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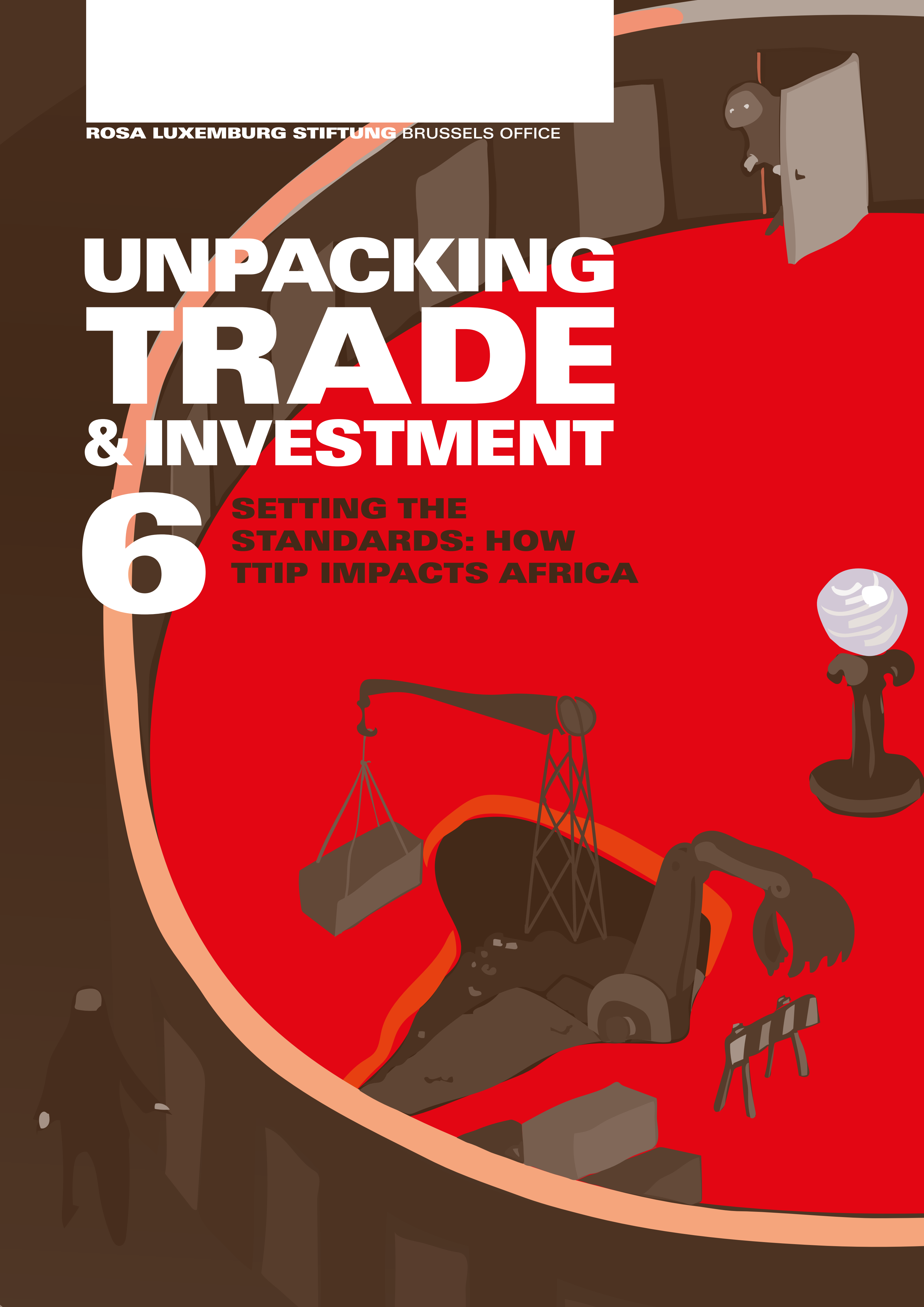
SETTING THE STANDARDS: HOW TTIP IMPACTS AFRICA



6 Setting the standards: how TTIP impacts Africa

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'We had no choice. The European Union held a gun to our heads and said you must sign', Louis Straker, deputy Prime Minister and Minister for Foreign Trade of the Caribbean island of St. Vincent and the Grenadines, recently told journalists about the experience of negotiating Economic Partnership Agreements (EPAs) with the European Union (EU)[1].

This, he said, was because '[the Caribbean is] not very competitive in terms of the produce sold on the European market because our labour cost is much higher than the various other countries producing the same things'. Thus, the EU exploited the centrality of Africa within the African, Caribbean and Pacific (ACP) to threaten the marginalisation of the Caribbean. The Caribbean folded. It was forced to open up its services sectors to the EU and enshrine neo-liberal investment rules. This is now a 'norm' that the EU expects other ACP regions to abide by in their own EPAs. The exploitation of wage differentials, even amongst the poorest categories of labour in the world, is also a key structural foundation of regional free trade agreements (FTAs) including the EPAs.

