THE EUROPEAN UNION AND AFRICAN ECONOMIES: THE POLITICS OF INTERDEPENDENCE (A CASE STUDY OF THE NIGERIAN ECONOMY)

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AFFIRMATION

I hereby affirm that this study is my original research work and has not been done or presented elsewhere. I also accept full responsibility for the views expressed in this work. The contributions of various writers consulted on this research area have been fully acknowledged.

February 2003 Aniedi E. Edet

CERTIFICATION

This thesis entitled The ***European Union and African Economies: The Politics of Interdependence*** ***(A Case Study of the Nigerian Economy)*** has met the approved regulations governing the award of Masters in International Affairs and Diplomacy, Ahmadu Bello University, Zaria and has been approved for its contribution to knowledge and literary presentation.

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"How sharper than a serpent's tooth it is, to have a thankless child"

Shakespeare – king Lear (Act 1, Scene 4)

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DEDICATION

This thesis is dedicated to the memories of my departed brother, *Gabriel (Akwa)*. You are fondly remembered.

And to my Heavenly Father who has appointed a time for everything under the sun.

ABSTRACT

In trying to understand the dynamics of the EU-Africa relations and inter-dependence, it is important to re-examine the formative structure and the very objectives of the European Common Market or the European Union. The relationship between the EEC and the Africa in the past and what is desired, both singly and collectively, by African states for the future raises a number of relevant questions. This is clear from two contradictory perspectives – exploitation and partnership.

There have been a lot of debates concerning the EU – Africa relations. Early disputes include the legality of the OAU to negotiate with the EEC, barely after the independence of most African States. Even issues like the concept of reciprocity were most contentious in negotiations relating to Association Agreements. There has also been the contention that the Association Agreements represent a form of neo-colonial control by Europe over African states and yielding little economic fruits for the latter. It may be difficult though, to decide whether, and to what extent, this charge is valid in view of the fact that the concept is used in two different senses – by those who accept the principles of an open world economy and by Marxists.

What this research work will attempt to illustrate is the consequences of the EU-Africa relations on Africa, the diplomatic debates over Association and most importantly, the EU-African politics of economic inter-dependence in a circumstance William Zartman described as “the weak confronting the strong”.

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LIST OF ABBREVIATIONS

ACP	African, Caribbean and Pacific
ADB	African Development Bank
ALINVEST	Latin-America Investment Promotion Programme
ALA	Asia, Latin America
ASEAN	Association of South-East Asian Nations
CSP	Country Strategy Paper
DAC	Development Assistance Committee of the OECD
DDA	Doha Development Agenda
DDA GTF	Doha Development Agenda Global Trust Fund
DTIS	Diagnostic Trade Integration Study
EBA	Everything But Arms Initiative
EBAS	EU-ACP Business Assistance Scheme
EDF	European Development Fund
EDI	Electronic Data Interchange
EPA	Economic Partnership Agreement
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
IAWG	Inter Agency Working Group
IDB	Inter-American Development Bank
IF	Integrated Framework for Least Developed Countries
IFI	International Financial Institutions
IFSC	Integrated Framework Steering Committee
ILO	International Labour Organisation
IMF	International Monetary Fund
IP	Intellectual Property
ITC	International Trade Center
LDC	Less Developed Country
UN	World Summit on Sustainable Development, Johannesburg, Sept 2002
MEA	Multilateral Environmental Agreements
MED	Mediterranean
NIP	National Indicative Programme
OECD	Organisation for Economic Cooperation and Development
PRSP	Poverty Reduction Strategy Paper
RIP	Regional Indicative Programme
RSP	Regional Strategy Paper
RTA	Regional Trade Agreement
SDT	Special and Differential Treatment
TBT	Technical Barriers to Trade
TRA	Trade Related Assistance
TRIPS	Trade Related Intellectual Property Rights
TRTA/CB	Trade Related Technical Assistance and Capacity Building
UN	United Nations

UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UR	Uruguay Round
WB	World Bank
WCO	World Customs Organisation
WHO	World Health Organisation
WIPO	World Intellectual Property Organisation
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

For many centuries now, Africa has continued to relate with other parts of the world. Of all the regions of the world, two have been the most fundamental in influencing the course of Africa's history and fortunes – Europe and the Middle East. Although Africa's relations with the middle East are in many respects longer standing than her relations with Western Europe, the later have had a more massive impact. The influence of Europe has had both positive and negative consequences on Africa.

Africa's relations with Europe have spanned, among others, the spheres of culture, politics, economics and science. However, the earliest link between Western Europe and black Africa was motivated by economics. The cultural domain has been the most fundamental from the point of view of long-term consequences. The cultural domain in this regard includes the infiltration of European values and tastes to Africa, the penetration of European educational systems, the triumph of European languages, and the growth of European versions of religion.

The economic domain dates back to the early voyages and explorations by European navigators, notably Spanish and Portuguese. It includes the interlude of slave trade as the basis for the triangular trade or, what Prof Ali Mazuri refers to as 'The triangle of shame'[1].

The Western Europeans who have had the most direct impact on Africa have been the British, the French and the Portuguese. A majority of both peoples and states of Africa were previously ruled either by Britain or France. The impact of Germany and Holland though, cannot be overlooked. Was it not Berlin, a German city, that provided the diplomatic setting for the partitioning of Africa among the European powers? This conference of Berlin

was called by Otto Von Bismarck, a German, to reduce the dangers of war between European powers over the partition of Africa.

It was a German- initiated war, the Second World War, which more than a century later came to provide the background to Europe's political withdrawal from the large parts of Africa. Hence by fate, while Bismarck attempt to prevent a European war, facilitated a smoother colonisation of Africa, Hitler created the conditions for its eventual decolonisation. While on the one hand Belgium culture penetrated Africa as a distinct element; on the other, Holland was the indirect historic influence behind the power of South Africa.

For decades now, these European countries have continued to seek ways of improving their economic fortunes by creating an European common market. The efforts of Jean Monnet and Robert Schuman, both Frenchmen, way back 1952,became the basis for the European Economic Community (EEC) in 1958. Following expansion and institutional reforms in the EEC, Europe however took a further step towards a greater economic and political integration by adopting the European Union (EU) in 1992. By this, they agreed on a complete abolition of differences in economic policies based upon nationalities. With the enactment of the single European Act, there was a breakdown of all customs formalities within member states to promote free trade.

From its days as the EEC, the EU, has entered into a number of agreements with a large group of developing countries including Africa at regional, sub-regional and individual countries' level. It has made provisions for an association between the union and its member states with overseas countries and territories within the Treaty of Rome. In 1963, eighteen (18) newly independent African states negotiated the first formal convention with the six member states* of the EEC. The convention was designated the Younde ~ Convention, which served as the basis for the subsequent African Carribean Pacific (ACP) countries cooperation with EEC. Between 1970

* France, West Germany, Italy, Belgium, Netherlands and Luxembourg.

and 2000, there have been four Lome~Conventions*. The first Lome~Convention was signed between nine EEC and the ACP member states, while the fourth Lome~Convention was between twelve (12) EEC and sixty-nine (69) ACP member states, out of which forty-six (46) were African states, including the newly independent state of Namibia.

Despite its long period of existence, many scholars have pondered on the dilemma facing Africa in its relations with the EU. The EU-Africa relations, like a typical North-South relations, has been characterized by conflicting views. The conflict between the views that North-South relations present an opportunity for mutual benefit, and that they are a source of mutual discord is a conflict between the short and the long-term, between the interest of the larger community and the particular sections within it.

The suspicion that often engulfs the EU-Africa relations is not limited to the EU. The world and indeed Africa is becoming increasingly concerned about the coherence of the multifarious policies of the EU, with a growing awareness that some of these policies contradict the others. What could be the impact of these contradictions on Europe and Africa?

The EEC as at 1986 provided over half of the total aid to Africa. The community devoted a large share of its aids to agriculture and rural development. It also gave some preferential treatment to imports from ACP countries into the community*.

