning of the EU
TiSA/TISA Trade in Services Agreement
TNC Transnational Corporations
TPP Trans-Pacific Partnership
TRIMS Agreement on Trade-Related Investment Measures
TRIPS Agreement on Trade-Related Aspects of Intellectual Property Rights
TTIP Transatlantic Trade and Investment Partnership
UDHR Universal Declaration of Human Rights
UNECA United Nations Economic Commission for Africa
UNEP United Nations Environment Program
UNCITRAL United Nations Commission on International Trade Law
UNCTAD United Nations Conference on Trade and Development
UPOV International Union for the Protection of New Varieties of Plants
VCLT Vienna Convention on the Law of Treaties
WTO World Trade Organization

Rosa-Luxemburg-Stiftung,
Brussels Office
Avenue Michel-Ange 11
1000 Brussels, Belgium
www.rosalux.eu

AUTHOR Yash Tandon
DESIGN Ricardo Santos
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