The EPAs are regional trade agreements (RTAs) for trade-related rules and standards initiated in 2002 by the EU as a new strategy to extend its institutionalised market dominance over its former colonial regions that make up the ACP group of countries.

Africa has been a very important terrain for the evolution of the EU's global trade power. Trade agreements defining mutual EU-Africa preferential economic ties ensure that Europe's control over the colonial economies in Africa has persisted, by and large, into the post-colonial era. The EU-dominated trade regime has also defined Africa's economic relations with the rest of the world, especially in its role as a dependent primary raw material producer within the international economy. In the process, Africa has often served as the incubator and launch pad for the EU's trade standards and norms, which are often 'multilateralised' further afield in global arenas.

This pattern of global integration and external domination has exacted huge costs on Africa's peoples and economies. It is a fundamental systemic determinant of its production, trade, surplus generation, ownership, investment and distribution structures; the relations of inequality between Africa and the world, and within the continent itself. And it is the most powerful constraint on reversing poverty and realising democratic, equitable and sustainable development transformation in Africa.

Africa's vulnerable position in the world economy and in international economic relations is directly related to the concentration of wealth and power by EU rulers and Transnational Corporations (TNCs), not because Africa is excluded from the main circuits of the global market actors, but precisely because they are so deeply integrated. These extreme polarities have emerged and are reproduced 'from a single historical process, on the basis of a single natural resource base and within a single global economic order'[2].

This is what underlies how the EU, the world's largest trade and investment bloc, deploys power play in its dealings with its dependent ex-colonies as divide-and-rule tactics to fragment developing countries, as Straker's interview highlights. This has involved how shifts in the changing dominant patterns of EU economies have shaped the EU's 're-designing of developmental strategies in LDCs, among which those in Africa have suffered

1 **http://www.iwnsvg.com/2016/04/26/st-vincents-deputy-pm-criticizes-caribbean-eu-trade-agreement/**.

2 Pogge, Thomas, 2001, 'Priorities of Global Justice' in Global Justice, p 14.

from extreme marginalisation and exploitation'[3]. It is also a means for the EU to leverage strategic dominance in one sphere to enhance its abilities to set Trade norms, rules and standards across broader terrains[4].

Today, the US and the EU are trying to finalise the Transatlantic Trade and Investment Partnership (TTIP), the most mega of all RTAs, an agreement openly conceived of by its promoters as the new 'gold standard' for global trade rules.

It will confer new mega powers to EU TNCs and governments.

Pertinent to the fortunes of hundreds of millions, and to the prospects of global social justice activists like anti-TTIP campaigners, is how the EU's TTIP-enhanced global power can blowback on the ACP and Africa and the possible means for resisting this, given the context of EPAs, and of Africa's historic place within the EU's global trade power structures.

AFRICA:
Staging Post for Global Europe

The organic connection between Europe's global trade ambitions and its control over Africa was melded together and hardwired into the DNA of the EU right from its very foundation.

The emergence of the EU reflected fundamental needs of European capitalism to pool its resources to counterbalance US economic power (and Soviet military power) after the 2nd World War, and for Europe to establish itself, as a formidable power in trade, in which respect:

'[T]he Treaty of Rome was a revolutionary document. Not only did it contain unusually broad injunctions for achieving trade internally, it also granted the new supranational entity an external personality to elaborate, negotiate and enforce all aspects of trade relations with the rest of the world'.[5]

Another requirement was to strengthen European control over Africa. Part IV of the 1957 Treaty of Rome, which founded the European Economic Community (known since 1993 as European Union; both will henceforth be referred to as EU), spelt out the 'Association' between the EU and Africa. This also secured the incorporation of former French and Belgian colonies as profitable overseas markets, investment enclaves and, most of all, control over vital energy and other key raw material resources for EU states as a whole and their TNCs[6].

The Association and its subsequent re-designing[7] also provided a template for EU global trade power, laying the basis for EU to build 'an unprecedented web of bilateral preferential agreements – from Chile to Syria, and ***most prominently*** the special agreements with the ACP countries through the

3 Nunn and Price (2004) 'Managing Development: EU and African Relations through the Evolution of the Lome and Cotonou Agreements', Historical Materialism, volume 12:4 pp 204

4 This is widely-recognised EU practice. See, for example, Journal of European Public Policy, Volume 22, Issue 9, 2015. Special Issue: The European Union as a Global Regulator?' for interesting academic discussions.