Despite these measures, African economies still battle underdevelopment. Africa continues to suffer the problems of EU protectionism and safeguard clauses, low commodity pricing, balance of payment, budget deficit and most importantly the debt burden. There has been a growing distrust by the EU to do business with Africa, European investments have dropped and Africa is loosing part of its already small share of the European market. The scenario here is disturbing, and therefore provides the impetus for this research work.

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* Precisely, two Younde~Conventions, four Lome~ Conventions and currently the Cotounu Agreement.
* Often on primary agricultural products that yield little economic results for the exporting African countries.

1.2 STATEMENT OF RESEARCH PROBLEM

The essential motivation for taking on this work is to examine the economic implications of the unequal relationship existing between the EU and Africa. The problem arises from the control of economic and political powers by Europe at the global level and the constant clamour by Africa for a 'change' which will usher in equitable distribution of economic benefits for both parties. It is important to note that while economic issues remain the central subject, they are only one of several fundamental elements in the Euro-African conflicts.

This research work will examine the impact of the EU-African relations on Africa. The work will briefly analyse some essential aspects of the EU-Africa relations from the pre-colonial era. Emphasis will be on the economic dimensions of the EU-Africa relations.

Dr Kenny Anthony, Prime Minister of Saint Lucia said[*] "*What we in the ACP want, and I am certain that this sentiment is shared by our colleagues in Europe, is a fairer trade regulatory system that contributes more to our economic growth and development and pays less lip service to the aims of the WTO*". Though this demand for reform in the international trade structure is shared by most third world countries, including Africa, Europe seem unwilling to give in to most of them, armed with the argument that there is nothing wrong with the international economic structures. This situation has been very disappointing and frustrating to the ACP states, who had hoped that with those demands met, poverty will be tackled and their economic development will be guaranteed. They wish, an improved situation would help them climb out of the situation of economic dependency, economic quagmire, social chaos, and even internal wars. In view of this scenario, some pertinent questions to ask are:

a. How does the EU-Africa relations actually affect economic development processes in Africa?

[*] During the 4th meeting of the ACP/EU Joint Ministerial Trade Committee held at Saint Lucia on 1st March 2003.

b. Is this relationship the main cause of under-development and corruption in Nigeria for instance?

c. What has been the cause of this inequality in the relationship?

d. How can Africa in general, and Nigeria in particular break out of these problems?

1.3 RESEARCH OBJECTIVES

This work aims at achieving the following objectives:

a. To show how the circumstances of colonialism laid the foundation for the economic dependence of Africa on Europe.

b. Analyse the basic provisions and differences in the various trade agreements and conventions between the EU and Africa.

c. Examine the place of the globilisation concept in the EU-Africa relationship.

d. Analyse the effect of decline in trade and investment in Africa arising from the collapse of the USSR, and trade expansion in East Europe.

e. To show how African economies have been multilateralised through trade, finance, capital and grants.

f. To examine the significance of the Cotonou Partnership Agreement and the Economic Partnership Agreement, for Africa taking Nigeria as a case study.

1.4 RESEARCH ASSUMPTIONS

We wish to assume in this work:

a. That the majority of African states, whatever their internal, social and political agreements, have no practical alternative to seeking some form of accommodation with the European communities, and that it is not just a consequence of their dependence, but also of their own political and economic objectives.

b. That the EU and its institutions create and aggravate dependency and underdevelopment in African economies.

c. That trade relations is the most paramount aspect of the EU-Africa relations.

d. The creation of the New Partnership for African Development (NEPAD) and the African Union (AU) are desirable efforts by Africa to remedy the economic imbalance resulting from the EU-Africa relations.

1.5 LITERATURE REVIEW

The concept of neo-colonialism as deeply rooted in Africa's political ideology always comes to the fore when Euro-African relation is discussed. But William I. Zartman (1971) in his book, The Politics of Trade Negotiations between Africa and the European Economic Community, has argued that the Lome~Convention was not neo-colonial in nature. He posited the theory that this convention was not neo-colonial because it has led to the gradual weakening of ties between the former metropolis and their colonies[2]. He described the convention as an intermediate level of full decolonisation.

Zartman argues, the convention merely replaced the old bilateral colonial relations with multilateral ones. He maintained that by strengthening African economies and states, the Association continuously helped them to gradually take charge of their own affairs. To him, the replacement of bilateral relations with multilateral relations meant a general dilution of ties between former metropolis and former colonies. The Lome – Convention was thus a natural stage in the process of decolonisation.

Coming as a criticism, Lister Majorie argued that this confident view by Zartman did not take into consideration the forces within the Convention advocating the further dependence of the former colonies on the metropolis[3]. It is true that the multilaterisation enabled the ACP states to broaden their trade relations and lessen dependency on one European trading partner. Nevertheless, the trade preferences and packages of the Lome – Convention did not free the ACP economic dependency on Europe. In practical terms, even less multilaterisation was clear and evident.

Infact, Through the Common Wealth Association and the French Association or Community, the former colonial powers maintained spherical links and ties with their former dependencies within the convention. The former colonial powers, Britain and France, acted as champions of the interest of former colonies. Hence economic dependency on the patronage of the former colonial powers remained a feature of EU – Africa relations.

Rising in support of Lister, Adrian Hewitt criticized the EEC – African relations as being deeply rooted in the colonial past and policy of Association. He argued that:

> *Although the Lome – relations was the result of conscious political decisions and elaborate negotiations, I strongly believe that the ground work for the special relationship was laid out not only by design but also partly as a result of historical accident … It is significant that these African states did not elect to associate themselves with the EEC.*

Lacking sovereignty, they were associated by a decision taken in Europe.[4]

In a related study reinforcing his earlier position, Adrian Hewitt concluded that:

We asserted at the outset that EC policies towards the ACP rested on three supports: The legacy of colonisation, the Mercantilist idea of exchanging raw materials for manufactures and that civilisation could be bestowed as part of development.[5]

On the other hand Isebill V. Gruhn argued that:

Without Lome, the ACP states might well have regressed even further than they have done over the past decade. More so, critics who point out that there has been little positive change in trade patterns and in other areas tend to forget that holding one's own or sustaining only modest declines are situations preferable to serious backward slides.[6]

In a similar argument Col J Alford maintained that Africa needed European assistance more than Europe needed Africa. That, the ACP economies were weak and dependent on European aid and trade. That they were not well placed to withhold their raw materials from Europe because they depended upon export earnings and the community could in many cases find alternative sources of supply. According to him, even an export embargo of African strategic resources such as Cobalt, Uranium, and so on, would not cripple the European Community[7].

These arguments are important to our study, because both have brought out the central issue that dependence and interdependence are features of relations between states. It is therefore to be seen if this relations is based on equity and if the concensus of agreement and association is essentially based on cooperation for mutual benefits. According to Adrian Hewitt, it is noteworthy that Africa did not elect to associate themselves with the European community. He alleged also that

the relationship has its base in the colonial legacy of turning Africa into a raw material producer and bestowing European culture to Africa as development. James Mayall quite agreed with Hewitt when he (James) submitted that:

> *Despite the agreement between individual States and the EEC, Commonwealth countries in general were suspicious of the institutional structure which surrounded the Association Agreement, regarding it as the formalisation of European neo-colonialism[8].*

Dr Ayo Dunmoye, in his paper ***'Europe 92: Its implications for third World Economies, and Nigeria in particular'*** examined the possible areas of friction in the EU – Africa relations. He identified two major areas of disagreement. The first being the present policy of the EU on loans and the issue of SAP in Africa. The second area of friction is the declining price being paid by western countries in the EC for African produce. International prices for primary commodity continued to slide downwards up to 1991, reaching an all-time low in some areas[9].

