

## **Expert Dialogue**

The future of regional economic integration in the context  
of European–African trade relations – overcoming  
paradoxical patterns

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# **Setting the Stage**

## **some preliminary deliberations**

### **Thesis 1 – Transforming the World Trade Organisation (WTO)**

The global trade landscape is likely to be dominated in the near future by mega-regional free trade agreements (MRFTA). This is the most challenging development that currently threatens the role of the WTO. Mega-Regionals – free trade agreements between a very limited number of member states that, nevertheless, control huge volumes of international trade – have the potential to become the new pillars of the Multilateral Trading System. They are not only (re)shaping trade flows but also aim at unilaterally setting product standards and are discriminating against all countries that are not part of these agreements. Under this threat the Developing Nations should aim at reshaping the WTO because this is the only international trade forum where these smaller and weaker countries have a voice and can raise their concerns.

### **Thesis 2 – the Continental Free Trade Area (CFTA) is not an appropriate answer**

The creation of a Pan-African Continental Free Trade Area (CFTA) is not the appropriate answer to counter the potential impact of MRFTAs. The overall share of African Nations in world trade is not big enough to put the members of CFTA on equal footing with the Transatlantic Trade and Investment Partnership (TTIP) or the Transpacific Partnership (TPP). Thus, CFTA would not significantly change the position of the African continent in the international trading system. Even worse, CFTA is grounded in a neo-liberal framework similar to MRFTAs and the internal effects of “traditional liberalization” in the CFTA are very much likely to increase uneven development between African economies. It will inescapably work as a sharp tool to push the development of a few at the expense of the marginalisation of many as experience has shown over the last 30 years given that its focus is on trade

integration rather than productive integration. Therefore there is need to awaken the spirit of the Lagos Plan of Action and stimulate a kind of debate that reminds this novel process the continents aspirations for structural transformation and sustainable development.

### **Thesis 3 – Regional Integration must be based on structural transformation**

The real counter strategy to the MRFTAs is regional integration which must be based on structural transformation. Currently Africa's trade relations with the rest of the world are mainly comprise oil, metal or and other primary goods. Manufactured goods are mostly imported. The intra-regional trade between African Nations stood a 10 percent of Africa's total trade in 2000; in 2014 it was 16 percent. To overcome the bias of exporting primary goods it is urgently necessary to create value chains by strengthening structural transformation (formerly called industrialisation) But single national markets are often much too small in order to sustain local industries and on the other hand African countries maintain high tariffs among them while liberalising the same with even larger economic entities like the EU. Thus, the extension of value chains between African producers will only work in combination with a fast growing regional integration process and strategically curving out policy space for their Industrialisation. Any international convention that is designed to prevent structural transformation – like for example Economic Partnership Agreements – is an obstacle to progress. A case in point is the current EAC-EU EPA deadlock where Tanzania is calling for a reassessment of the FTA while other Members from the EAC Block are pressuring her to sign.

### **Thesis 4 – Forget the old models: Africa needs to devise her own model**

Under the current global dispensation fast tracking of industrialisation and regional integration can no longer follow the development path of Europe or Asia (in particular that of China). This applies to two major aspects – the state of the environment and the state of the workers. Structural change means today most of all the need to find a sustainable balance between “human development” and “natural evolution”. Therefore environmental concerns are as important as the improvement of the living conditions of ordinary people (the workers) within the framework of any successful “Development Vision” be it 2025 or 2030 –which are currently ubiquitously flooding the media all over Africa.

### **Thesis 5 – No structural transformation without deep political transformation**

To shape this future requires more than lip-service but a strong political will. Regional integration and structural transformation can only be achieved in a mid-term perspective. Its political introduction is just a beginning. In order to become successful such developmental visions need a continuous commitment and the ability to adjust deliberately on changing conditions. Thus, the implementation is no a proper party business for just one period in office or the subject of narrow-minded competition exercises between stubborn politicians. Civil society actors have an important role to play in order to keep “their politicians” on course and

under the particular pressure “to deliver”. Political will is key to ensuring sustained economic development and sustainable development in Africa. However can political will be garnered in the current democratic deficit in Africa's political landscape? It is therefore important to address issues of political governance and citizen participation in economic policy processes. Institutionalised spaces have to be in place at national, regional , continental and global level for citizens participation. The citizens should also have the capacity to effectively engage and to hold duty bearers accountable.

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