5 Meunier and Nicolaidis, (2005), The European Union as a Trade Power, in Christopher Hill and Michael Smith (eds), International Relations and the European Union, pp265

6 The loss of Europe's colonial empires, the French debacle in Vietnam in 1954 and the humiliation of both France and Britain by Egypt over the Suez crisis in 1956 increased the importance of EU's geo-strategic control over sub-Saharan African countries notwithstanding their formal independence. France insisted on Association as a condition for signing the Treaty of Rome.

7 The Association was updated as the Yaounde Agreements (1963 and 1969), the Lome Conventions (1976-2000) and the Cotonou Agreement (since 2000) of which the EPAs constitute its Trade Chapter.

successive Yaounde, Lome and Cotonou conventions since 1963. All these relationships rely both on asymmetric rights of market access (at least for industrial products) and, increasingly, on the EU's use of such asymmetry as a bargaining chip to obtain changes in the domestic arena of its trading partners'[8] [emphasis added].

The Yaounde Agreements imposed reciprocal trade relations on a preferential basis for both parties. As already noted, this assured Europe of vital raw materials from the agricultural and energy/natural resource extraction sectors in particular, but also in strategic industrial sectors, where processing 'on location' was best (for example, due to prevailing technological possibilities or for production aimed at African markets).

The tuna and fisheries sector offer a revealing case in point, where preferential tariffs gave a 24 % cost advantage to EU tuna imports from French processing and canning factories in West Africa compared to potentially competing imports from Asia or Latin America. Commercial agreements gave privileged access to EU deep-ocean trawlers and industrial fishing TNCs to Africa's offshore tuna stocks in return for 'rents' (often 5 % or less of the value of the catch declared by EU operators) paid to African governments. The EU has replicated this in the Pacific and beyond the ACP. On this basis, EU tuna canning and fishing industries consolidated as global players, not just in France but also in Spain (and, to a lesser extent, in Portugal and Italy among other EU countries). The EU now controls more than 35 % of the global market in tuna and other high-end fish and sets a wide-range of systemically relevant standards for the global industry.

Beyond and in addition to tariffs, Non-Tariff Barriers (NTBs), first developed and applied in Africa, such as 'Rules of Origin' (RoO), restrict tuna sources to those caught or processed by vessels or firms owned by African or EU countries. This leaves out African or ACP (and other developing country) producers who do not have trawlers or domestically owned processing and canning firms sizeable enough to compete. They are also prevented by the RoO from leasing or chartering vessels from elsewhere, since they don't have the capital to buy their own. Thus, the only real 'major beneficiaries of EU preference schemes are the European-owned boats that have a captive market among those ACP and GSP+ producers who do not have a domestic fleet'[9].

Thus, any market access for African and ACP interests that may be independent of EU-controlled or centred operations confronts 'layers of other barriers to developing country market access, including the multitude of fisheries subsidies and non-tariff barriers applied by [EU and] OECD governments and the buying power and private standards of branded firms and big retail. As tariffs (and thus tariff preferences) fall in major markets, non-tariff measures — particularly public and private sustainability and food safety standards — are likely to become the main barriers to market access for fish products, especially for those smaller players — including small and medium-sized enterprises (SMEs) and fiscally squeezed states'[10] that predominate in Africa. Deepening liberalization has also increased the incidence of displacement of small-scale artisanal fisher folk, and resulted in rampant depletion of fishing stocks, threatening sustainable livelihoods, food security and the environments of coastal fishing communities in Africa, with impacts across the societies and economies of which they are part[11].

The neo-liberal era brought a massive intensification of EU policy conditions and normative interventions, expanding their scope to encompass macro-economic reforms, labour regimes, public expenditure and privatization, among others, which bolster global norm setting in ways that often presage emerging Global Europe agendas.

8 Meunier and Nicolaidis, 2006, The European Union as a Conflicted Trade Power, Journal of European Public Policy, 13:6, p913

9 Campling L, 2008, Direct and Indirect Preference Erosion and the Competitiveness of the ACP Tuna Processing Sector. In: Qalo, V., ed. *Bilateralism and Development: Emerging Trade Patterns*

10 Campling, L, 2015, Historicising Trade Preferences and Development: The Case of the ACP-EU Canned Tuna Preference, in Beyond Free Trade: Alternative Approaches to Trade, Politics and Power, (eds) Kate Ervine and Gavin Fridell pp 57-75

11 Africa Progress Panel 2014 Report 'Grain, Fish, Money' **http://www.africaprogresspanel.org/publications/policy-papers/2014-africa-progress-report/**. Greenpeace, 2012, Artic Sunrise Captures EU Trawlers Plundering West African Seas, **http://www.greenpeace.org.uk/blog/oceans/GreenpeacewitnesscostofoverfishinginWestAfrica** . For a report on the latest extension of EU fishing agreements in Africa, see **http://www.theguardian.com/global-development/2016/jun/09/eu-european-union-accused-exporting-problem-overfishing-mauritania-deal**

By 1985, inspired by the lobbying of the Group of European Mining Companies (GEMC), the EU could hail the investor rights protection framework it had designed for its Transnational Corporations TNCs in Africa and imposed on the ACP as 'unprecedented in multilateral agreements'. It was soon pushing the International Finance Corporation (IFC) and the World Bank to adopt these as the international norm. This was well before the OECD promoted a similar but unsuccessful Multilateral Agreement on Investment (MAI) in 1995.