The price index for 33 selected primary produce (less petroleum and steel) fell by 4.6 percent in 1991. The same decline was recorded for food, non-food agricultural products, metal and minerals. According to Dunmoye, it goes without gain saying that EC members are beneficiaries of this decline, although the community claims that the developing countries are reimbursed for the short fall through the "STABEX" of the Lome – convention. The "Stabex" (or Export price stabilization fund) has come to be construed as grant-in-aid by the EU under the Lome-Convention, and the negotiations for payment are often tortuous.

Expressing pessimism in the future of EU–Africa relations, John Raven Hill argued "African States in this scenario, simply decline in relevance for the EEC, so that the later loses interest in maintaining the "special relationship"[10]. There has been the fear that under pressure from the Newly Industrialized Countries (NICs), coupled with the demise of the Czarist

stronghold in Eastern Europe, the Community will be unwilling to maintain the trade preferences that African members enjoy through the Lome – Conventions.

Dunmoye was not being prophetic when he postulated that it is highly possible that the collapse of the communist bloc (COMECON) may open up new investment areas for the Europeans, and may divert investment from the developing countries, particularly Africa[11]. He noted that despite the economic rigidity of the former communist states, the investment climate there may be better than in many African countries. They also have the required infrastructures that may attract foreign investors and more importantly, these countries are closer to the EC and may be nursing the hope of joining the SEM in no distant future. Today, this postulation is an uncontested truism. Any moment from now (October 2002), the EU is set to name 10 countries that are ready for the EU membership. These countries would no doubt, be coming from Eastern Asia and Eastern Europe.

Ali A. Mazuri, observed that the dialectic between African dependency and Africa's new assertive ambitions is at its most intimate in Africa's relations with Western Europe[12]. The review of the relevant literatures so far should provide us with adequate insight into the nature of the EU – Africa relations. This research work would be developed on this foundation.

1.6 THEORETICAL FRAMEWORK

It has been necessary to make a thorough review of relevant literatures in order to give meaning to this work. This has enabled us to formulate the appropriate theoretical approach to adopt. We intend to use the historical-descriptive method. It is believed that this approach will help us trace the root of the unequal relationship between the EU and Africa, a relation which many feel favours the former while leaving the later in economic dilemma.

1.7 METHODOLOGY

The methodology employed in this research is basically based on the existing literatures on the topic. Essentially the works of various scholars in the field of Trade and Sustainable Development, Economy, History and Globalisation will be reviewed. The writer's opinion and stance will however take its place in the final analysis.

Both primary and secondary sources of information/data collection will be exploited. Although given the limitation in scope imposed on the research, it will not be possible and convenient to conduct interviews and questionnaires. Discussions and consultations with experts in international affairs and economics will be useful.

Secondary data sources will compose of published books, magazines, journals, newspapers, internet, speeches, proceedings and publications on EU- Africa related conventions. The Kashim Ibrahim Library (KIL) at Ahmmadu Bello University, the research wing of Nigerian Institute of International Affairs (NIIA) Lagos, the British Council Library and the US Information Service office will be consulted inter alia.

1.8 RESEARCH SCOPE AND LIMITATION

This research is supossed to cover the whole gamut of the phenomena and manifestations of the EU-Africa relations, including not only economics and trade, but social, cultural, health and politics. Immediate emphasis will however be placed on economics relations with Nigeria as a case study, though various cases have been drawn from all other parts of Africa.

This research effort has attempted to capture the most recent events on this subjects, such issues as the Doha Development Agenda (DDA) deliberated in March 2003, have not missed mention. The research will however be limited by two imminent factors:

a. The restriction in scope placed by the academic requirements.

b. The time span of the research, which was not beyond an academic session.

1.9 ORGANISATION OF THE WORK

This work is designed to cover five different but interrelated chapters. Chapter one will provide a detailed introduction and essential realities of the African economic dependence on Europe. It also contains the statement of the problem, significance of the study and literature review.

Chapter two will focus on the historical dynamics of pre-colonial and post-colonial Euro-Africa trade relations, which has resulted in the contradictory character of this relation today. We will examine the different levels of EU-ACP Agreements; efforts will be made to bring out the reality of the situation through the use of data as empirical evidence.

Chapter three shall dwell on the theories and features of the EU-Africa relations. The Dependency and Modernisation theories as applicable to this subject are examined here. Multilateralism, Regionalism and Globilisation are considered in this chapter as contemporary global concepts that have greatly affected our subject. Focus is also on the usefulness of financial aids, grants and capital investments to the African economies.

Chapter four will appraise the place of the EU-Africa relations in recent times. Chapter five will summarise, conclude and offer recommendations on the subject.

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CHAPTER TWO

A POLITICAL ECONOMY OF THE EU-AFRICA RELATIONS: HISTORICAL BACKGROUND

2.1 EUROPE AND AFRICA: THE COLONIAL STRUGGLE AGAINST DEPENDENCE

Prior to the nineteenth century, the relationship between Europe and Africa was without depth in most parts of Africa, because the Europeans were only limited to the initial contact made with the coastal ports of North Africa, across the Mediterranean. In the course of the nineteenth century, the major development that changed the course of Africa were the ways, manner and pattern the European powers maintained their colonial control over the African economies and states. The post-second world war Euro-African relation was basically a consequence of the new world order. It would be pertinent to have an in-depth view, however brief, into the effects of the particular mode in which the African economies have been integrated into the western capitalist system and the issue of the economic dependence created as a result of this integration.

The earliest form of contact between Africa and Europe dates back to the late 15th century. The contact also drew Africa into common relations with Asia and the Americas through Europe. As observed Walter Rodney;

> *The first significant thing about the internationalisation of trade in the 15th century was that Europe took the initiative and went into other parts of the world…what was called international trade was nothing more that an extension overseas of European interest*[1].

The European Portuguese explorers and voyagers sought a direct sea route to India and its rich trade. Trade around the Indian ocean at this time was dominated by the Arab merchants who linked East Africa

to India and the rest of Asia. By the 17th and 18th century, the Portuguese had taken over most of the east African Ivory. By sheer superiority in arms and cannons, the Portuguese and Spanish traders had taken command and control of major sectors of world trade by the first half of the 17th century. Europe trade then flourished in ivory, textiles, gold and other items. By now, slave trade had also come to be. Slave trading; which later became the mainstay of the European trading system was a consequence of the discovery of the Americas and the West Indies by the Europeans.

By the 18th century, the Portuguese had entered West Africa through the coast of Modern Dahomey. In West Africa, the British also commanded a major share of the European trade. By the 19th century, two stimuli- one internal and the other external, were remarkable. The major direct impact on African societies became religion. African people continued to evolve their own cultural systems without much interference. Outside Africa, the industrial revolution was sweeping across Europe with its attendant social and political impacts on both Europe and Africa.

First the change in attitude towards religion was brought about due to the large converts to Christianity, which was used to preach against slavery and slave trade. This increased hostility towards slavery actually brought it to an end. Also the adoption of European taste by Africans meant an increased demand for European goods. Slave trade had ceased and the industries in Europe were opening up, new sources of raw materials had to be sought. Europe turned again to Africa, the scramble for territories had begun.

It was at the Berlin Conference of 1885 that 'natural' borders of Africa were decided by Europe. Subsequent development took place within the new borders imposed by colonialism. Hence colonialism

became the major vehicle of capitalist penetration in Africa. According to Claude Ake, this process of capitalist penetration should not be confused with its effect, which is economic domination. The domination of African economies was the outcome of the particular mode they had been integrated into the western capitalist system. Similarly, the dependence of African economies was the outcome of the articulation of African economies into the world capitalist system[2].

Claude noted that for a non-monetised, pre-capitalist economy to be incorporated into a capitalist economy, monetisation must be a necessary condition. Hence colonialism introduced a monetised economy into Africa. This monetisation process started off by the destruction of the pre-colonial mode of exchange such as ivory, cowry, gold and other items. These items were seen as lacking universality and obstacles to fundamental monetisation. The imposition of taxes paid in Europe currencies served to enhance this monetisation process.