The 1989 review of the Lome Convention was so successful in inserting neo-liberal policies and disciplinary conditionalities that it was touted by the EU as global gold standard on the 'philosophy underlying structural adjustment'. Before long, this was being applied in Central and Eastern European countries (who were being integrated into the new Europe after the fall of the Berlin Wall), the EU reasoning that 'protracted and endemic' austerity are 'a great problem but also mollify the population and reduce popular resistance to shock therapy'. Almost 25 years on, EU citizens today are still learning the full meaning of the 'philosophy underlying' this ingrained 'profit before people' purpose of the EU.[12]

What the foregoing establishes is the EU's constitutive purpose of leveraging its hegemony over Africa to enhance its capabilities for imposing norms and standards in International Trade to secure economic advantages for EU corporations and geo-strategic power for its leading states. Undoubtedly, this has had unfortunate consequences for sections of working people in Europe and elsewhere, but for Africa it has been disastrous.

BACK TO THE FUTURE WITH EPAs:

Locking in Africa's past and Trading Away its Future[13]

The structural foundations underlying EU dominance are rooted in how Africa has been locked into a vicious cycle of primary commodity export dependency. Over the long term, the relative value of the primary commodity exports on which entire African economies depend continues to fall against the value of imports such as industrial technology and its share of trade and the world economy continues to fall. Consequently, Africa's terms of trade losses have been colossal, estimated at 120 % of the continent's total gross domestic product (GDP) from 1970 to 1990. And this excludes oil – by far Africa's most valuable export commodity. According to UNCTAD, 'terms-of-trade losses have exacted heavy costs in terms of incomes, indebtedness, investment, poverty and development'[14]. At no point in the EU-Africa relationship has the EU sought to use its market or its normative power in global trade to help fundamentally reset the commodity regime towards more developmental outcomes for Africa.

Since the early 1970s, EU Trade Agreements have served as a resilient mechanism for adapting post-colonial control and to contain Africa's ambitions and efforts to break out of this dependency. Commodity-producing countries in the Global South became more assertive for better commodity regimes while a New International Economic Order (NIEO) and the leading core economies of the world entered a

12 Nunn and Price 2004 Historical Materialism Journal, vol 12: 4 (pp203-230) give a good account of this aspect of the evolution of the EU-ACP framework. See also: European Commission, The ACP-EEC Courier nos 89 (1985) and 114 (1989); (1992) Lessons from the Stabilization Programmes of Central and Eastern European countries, 1989-91, Economic Papers 92.

13 'Trading Away Africa's Future' is the title of the Special Issue of the Review of African Political Economy on the EU-Africa/ACP relationship. See: 2007, Review of African Political Economy, Vol. 34, No. 112

14 UNCTAD, 2003, 'Trade Performance and Commodity Dependence', Economic Development in Africa Report, **http://unctad.org/en/docs/gdsafrica20031_en.pdf**

full-blown global recession for the first time since the Second World War. At the heart of both these developments was the oil producing countries' cartel, OPEC, the most spectacular example and successful model of developing countries potential at the time to overturn aspects of age-old anti-developmental North-South relations.

Under pressure from ACP states and under the leadership of Nigeria (Africa's largest oil producer and by then a member of OPEC, the Organisation of Petroleum Exporting Countries), the EU conceded limited price stabilisation and non-reciprocal preferential market access for ACP countries' primary commodities in the Lome agreement. This went some way to assuage ACP countries' agitation for better commodity regimes, but focused ACP countries on the benefits they could gain from EU preferences at the expense of other commodity producers. Africa's commodity was even further accentuated by the EU's challenging of all developing countries to existing global commodity regimes and systemic economic relations.

At the same time, the EU exploited the political capital it gained from its apparent willingness to cede to vulnerable countries' needs. It convinced the ACP to make major 'concessions' and back down from demands such as ACP national ownership of natural resources; reform of inimical EU policies such as subsidies in the EU Common Agricultural Policy (CAP) or tariff escalation against ACP industrial products; and a code of conduct for transnational companies[15].