Under colonialism, the monetisation of African economies also involved a process of integrating the African economy to the metropole. This was also achieved through the credits systems established which were attempts at introducing Modern Banking System. The first of such was the *Banque Du Senegal* in 1854, which was to be later changed to *Banque De L'Afrique Accidentale* in 1901, due to the expanding geographical and economic scope of the bank. Another important bank established was the Bank of British West Africa to play a similar role in the British Empire. The colonial authorities ensured that the colonial currency was tied to the metropole and were freely convertible. It also determined monetary practices through institutions such as the West African Currency Board. Hence, the colonial monetary policy served as means through which the goals of the metropole were achieved, such that it favoured colonial export trade and balance of payments.

It could therefore be seen that the foundation for economic dependence, rather than mutual inter-dependence, had already been laid by the colonial trade, monetary systems and monetary policies through the process of integrating the African economies into western capitalism. This process simply tied the colonies' prosperity on the export demand of the metropoles and shaped the export orientation of the colonies, even after the independence of most of those African states. Little wonder the metropole encouraged the colonies to become primary product producers in order to compliment its economy.

The effect of colonisation in Africa is not meant here, an anatomy of the different forms of neo-colonial and post-independent control of Africa would also fall outside the scope of this project work. It would however be important to examine briefly the African political ideology in the period immediately after the independence of most African states. Only then can we fully appreciate the circumstances following which the early Association Agreements and subsequent partnership conventions were entered into between Africa and Europe. For instance, early disputes over the Association Agreement had threatened to create disunity, and make rubbish of early African independence.

It was the opinion of some early African leaders like Kwame Nkrumah that the Association Agreement was totally neo-colonial in nature, and that any African state that subscribed to it was in danger of loosing its 'hard-earned' independence. Hence, this issue was not considered worthy to be discussed in the OAU. The Guinean President Se'kou Toure' also shared this view while 'unrepentant' francophone states not only maintained their bilateral defence treaties with France, but renegotiated, on their behalf, the Association Agreements with the EEC. Was it not Nigeria, under the far from radical government of Tafewa Balewa, which led the long, and inconclusive struggle to have

the Association Agreements declared illegal under the General Agreement on Tariffs and Trade (GATT)[3]? It was President Senghor who made a blunt, though uncomfortable observation that, African economies 'are more competitive than complementary', and that therefore 'Africa cannot do without the other continents except at the price of increasing its relative backwardness'[4]. This view reflected the recognition that one could not, at the same time acknowledge 'sovereignty, territorial integrity and independence' of African states while questioning the legitimacy of an international agreement covering the relations of one group of OAU member states with the EEC. But like other disputes in inter-African relations, the disputes over Association had been avoided, in the interest of unity, but not resolved.

2.2 THE EARLY FORMS OF EU-AFRICA RELATIONS: A HISTORICAL SKETCH

Euro-Africa relations span a period of over five centuries of contact. This long-standing relationship can be felt in three obvious areas: firstly, Western Europe is the principal source of imports and destination of exports for most African countries. Secondly, Europe collectively accounts for the bulk of aids, direct and equity investments in Africa. Lastly, most political institutions and elite cultural characteristics in Africa have European orientation. These include the educational system, adopted language, legislative institutions and penal codes, to mention just a few.

After the Second World War the economy of Western Europe was in shambles due to devastations caused by bombs and the destructive weapons of war by both the Allied and Axis Forces. The reconstruction of Europe was basically carried out at four different but interwoven levels. Among these reconstruction efforts was the signing of the Treaty of Rome in 1957 by six countries of Western Europe. The treaty was for the creation of

a Customs Union or Common Market. By this treaty the EEC(now EU) came into force on January 1, 1958. Other measures to rebuild Europe include the formation of International Financial Institutions to speed up and finance the reconstruction, direct assistance by 'interested parties' like USA and Canada in terms of grants in aids and loans (e.g. the Marshall Plan)[5], and efforts made by individual European States to reconstruct and restructure their economies, the most successful being West Germany under the late Chancellor Konrod Adenaur.

How then was the EEC poised to relate with Africa? The Rome Treaty of 1957 already contained a chapter on association by non-European countries that were former colonies of the six member states. These countries are in Africa, Caribbean and the Pacific and are called the ACP states. At this time the great imperial powers of Great Britain, France, Spain, Portugal, Belgium and before the second world war Italy and Germany, controlled between them over sixty colonies spread all over the world. France, a major colonial power among the six was mainly responsible for the EEC-African "association" for fear of loosing its colonial political and economic stronghold in its African territories[*].

France argued that European economic integration would only be possible if it made provisions for the European colonies overseas[6]. This approach was opposed particularly by Germany and the Netherlands who favoured a more "global" approach to the Less Developed Countries' (LDCs) issue, involving policies which were aimed not so much at protecting the regional interests of the EEC members but rather which sought to extend trade and aid benefits to a much wider spectrum of Overseas Territories and Countries (OCT). France's proposal eventually prevailed by the provisions of Part IV of the Treaty, which established the EEC's reciprocal trade relations with the OCTs, which had colonial ties with the EEC members. Thus far, the foundation for the involvement of the EU in Africa was being formalized.

[*] The territories referred to were: French West Africa (Senegal, Sudan, Guinea, Ivory Coast, Dahomy, Upper Volta, Niger, Mauritania), French Equitorial Africa (Congo Brazzaville, The Chad, Cameroun), Madascar and dependencies, and French Settlements in Oceania, Southern and Antartic Territories.

According to Dr Dunmoye, the basic principle that guided this early association relationship were: a gradual opening of the overseas territories' market to the common market countries; the establishment of a preferential regime in the EEC for products exported by the overseas territories; satisfactory participation by all members of the European Community in economic and social investments in the overseas territories[7]. A fund- the European Development Fund (EDF), was also set-up for the financing of European investments in the associated countries.

On the African side, it was but a short while before the non-Associates in the OAU were able to overcome their initial reluctance for a collective negotiation with the EEC. But the alleged threat of neo-colonialism still prevailed; it was perhaps natural that the OAU Economic Charter should have stipulated that 'any agreement made with the EEC should not adversely affect intra-African cooperation'[8]. President Nyerere put the same point more dramatically in his opening address to the second conference of OAU trade ministers, held in Dar es Salam at the end of September 1973:

> *You will have to take enormous care…to ensure that, wittingly or unwittingly you do not allow yourselves to be divided. For both the opportunities and the efforts towards such an end will not be lacking…Africa has only one choice: to stand together and move forward in unity or forever to remain hostage in the industrial countries*[9]

It is generally believed in Africa and beyond that the relationship between the EU and Africa has been a grossly unequal one. In the view of John Ravenhill, "institutionalized relationship between the EEC and Africa has grown towards a relationship which is not favourable for Africa[10]". Ravenhill adds that, "...the Lome-Agreements and conventions are very unequal partnership, similarly there is an obvious asymmetry in interdependence... the improvements made in the relationship specifically in the transition from Yaounde to Lome, were largely an issue of removing negative features of the earlier agreements, in particular, the European

insistence on reverse preferences". Consequently, between 1957 and 2000, several economic agreements were entered into by the two continents.

2.3 EEC-ACP AGREEMENTS: FROM YOUNDE TO COTONOU

The First Association Agreement provided for in the Treaty of Rome was implemented over a period of five years between the EEC and 31 ACP states. Eighteen of these 31 states were the Associated African States and Madagascar (AASM).

YAOUNDE I(1963-1968): The First Yaounde Convention was signed on the 20th July 1963 in Cameroon. The main element of this convention was the creation of 18 free trading zones between the EEC and the AASM. The AASM were committed to removing customs duties imposed on European products exported to their markets. While in terms of "reciprocal preferences", the Europeans continued to impose customs duties on competitive agricultural products exported by the AASM*.

YAOUNDE II(1968-1975): The Second Yaounde Convention did not differ greatly from the first, it was based on joint institutions, free trade zones and financial aid through the EDF. While there was no change in the number of member states, the EDF was increased from 800 million to 1000 ECU (European Unit of Account).

LOME I(1975-1980): With the enlargement of the EEC in 1973 to include Denmark, Ireland and the UK, it had become necessary to expand the scope of associate relationship to embrace former British overseas countries and territories. The Lome I convention therefore associated the EEC and 66 ACP states. The core subjects that occupied Lome I were trade, aid, industrial cooperation and institutions.

Trade issues included the reciprocal preferences free entry for ACP goods into European markets, the stabilization of export earnings (STABEX) and the sugar protocol. On aids, Lome I disposed of 3390 million ECU for

* About 70% of Africa's exports are concentrated only in 10 products, including fruits, cocoa, seafood, coffee and tea.

the ACP under the Title Financial and Technical Cooperation. A center for industrial development, an ACP initiative, was also set-up. Some institutions believed to ensure continuity and conservation were also upheld – the Council of Ministers, Committee of Ambassadors and the Consultative Assembly.

LOME II(1980-1985): In the wave of the emerging world order, it was necessary to build a 'new, just and balanced' relationship between the developing and developed world in line with the desires of the international community. The Lome II Convention and institutions became particularly concerned with Apartheid South Africa[11]. A few trade concessions were given to the ACP, for example in beef and tomatoes, while the EEC members enjoyed free tariffs in machinery imports into ACP. There was appreciable increase in total financial aid and resources; STABEX was given more funds, more products to cover and more liberal thresholds. A technical Centre for Agriculture and Rural Cooperation was established to disseminate agricultural information.

LOME III(1985-1990): Three months before the expiration of Lome II, Lome III was signed in December 1984, it came into force the next year. It basically consolidated on Lome II, while containing innovations such as the human rights clauses. In terms of aids, Lome III disposed a total 8500 million ECU, 7.4 billion in EDF and 1.1 billion through the European Investment Bank. Areas in cultural and social cooperation were also exploited. New innovations were introduced which include a fisheries chapter, specific funds to aid refugees and EEC's commitment to consider making available surplus agricultural goods to countries with food policies. STABEX was sustained and liberalized. The joint committee of the Consultative Assembly was abolished.

LOME IV(1990-2000): The decade long Lome IV was signed between 12 EEC states and 69 ACP*. Lome IV contained elements of concentration on a focal sector, policy dialogue, the importance of rural development and of food security.

* Including the newly independent Namibia.

It is noteworthy that recently* a decision was unanimously taken by the Council of Ministers to admit the Democratic Republic of Timor Leste as the 79th member of the ACP Group of States, with all the attendant rights and obligations[12.] .

THE COTONOU AGREEMENT

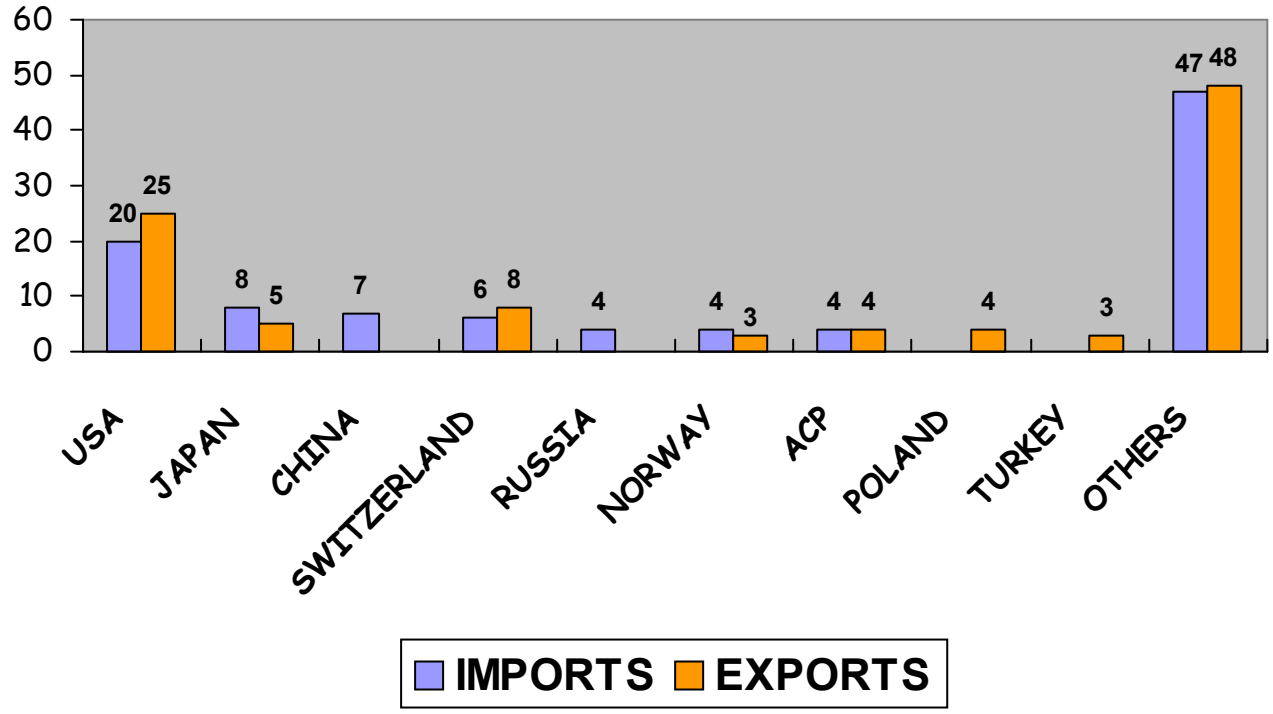
In June 2000, 77 African, Caribbean and Pacific (ACP) countries and the 15 Member States of the European Union (EU) signed in Cotonou a new ACP-EU Partnership Agreement, commonly referred to as the 'Cotonou Agreement'. This new partnership offers 25 years of non-reciprocal trade preferences. With the Cotonou Agreement, a radical change to the ACP-EU relationship is underway. Under this arrangement, the negotiation of WTO-compatible new trading arrangements between the EU and the ACP countries was expected to start by September 2002 to be concluded, at the latest, by 2008. The European Commission proposes that regional reciprocal free trade agreements, in the form Economic Partnership Agreements (EPAs), should replace the current non-reciprocal preferences in the trade relations between the EU and the ACP countries.

As a matter of fact, all African countries but one – Libya – have entered into partnership agreements with the EU: the 48 countries of Sub-Saharan Africa belong to the ACP-EU Cotonou partnership Agreement. The four North-African countries (Morocco, Algeria, Tunisia and Egypt) belong to the Euro-Mediterranean partnership concluded in Barcelona in 1995, and each of them has signed its own bilateral agreement with the EU to govern trade and cooperation links.

Figure 1 below shows the ACP countries' share of the EU market in 2000, relative to other regions. Note that both ACP import and export for that year stagnated at about 4%. China and Russia were major importers with 7% and 4% respectively, Poland and Turkey alone accounted for 4% and 3% of total EU exports.

* At the ACP Council of Ministers. Meeting in Brussels from 13-15 May 2003 under the chairmanship of its President, Mr. Serge Vohor, Deputy Prime Minister of Vanuatu

FIGURE 1 - SHARE OF ACP COUNTRIES IN EU TRADE IN 2000



Source: Plotted from Eurostat (Comext), 2002, Figure 1.

2.4 TRADE RELATIONS BETWEEN NIGERIA AND THE EEC

Besides South Africa, Nigeria is in fact the next most important trading partner of the EU. In analyzing Nigeria's trade with the EU, a broad approach has been adopted here, in which Nigeria's trading behaviour relative to the EU, has been considered alongside other African countries. Generally, ACP countries' share of the EU market declined from around 7% in 1976 to 4% in 2000. That year, South Africa* accounted for about a third of the total trade in question (see table 1). Its market share in 2000 was more than twice that of the next ACP country in line, namely Nigeria.