EU control and management of these stabilisation schemes enabled it to modify commodity relations without changing them[16]. The EU's lock-in trade treaty strategy provided a resilient tool for successfully containing and controlling Africa's aspirations. As the global downturn in commodity prices hit in the late 1970s and African debts became unsustainable, the power and primacy of the EU in Africa's economies was used to break apart integrated national systems of investment, production, trade and rural development, and reintegrate fragmented sectors into TNCs' global value chains.

EU conditionality exponentially extended to setting rules and norms for market access, aid, development finance, technology transfer, investment, TNCs and commodity relations. Africa was the EU's laboratory for developing standards not just for a wider group of developing countries such as the ACP, but also for systemically important *Global* relationships, for example between the *Global* North and South.[17]

This was a hugely retrogressive development for Africa's economies. In terms of its core structural problem, 'Africa's dependent position in the global economy is being redefined based on an intensification of resource extraction whilst dependency deepens, inequality increases and de-industrialisation continues apace. Africa's current 'comparative advantage' as a primary commodity exporter is celebrated and reinforced. History repeats itself'[18].

But history repeats itself 'first as tragedy and then as farce'. The tragedy is that Africa's developmental retrogression makes it even more dependent on primary commodities, on export markets such as the EU and on trade taxes as sources of revenue even as domestic production, incomes and investments plummet[19]. Yet its position is more vulnerable than ever before. The collapse of production systems and alternative domestic regimes in commodities has opened the space for greater capture by TNCs. Thus, while the benefits of the recent boom in international commodity prices were largely monopolised by TNCs, deflationary pressures and vulnerability to external shocks and instability intensify on producer classes in Africa[20].

15 Nunn and Price, 2004.

16 Orbie, J, 2007, The European Union & the Commodity Debate: From Trade to Aid, Review of African Political Economy, Vol 34, no 112, pp297-311.

17 Ravenhill, J, 1985; 2004

18 Taylor, I, 2016, Dependency redux: why Africa is not rising, Review of African Political Economy, 43:147, 8-25.

19 TWN Africa, 2015, Globalisation, Growth and Poverty in Africa. **www.twnafrica.org**. See also: Lawrence, P. and Graham, Y. 2015, Structural Transformation and Economic Development in Africa, **http://roape.net/2015/12/18/structural-transformation-and-economic-development-in-africa/**

20 Amanor, K.S. 2009, Global Food Chains, African Smallholders and World Bank Governance, Journal of Agrarian Change, Vol 9, Issue 2 pp 247-262; Bargawi, H, 2009, Assessing the Impact of Commodity Prices on Producers in Low-Income Countries, **https://www.soas.ac.uk/cdpr/publications/dv/file50264.pdf**; Newman, S, 2009, The Downside of 'Financialisation' of International Commodity Markets, **https://www.soas.ac.uk/cdpr/publications/dv/file52180.pdf**

The reversal in the internal terms of trade against Africa in TNCs' globally integrated value chains is now so advanced and so 'naturalised' that the commodity question has all but vanished from development agendas and discourses. The Cotonou Agreement, for example, does not contain a chapter on Commodities, a signal departure from the EU-Africa/ACP frameworks that preceded it.

Even UNCTAD (United Nations Conference on Trade and Development), once the platform par excellence for African and Developing countries' alternatives in the International Economic Order, now assumes GVC's as the basis for integrating Africa's 'developmental upgrading' into global growth patterns, even while it acknowledges TNC consolidation and concentration (i.e. monopoly) as a major structural impediment to development[21]. Unfortunately, other anti-poverty critics of the TTIP echo this limiting point of view and argue for inclusion of rules and standards that favour Africa and developing regions in an improved TTIP[22].

Posing the problem for Africa in World Trade as one that turns on either integration or isolation is profoundly mistaken. It gives credence to the EU-led narrative that Africa has failed to integrate and develop due to trade protectionism, a key justification for the EU's shift from non-reciprocal trade to reciprocal liberalisation with the ACP, now expressed in the EPAs.

But this is as farcical as it is false. Africa is deeply integrated into the world economy and is far more dependent on external trade than any other region on the planet. However, it is locked into primary raw material production for over 95 % of its exports, in processes structured as extractive TNC-monopoly enclaves with distorted or weak linkages to wider local economies and integrated into trade circuits on highly unequal and imbalanced terms, wherein risks are concentrated on the African end and benefits on the TNC end.

The EU constitutes 85 % of the final market for all of Africa's agricultural commodity exports and 75 % of its overall trade[23]. The African producers of these exports have no presence in these final markets. They neither receive the prices that pertain in these final markets nor are enabled to any participation in the transformation of the raw materials to different finished goods.

The EPAs enormously exacerbate all the historical problems confronting Africa's development, while removing the space and conditions that might allow their transcendence. Among others, they prevent producer countries to levy export taxes, which would discourage exports of raw materials, while generating revenue for investing in the further development of domestic production.