* South Africa's qualified membership of the Lome Convention (and its institutions) was approved on 24 April 1997. It came into effect on 1 June 1998.

TABLE 1- TRADE OF EUROPEAN UNION WITH ACP

TABLE 1.1 : IMPORTS

Partners	1995	1999	2000	Share in extra EU-15 imports	
	(Mio ECU/EUR)			(%)	
Total	19 893	32 566	43 277	4.2	
	of which			Share in total EU-ACP	Cumul of shares
South Africa	-	10 700	14 446	33.4	33.4
Nigeria	3 443	2 795	6 411	14.8	48.2
Ivory coast	2 068	2 080	1 960	4.5	52.7
Cameroon	1 175	1 320	1 711	4.0	56.7
Angola	561	769	1 530	3.5	60.2
Mauritius	1 020	1 157	1 204	2.8	63.0
Ghana	839	1 186	1 159	2.7	65.7
Gabon	799	1 023	1 034	2.4	68.1
Congo (Dem. Rep.)	842	876	1 026	2.4	70.4
Kenya	647	840	822	1.9	72.3

TABLE 1.2 : EXPORTS

Partners	1995	1999	2000	Share in extra EU-15 exports	
	(Mio ECU/EUR)			(%)	
Total	17 573	32 514	38 238	4.1	
	of which			Share in total EU-ACP	Cumul of shares
South Africa	-	9 731	11 687	30.6	30.6
Nigeria	2 054	3 004	3 853	10.1	40.6
Liberia	1 240	734	2 076	5.4	46.1
Ivory coast	1 187	1 400	1 423	3.7	49.8
Ghana	744	1 110	1 252	3.3	53.1
Dominican R.	341	672	1 163	3.0	56.1
Gabon	719	1 127	1 111	2.9	59.0
Senegal	715	999	1 025	2.7	61.7
Angola	800	841	1012	2.6	64.3
Bahamas	523	878	985	2.6	66.9

Source: Compiled from Eurostat (Comext), 2002, Table 1.

The EU's exports to Nigeria increased steadily between 1995 to 2000 whereas imports from Nigeria into the EU fluctuated widely. These imports

were almost exclusively mineral fuels explaining the wide fluctuations in value terms as oil prices varied considerably over the past years. The steep rise in 2000 in oil prices pushed up mainly the import figures - bearing in mind that amongst other ACP states, Nigeria is a major oil-exporting nation. As mentioned above, high up on the EU's list of important ACP trading partners were Nigeria, but also the Ivory Coast and Cameroon. Adding up imports and exports, Nigeria accounted for roughly 13% of the commerce in question, while the Ivory Coast was behind some five percent followed by Cameroon with roughly four percent in 2000.

On the other hand, in the EU top on the chart was the United Kingdom, which imported the largest share in merchandise originating from ACP countries, and destined for the EU market. Roughly one fifth of all ACP imports in 2000 were destined for the United Kingdom (see table 2). France hosted the second largest share with around 16% in 2000 followed by Spain (14%), Germany (13%) and Italy (11%). The picture was slightly different on the export side. Here, France was behind around a quarter of all EU exports heading for ACP countries in 2000. Germany (16%), the United Kingdom (14%) and Italy (9%) followed in some distance.

Table 2 - EU TRADE WITH ACP BY MEMBER STATE

	Imports				Exports				Balance		
	1998	1999	2000	Share in total 2000	1998	1999	2000	Share in total 2000	1998	1999	2000
	(Mio ECU/EUR)			(%)	*(Mio ECU/EUR)*			(%)	*(Mio ECU/EUR)*		
EU-15	31 153	32 566	43 307	100.0	32 681	31 514	38 312	100.0	1 528	-1 052	-4 995
UEBL	3 448	-	-	-	2 005	-	-	-	-1 443	-	-
B	-	3 647	4 387	10.1	-	1 913	2 423	5.6	-	-1 733	-1 964
DK	232	152	185	0.4	427	387	481	1.1	195	235	296
D	4 190	4 353	5 623	13.0	5 583	6 411	6 839	15.8	1 393	2 058	1 216
EL	227	262	347	0.8	160	167	238	0.5	-67	-95	-109
E	3 118	3 282	5 973	13.0	1 583	1 637	1 855	4.3	-1 535	-1 644	-4 118
F	5 571	5 552	7 052	16.3	8 226	7 935	10 508	24.3	2 655	2 384	3 456
IRL	246	229	290	0.7	573	634	689	1.6	328	405	400
I	4 415	4 225	5 041	11.6	3 963	2 838	3 992	9.2	-452	-1 387	-1049
L	-	21	14	0.0	-	64	53	0.1	-	43	39
NL	2 526	2 807	3 126	7.2	2 399	2 178	2 671	6.2	-127	-629	-455
P	981	857	1 626	3.8	738	648	838	1.9	-243	-309	-788
A	299	280	477	1.1	320	341	537	1.2	21	60	60
FIN	175	182	197	0.5	441	460	579	1.3	266	277	383
S	213	148	211	0.5	730	581	746	1.7	517	432	535
UK	5 513	6 469	8 759	20.2	5 533	5 321	5 862	13.5	10	-1 148	-2 897

Source: Compiled from Eurostat (Comext), 2002, Table 3.

Interestingly, roughly half of all EU imports in value terms from ACP countries were in just four products, namely in oil (more precisely mineral fuels or chapter 27 of the Harmonised System, HS – See Table 3), diamonds and gold, wood and ores.

Table 3 - MAIN EU'S IMPORTS FROM ACP BY PRODUCTS

HS chapter	1995	1999	2000	Share in total extra-EU trade of this chapter			Share in total imports from ACP's	Cumul of shares
				1995	1999	2000	2000	
	(Mio ECU/EUR)			%			%	
27 Mineral fuels	4 088	4 651	10 198	6.3	5.9	6.9	23.6	23.6
71 Precious stones and metals	2 520	6 121	8 646	12.1	23.1	24.2	20.0	43.5
44 Wood, articles of wood	1 277	1 372	1 584	13.3	11.4	11.2	3.7	47.2
26 Ores slag ashes	634	1 243	1 524	9.7	17.8	17.2	3.5	50.7
08 edible fruits and nuts	616	1 381	1 495	9.0	17.6	18.5	3.5	54.2
18 Cocoa, cocoa preparations	1 276	1 791	1 400	73.2	80.5	74.1	3.2	57.4
03 fish, crustaceans	630	1 138	1 369	10.4	13.7	14.4	3.2	60.6
09 Coffee, tea, mate, spices	1 888	1 287	1 236	31.3	23.7	23.2	2.9	634
72 iron, steel	181	741	1 134	1.9	7.9	8.1	2.6	66.1
89 Ships, boats, floating structures	201	353	1 104	9.9	7.7	17.1	2.6	68.6

Source: Compiled from Eurostat (Comext), 2002, Table 4.

Also close to 70% of these imports were concentrated in 10 products (see Table 4). In Nigeria for instance, export commodities besides oil, have included cocoa and cocoa preparations, hides, skin and leather. This hints to the fact that export industries in Nigeria are still not very well diversified (unlike in South Africa). Furthermore, since goods exported were basic commodities, little value was likely to be added by the respective exporting economies in question.