On the other hand, they cheapen often illegally subsidized imports from the EU to flood African markets and destroy local production for the domestic market, except in precisely those export commodities the EU relies on because it has no ready or competing substitutes or EU TNCs have already sunk investments in their production. The unemployment and poverty that ensues means that the potential tax base for national revenue is extremely narrow, except in the area of foreign trade. Yet, the EPAs reciprocal liberalisation means this too will no longer be an option as tax on EU imports will be eliminated.

Estimated revenue losses for West African countries in an EPA are projected at an average of 8 % loss of total budget revenues, with drastic declines in regional trade and investment, within the West Africa sub-region[24]. Intra-regional trade in Africa notably involves more value-added production than Africa's trade with the EU and OECD countries. Furthermore, regional dynamics integrate developments at the domestic level.

21 UNCTAD, 2016, Cocoa Industry: Integrating Small Farmers into the Global Value Chain. **http://unctad.org/en/PublicationsLibrary/suc2015d4_en.pdf**

22 Herfkens, E, 2016, Lost in a Spaghetti Bowl? Mega-regional trade agreements, Sub-Saharan Africa and the Future of the WTO. **http://library.fes.de/pdf-files/iez/global/12382.pdf**

23 Taylor, I, 2015, 'Bait and Switch: The European Union's Incoherency Towards Africa', Jean Monnet Papers on Political Economy, The University of Peloponnese, p3. The 'Incoherency' here is the stark contrast between EU's claims of partnership and development intent and its actual policies and practices in relation to Africa.

24 Berthelot, J, 2016, The West Africa-EU EPA is Absurd, **http://bilaterals.org/IMG/pdf/the_west_africa-eu_economic_partnership_agreement_is_absurd,_may_15,_2016-2.pdf**

When domestic private and public entities and development initiatives, such as publicly subsidized agricultural extension, seeds, technology, price stabilization, public stockholding, social infrastructure expenditure and credit collapse, there is greatly expanded space for TNC commercial activity to penetrate the interstices of local economies at every level, but it is the accumulation and external transfer of profits that ensues not the enhancement of domestic capabilities across various productively integrated sectors, producer incomes, domestic savings, public revenues or national investment. The loss from EPA is therefore incalculable, when looked at from the perspective of future prospects. What is absolutely certain is that these losses will be a direct result of closer multilateral integration with the EU.

EPAs enable the EU to claw back any concessions it was forced to make to Africa and the ACP in the 1970s. Added to control of commodity and natural resource extraction are now new areas that have been liberalized such as financial, environmental, infrastructure and social services, construction, telecommunications, public procurement contracts and strengthening of intellectual property.

The combination of this extension and greater investor or TNC power has intensified appropriation of economic surpluses and their transfer out of Africa. This is most dramatically manifested in the exponential growth in the last decade of what is termed as 'Illicit Financial Flows' from Africa, amounting to an average of more than 5 % annual losses in Africa's GDP[25].

More than anything else, this reflects the unprecedented latitude TNCs now have in African resources, including the fact that in a very short space of time, EU banks have come to control over 60 % of Africa's financial and banking system[26]. No doubt, a contributory factor is the leeway for tax evasion and corruption that TNCs now have, but undeniably it is the perfectly legal and licit market power of TNCs that is key.

The EPAs are a culmination of many of these processes, whose added benefit for EU TNCs is also to empower them to claw back some of the space it has ceded to competing sections of global capital (such as US and Chinese capital), who have benefitted from the EU's own blanket enforcement of 'multilateralised' trade liberalisation to increase their presence in Africa.

It still remains the case in African governance that 'ex-colonial European powers, by virtue of the enormous and in many ways profoundly formative impact of their colonial [and post-colonial] policies on patterns of African economic growth, international trade, state formation, recruitment of indigenous leadership and linguistic [ties], were from any historical perspective far more important non-African actors than the two recently arrived superpowers'[27]. Thus, despite the intensity of the New Scramble for Africa, EU TNCs remain in the top league, with two out of the four dominant oil TNCs, for example. EPAs' trade-related standards and regulatory regime will give a new unique advantage to EU capital in Africa at the expense of global competitors, but even more at greatest expense of Africa's future and the pain of its people today. As long as the current order remains, the assessment that '[t]he EU is the most important factor in Africa's international relations and will remain so for at least the short to medium-term'[28] seems incontestable.

25 UN Economic Commission for Africa, 2015, Report of the High Level Panel on Illicit Financial Flows from Africa. See also: **www.taxjusticeafrica.net** and **www.stopthebleedingafrica.org**

26 Massa, I, 2015, Capital Flight and the Financial System, in (eds.) Ajayi and Ndikumana, Capital Flight from Africa: Causes, Effects and Policy Issues, pp 203 & pp211.