TABLE 4 - TOP THREE PRODUCTS FOR TOP FOUR EXPORTING ACP COUNTRIES

Partner Country / HS Chapter	1995	1999	2000	2000		Variation 00/99
				Share in total	Cumulative	
	(Mio ECU/EUR)			(%)		(%)
South Africa						
Total	7 752	10 700	1 4446	100.0		35.0
71 Precious stones and metals	2 610	3 136	5 297	36.7	36.7	68.9
27 Mineral fuels	1 049	1 047	1 435	9.9	46.6	37.0
84 machinery, mech appliances	200	623	953	6.6	53.2	53.0
Nigeria						
Total	3 443	2 795	6 411	100.0		129.4
27 Mineral fuels	2 885	2 258	5 902	92.1	92.1	161.4
18 Cocoa, cocoa preparations	128	194	122	1.9	94.0	-37.2
41 Hides, skin leather	94	82	88	1.4	95.3	7.9
Ivory Coast						
Total	2 068	2 080	1 960	100.0		-5.8
18 Cocoa, cocoa preparations	732	1 057	860	43.9	43.9	-18.7
44 Wood, articles of wood	333	276	277	14.1	58.0	0.3
08 Edible fruits and nuts	174	213	233	11.9	69.9	9.3
Cameroon						
Total	1 175	1 320	1 711	100.0		-5.8
27 Mineral fuels	272	403	648	37.9	37.9	-18.7
44 Wood, articles of wood	355	402	481	28.1	66.0	0.3
08 Edible fruits and nuts	92	101	150	8.7	74.7	9.3

Source: Compiled from Eurostat (Comext), 2002, Table 5.

In addition, most of these products underlie strong fluctuations in world market prices meaning that export earnings are not a very regular or earnings are not a reliable source of income. Even this has contributed to the fluctuating nature of the Nigerian economy.It is for this reason that the Cotonou Agreement (Article 68) specifies that the signing parties recognise that instability of export earnings, particularly in the agricultural and mining sectors, may adversely affect the development of the ACP States and jeopardise the attainment of their development requirements. A system of additional support in order to mitigate the adverse effects of any instability in export earnings, including in the agricultural and mining sectors, is therefore set up within its financial envelope. In fact, such an EU funding mechanism has existed under the Lomé Convention, as well (the so-called *STABEX* funds)

As for EU exports to ACP countries, the EU exported mostly machinery (that is, machinery, including electrical, or chapters 84 and 85 of countries (see table 5). These commodity categories accounted for slightly less than half of total EU exports. Aircraft and parts, pharmaceutical products and mineral fuels also made up some larger share of exports to ACP countries in 2000. Most commodities traded were marginal in terms of their share in overall EU exports to the rest of the world.

TABLE 5 – MAIN EU'S EXPORTS TO ACP'S BY PRODUCTS

HS chapter	Value			Share in total extra-EU trade of this chapter			Share in total EU's exports to ACP	Cumul of shares
	1995	1999	2000	1995	1999	2000	2000	
	(Mio ECU/EUR)			(%)			(%)	
84 Machinery, mechanical appliances	2 623	5 658	6 320	2.3	3.9	3.6	16.5	16.5
85 Electrical machinery equipments	1 165	3 474	4 097	2.0	3.7	3.3	10.7	27.2
89 Ships, boats, floating structure	1 886	1 948	3 866	29.6	23.4	37.7	10.1	37.4
87 Road Vehicles	1 442	2 834	3 653	2.7	4.0	4.1	9.6	46.9
88 Aircraft, parts	1 138	1 843	2 014	5.4	5.9	6.4	5.3	52.2
30 Pharmaceutical products	570	1 202	1 418	4.0	4.5	4.4	3.7	55.9
27 Mineral fuels	513	664	1 305	3.8	3.9	4.3	3.4	59.3
90 Optical, photographic instruments	317	849	1 016	1.9	2.9	2.7	2.7	62.0
39 Plastics, plastics products	473	873	1 012	2.7	3.8	3.6	2.6	64.6
73 Articles of iron or steel	608	700	766	5.1	5.1	4.9	2.0	66.6

Source: Compiled from Eurostat (Comext), 2002, Table 6.

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CHAPTER THREE

THEORIES AND FEATURES IN EU-AFRICA RELATIONS

3.1 DEPENDENCY THEORY

There have been some controversies about the causes of the woes and problems of the third world countries, including Africa. Two sets of theories have resulted from this controversy. The first group, the modernization theorists include names like David McClelland, Berth Hoselitz, Everett Hagan and Walt W. Rowstow. On the other divide are radical or neo-Marxist theorists known as the Underdevelopment and Development Theorists (UDTs). Here are people like Paul Baran, Pierre Jalee, Furtado Sunkel, Samir Amin and Claude Ake.

The modernization theorist of Western Europe and North America blame the causes of the Third World woes on their internal inefficiency and posit that the cure is outside help from developed states. This help, according to them could be in the form of loans, grants, investments etc. These theorists have it that the rich are ahead of the poor because of uneven advancements of intellectual capacity, dedicated efforts and managerial skills. It says in effect, " just as the US and Europe developed yesterday, and Japan and Mexico are developing today, so will you the late starters develop tomorrow[1]". McClelland for instance, denies in this theory that five centuries of Western domination of Africa, for example, is a crucial factor in African underdevelopment[2].

The Dependency theory provides that basically the relationship between the under-developed and now developed metropolitan countries are unequal. This has made Rodney to emphasise that bringing Africa into the world economy may have had a few advantages, but it did create the conditions for the present economic problems encountered by Africa[3].

According to him, Africa was forced into the international market system at a comparative disadvantage.

Given the foregoing, one could in effect argue that the problems of the Third World cannot be as a result of what the Modernisation Theorists have posited. UDTs agree for instance that the cause of Africa's problem is internal exploitation by developed states; that the remedy can only come if there is a fundamental change in the structure of the international relationship between the rich and the poor. These theorists (UDTs) have it that the foreign investments, aids, loans and grants which some agree could solve Africa's problems are indeed the roots of underdevelopment suffered by the third world.

The global system consists of a "center" with countries of Europe, Americas and Japan, and the "peripheries" with dependent economies of Latin America, Africa, and Asia. The typical dependent economy is geared towards the export of commodities needed by the industrial center and the import of the manufacture products of the center. This is known as " foreign –oriented development[3]" in which external rather than domestic influences shape the society, economy and political structure. It is worth-noting that the massive raw materials needed by the industrialised countries have been the cause of the lopsided and unnatural development on foreign interest by the LDCs.

3.2 MULTILATERALISM AND REGIONALISM: TRENDS IN THE EU

Multilateralism is a phenomenon of the post World War II era which saw the US becoming the leading center of finance capital within the world that had just emerged from a war for the redivision of spheres of influence. Multilateralism, often seen as modern imperialism, became actualized when US emerged as the strongest power, dictating the new subdivision of the world based on the open door policy. The process of Multilateral system of world production, trade and finance was attained through the creation of trade, monetary, financial as well as political institutions. In trade the

ultimate aim was to reduce to moderate levels the barriers to trade, followed up by the non-discriminatory policy in trade. The World Trade Organisation (WTO) was created at this time.

Regional integration is supported both as a component of development strategy and in relation to the EU's own trade regime towards groupings of developing countries. It is believed that the power of regional integration is enhanced when co-operation goes beyond border measures and is extended to deeper integration, including the convergence of domestic policies such as investment and competition policies; the development of regional financial services and the coordinated provision of infrastructure such as regional telecommunications, energy and transport networks. Regionalism can provide an incentive to put in place sound policies and institutions for example for facilitation of FDI flow and technology transfer, macroeconomic stabilisation, social protection and conflict resolution that could otherwise be difficult to achieve at the national level. It is also possible to save resources when institutions and capacity building can be set up at regional level.

Until recently, despite various efforts at economic integration in the African region, no substantial progress was made in either intra-African trade or in the establishment of joint ventures in distribution and production. There have however been a number of strategic market alliances that are being forged in other regions [e.g. the European Union (EU) and the North American Free Trade Area (NAFTA), to mention only two]. In this context, African countries, particularly the least developed, risk being isolated and marginalized which makes it imperative for them to make firm commitments and to take the necessary steps to implement effectively all the treaties and protocols of the regional and sub regional economic groupings[4].