27 Yates, D, 2012, The Scramble for African Oil – Oppression, Corruption and War for Control of Africa's Natural Resources, pp 15.

28 Taylor, I, 2015, Bait and Switch

CONCLUSION:

Towards TTIPing Point? (Additional Challenges to Africa)

The idea that the EU's TTIP-enhanced power will leave Africa unscathed is extremely fanciful. Equally, the notion that any threat to Africa from TTIP can be nullified or avoided by incorporating African concerns into the TTIP framework is a profoundly mistaken one. TTIP's potential implications for Africa are manifold, among which perhaps the most dangerous are the additional challenges it may pose for: the process and outcomes of EPAs; weakening Africa's institutions and accountability; exacerbating underdevelopment and poverty; and, fragmenting social cohesion and socio-political agency for democratic resistance and alternatives.

The EPA aims to generate and secure TNCs' monopoly rents from Intellectual property, Services, Public Procurement PPPs in infrastructure and social services through 'national treatment' in rules that will govern competition and investment rules. These TNC's value-capture[29] strategies are predicated on consolidating the advantages the EU shares with the US in advanced technology, finance, intellectual property, transport and the global reach of its TNC's and institutionalized power of its states.

That is why EU firms account for over 28 % of Global innovation and R&D expenditure, second only to the United States (35 %) and far ahead of China (3 %)[30]. To imagine that the EU will not actively globalize this advantageous modus operandi is as untenable as suggesting that the United States' consolidation as the world's sole military superpower will make its global presence and strategies less militarized!

Most Favoured Nation (MFN) provisions in EPAs imply the prospect of their 'coherent harmonization' with TTIP. The institutional affinities between EPAs and the proposed TTIP underline the dangers. TTIP includes a Regulatory Cooperation Council (RCC), a joint EU-US body of experts that will permanently assess and review trade and investment barriers that must be addressed. The EPAs offer a pre-existing template, the Joint EPA Council (JEC), which will not only monitor and review but also sanction non-compliance, extending to other policy areas that are not part of the EPAs, but might be found to impede its optimal operationalization.

The Joint EPA Council differs from the TTIP RCC only in two respects: that the former will have far more powers domestically and supra-nationally than the latter. First of all, the combination of Structural Adjustment Programs (SAPs), liberalisation, aid conditionalities and the like have severely denuded African institutional capacities, perhaps one of the greatest setbacks the continent has suffered as a result of neo-liberalism[31]. As it regards the EPA process specifically, the draining away of domestic democratic accountability has already been

29 On value capture, TNCs re-organisation of 'internal' terms of trade in integrated North-South export sectors see Smith, J. 2012, The GDP Illusion: Value Added vrs Value Capture, Monthly Review, Vol 64, Issue 3; For a broader analysis of related TNC strategy see Serfati, C, 2008, Financial dimensions of transnational corporations, global value chain and technological innovation, *Journal of Innovation Economics & Management* 2008/2 (n° 2), p. 35-61.

30 Starrs, S, 2014, The Chimera of Global Convergence, New Left Review, 87, p94.

31 Mkandawire, Thandika, 2009, Institutional Monocropping and Monotasking in Africa. **www.unrisd.org**

palpable. Sovereign parliamentary legislations have been summarily overturned and public campaigns criminalised. EU TNCs in Africa, from mining groups across the continent, horticultural businesses in East Africa, and tuna industries in West Africa have been the 'face and voice of African private sector' in EPA consultations and negotiations, a clear process of the shameless gerrymandering of representation[32].

Secondly, in the case of the Joint EPA Councils, sanctions and enforcement are only possible as a one-way street, to be applied by the EU on the ACP regions only. Apart from this being a further assault on democracy it is also conceivably but a short step away from the headline-grabbing Investor State Dispute Settlement (ISDS) in TTIP. In any case, despite any difference in forms, the objectives and principles of this regulatory new frontier are the same. The idea that these are 'not about trade' is a misconception and is unduly legitimising 'trade'.

Simultaneously, Africa's commodity dependence will be reinforced. The EPAs have already served as a footstool for the EU's Raw Material Initiative (RMI) in Africa. The RMI immediately led to a shift in the EU's negotiation stance in the EPAs and the introduction of the notorious prohibition of export taxes, almost out of the blue. It also launched energetic flanking efforts to undermine the Africa Mining Vision, the continent's own initiative to transform a major aspect of its commodity economies[33]. Influential voices in the EU, including the German leadership, have been quite brazen in the justification of the RMI[34]. TTIP's Energy and Raw Materials Chapter can only give more ballast to this.

The only means of economic integration (i.e. participation in the world economy) will be through TNCs' global value chains across entire sectors. Restrictions and prohibitions against State Owned Enterprises (SOEs) will accelerate the compulsion for masses of fragmented small producers scrambling amongst and against each other to gain or maintain tenuous lifeline footholds in the supply chains of TNC behemoths.

Meanwhile, as we are already witnessing, increased incentives – tax holidays, export incentives, free capital movement, duty-free imports of their 'inputs', lax environmental regulations, harsh enforcement of labour discipline – will be piled on TNCs in this race to the bottom.

On the other hand, as capital-starved and technology-deprived petty commodity producers struggle to remain price competitive, oppressive conditions will be increased on more vulnerable sections of potential labour such as women, children, the landless, casual and informal workers, and other marginalised, accentuating sectional divisions and hierarchies, exerting downward pressure on core formal sector wage workers, with the rate of exploitation of all the working population by global capital intensifying accordingly.

Arguably, it is this least remarked aspect of RTAs, labour arbitrage, 'wage differentials and conditions of work [that] are the central and by far the most important item'[35] in the strategies of TNCs and global capital. But the creation of a global pool of labour, highly segmented along multiple lines, migration, race, gender, culture/religion and geography being among their most important contemporary manifestations, is an inescapable presence everywhere. The free movement of capital and corporate entities enshrined by trade liberalisation and RTAs is the polar opposite of the constraints on the free movement of labour in the same agreements, the Caribbean EPA as well as World Trade Organisation (WTO) General Agreement on Trade in Services (GATS) negotiations offer clear instances. Its implications for social coherence are profound.

32 For example, during a Stop EPA demonstration at the 2007 World Social Forum in Nairobi, leading EU horticultural TNC bosses where wheedled out to accompany Kenya government officials to represent the national interest supporting EPAs. In Ghana and Cote d'Ivoire French companies in tuna processing, shipping and exotic fruit have played similarly prominent roles as representatives of local business.

33 Graham, Yao, 2013, The Africa Mining Vision: Looking beyond the boom, bust and boom of global mineral markets towards structural transformation. **http://www.southcentre.int/wp-content/uploads/2013/08/Ev_130201_YGraham.pdf**

34 See for example, Missfelder, Philip, 2012, Access to Natural Resources: Perspectives for Economic and Trade Policy and International Relations, Konrad Adenauer Stiftung; Feldt, H, 2012, The German Raw Materials Strategy: Taking Stock, Heinrich Boell Foundation.

35 Carchedi, G, 1991, Production and Distribution as Worldwide Process, Chapter 7, in Frontiers of Political Economy, note 21, p262

Yet it is the sheer scale of dislocation and discrimination enacted by sweeping trade liberalization that can also generate new solidarities and new resistance. Trade has become a torch-paper for politics almost everywhere. In Latin America, it was the resistance to the Free Trade Area of the Americas (FTAA) that transformed domestic and regional politics and opened the door to real alternatives. That the 'pink tide of neo-developmentalist governments' that were ushered into power stopped short of fundamental transformation of their own export-led commodity dependency in no way invalidates the possibilities that became attainable. The fallout of their failure to lead this transformation of Trade relations and a New International Economic Order for the 21st Century is a brutal reminder of the fundamental necessity of transformation[36] and the local and global activism and solidarities that must be maintained for any chance of success.

Global labour arbitrage involves the diffusion of strategic labour activity for TNC profits in almost every corner of the globe; which also implies that TNC wheels can be jammed almost everywhere[37], especially if the dispersed spokes, the sectional and the systemic, the Local and the Global, join together and act in sync. TTIP and the EPAs' enhanced threat to Africa's development can be a moment for internationalist resistance – to TTIP and movements towards democratic developmental alternatives in and for Africa.

For this, a root-and-branch opposition to EPAs and TTIP are necessary. A successful internationalist struggle against TTIP can re-ignite opposition to EPAs in Africa, just as struggles against the North American Free Trade Agreement (NAFTA) inspired the anti-FTAA struggles in South America. Moreover, given the dynamic of causation from the global to the local and its mega-status, TTIP must fall[38]!

36 Katz, Claudio, 2016, Is South America's progressive cycle at an end? **http://katz.lahaine.org/b2-img/DESENLACESDELCICLOPROGRESISTAingls.compr.pdf**

37 Selwyn, B, 2014, 'Towards a Labour-Centred Development', Chapter 8 in The Global Development Crisis, pp181-208.

38 This is borrowed from the slogans of the renewal of the Student Movement in South Africa in the wake of the massacre of Marikana platinum miners and the intensification of neoliberalism from its core mining sectors to education. 'Fees must Fall' is a recent manifestation of this movement's struggles; it successfully halted introduction of fees in the country's universities earlier this year.

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