Progress is lacking in the social sector development of the African LDCs. In the education sector, for instance, as much as 59 per cent of the population is illiterate, the primary school enrolment rate is about 68 per cent and the mean year of schooling is roughly 1.2. The main causes of morbidity and mortality are still neo-natal-related health hazards, malaria, measles, acute respiratory infection (ARI) and diarrhea infections, some of

which have been eradicated in other developing countries. Statistics show that there is one doctor for every 18,000 people, one nurse for every 2,300 people and one bed for every 880 persons. The average government expenditure on education and health as a percentage of the total budget is 8.7 and 7.4 per cent, respectively[5].

For a long time the EU has been involved in Regional Trade Agreements (RTAs) with developing countries in the multilateral trading system, as part of a development strategy to overcome the limitations of small economic size and vulnerability. While multilateral trade liberalisation and rule making within the WTO system remains the major trade policy priority of the EU, this can be articulated with bilateral and regional agreements in order to better pursue both trade opening and development objectives. Among the conditions necessary to create such a positive articulation are: full compatibility with multilateral rules; appropriate flexibility in their design and implementation, tailored to the level of development of the parties; a high degree of regulatory convergence taking due account of legitimate objectives and the specific situations of countries; rule making going beyond the basic multilateral rules; as well as, in most cases, effective regional integration among the EU's partners themselves.

North-South and South-South integration can be mutually reinforcing. Better access to a developed market can be an incentive for developing countries to overcome resistance to open their own markets to each other, while making them more attractive for investment flows, which can strengthen their own competitiveness. By the same token, the effective integration of the developing economies makes them a more credible partner for the developed countries. Therefore, in its ongoing RTA initiatives (with Mediterranean countries, Mercosur, the Gulf Co-operation Council and the future Economic Partnership Agreements – EPAs - under the Cotonou Agreement) the EU promotes what can be called a South-South-North[6] approach, which aims to combine the strong points of North-South integration with the positive aspects of South-South integration. This approach also reduces the hub-and-spoke effect when a large trading block

engages in separate agreements with a large number of countries. It must be clear, however, that this approach must maintain a high level of ambition in order to be successful, especially in terms of going beyond traditional free trade in goods.

Political dialogue between the EU and Africa increasingly takes on a regional dimension: given the regional nature of many political and security issues, and owing to its own evolution towards a Common Foreign Policy, the EU is increasingly encouraged to address political issues in their regional context. The Euro-Med dialogue is a strong illustration of this. But there is also an active dialogue organized with SADC under the “Berlin Initiative” since 1994 and, more recently, a high-level political dialogue between the EU and ECOWAS.

At a broader level, the EU also has a long experience of engaging in institutional dialogue with Africa in the framework of the Mediterranean or the EU-ACP Agreements, where joint Committees, Joint Councils and Joint Parliamentary Assemblies meet regularly. These, however, are not limited to African participants, and each of them only concerns a part of Africa.
The need emerged more recently of holding a high-level political dialogue at the level of the Continent. Consequently, the first EU-Africa Summit, held in Cairo in April 2000, saw the participation of every single African country together with all EU Member States. NEPAD, for instance, has raised considerable interest on both sides of the EU-Africa table. Given its pan African nature and its broad membership that cuts across all African regions, the initiative has already become a central topic in this EU-Africa process. It is apparent now that, in International Economic Relations, the forces of multilateralism have weakened in recent years with more attraction towards regionalism.

Yet, it should not be overlooked that the positive effects of integration can only be realized when the overall policy framework, the governance and security situation are conducive to such integration (as is the case with trade reform in general). Therefore, given the limitations in these areas, many past initiatives have not yet fulfilled their expectations.

3.3 FINANCIAL AIDS, GRANTS AND CAPITAL INVESTMENTS: WHAT USE TO AFRICAN ECONOMIES

Africa today faces a crisis of massive proportions. 300 million people live on less than one dollar a day, more than 28 million people live with HIV/AIDS, 40 per cent of children receive no primary education, while 200 million people are malnourished[7]. The European Union and African Heads of State Summit held in Cairo in April 2000 took place against a background of economic and financial globalisation from which sub-Saharan Africa has derived few benefits; of current or recent conflict in a dozen African countries; of crippling debt; and of the HIV/AIDS pandemic. At the same time some African countries are tackling the problems of poverty and development with renewed determination and willingness to engage with civil society and the wider world community in a joint effort to overcome the legacy of conflict and stalled growth.

The level of debt of the African LDCs was $86.7 billion in 1992, increasing slightly to $87.8 billion in 1993, while the average debt to GDP ratio stabilized at around 110 per cent. Most of the countries are experiencing severe debt burden and debt overhang and, as such, they are being prudent in debt management and are avoiding contracting non-concessional credits. The level of debt service had declined from $2.4 billion in 1990 to $2.0 billion in 1992 and a further decline to $1.8 billion in 1993, while the average debt service to export of goods and services ratio dropped from 15 per cent in 1990 to 12 per cent in both 1992 and 1993. This is basically attributed to the growing arrears and accumulation of debt through re-scheduling rather than any fundamental change in the debt situation[8].

The infant mortality rate was about 121 per 1,000 and life expectancy at birth was 50 years for the African LDCs in 1993. The total fertility rate is a mean value of 6.5, while the annual population growth rate is estimated at 3.1 per cent. The high fertility and population growth rates have intensified the high dependency burden. The status of women is far below expectation.

The female to male ratio of literacy and primary enrolment is 53 and 73 per cent, respectively, and the rate of participation of women in the labour force is 63 per cent. As much as 60 per cent of the population of the African LDCs live below the poverty line and the magnitude and severity of poverty has been exacerbated by the negative impact of adjustment programmes, especially the elimination of subsidies and public sector retrenchments which have led to both higher prices of basic consumer goods and widespread unemployment[9].

Despite various efforts at economic integration in the region, no substantial progress has been made in either intra-African trade or in the establishment of joint ventures in distribution and production. There are a number of strategic market alliances that are being forged in other regions [e.g. the European Union (EU) and the North American Free Trade Area (NAFTA), to mention only two]. In this context, African countries, particularly the least developed, risk being isolated and marginalized which makes it imperative for them to make firm commitments and to take the necessary steps to implement effectively all the treaties and protocols of the regional and sub regional economic groupings[10].

Financial aids to Africa have been coming from several sources even outside the EU. For instance, In May 2003, the U.S. pledged 15 billion dollars to combat AIDS in Africa over the next five years[11] and, speaking in Krakow, Poland, Saturday, President Bush urged the European partners to "match America's commitment". The United States currently spends 0.12 per cent of GDP on aid, roughly half the EU amount of 0.23 per cent, the world's largest donor of development aid. Last year the EU's AIDS contribution amounted to 137 million euros[12]. As the U.S. and members of civil society groups stepped up pressure on the EU to do more to help development in Africa, the European Commission, the executive arm of the EU, announced that it will provide 2.3 million euros to help victims of humanitarian crises in Eritrea and the Central African Republic (CAR). The, G8* leaders faced tough calls from civil society groups politicians and campaigners who urged

* G8 member countries include US, Britain, Canada, France, Germany, Italy, Japan and Russia

them to realise promises made at previous summits, "to promote peace and security in Africa", and to increase aid to Africa. "We are giving more than that (US AID), so I had no difficulties saying we'd match that - or even do better", the former Italian premier said.

Many people however think differently, that the EU has done quite enough for Africa. The currently 78 ACP countries represent a total of more than 500 million people. Of the global volume of official international development aid received by developing countries, more than half is provided by EU citizens, of which the European Commission administers 15%. Much of this was governed through the Lomé Convention[13].

It is believed that, the European Union (EC and member states) is by far the largest provider of Official Development Assistance (ODA) in the world. In 2000, the EU disbursed more than 27 bn € of ODA to developing countries, representing 47 % of all DAC members ODA. In Monterrey, EU member states committed to strive to increase their individual contribution so that collectively an EU average of 0.39 % of GNI is reached, this will further consolidate the EU's position of largest provider of ODA in the world.

Some of the recent trade-related assistance programmes to ACP are:

- 10 million- programme to support ACP countries with implementation of the Uruguay Round Agreement and accession to the WTO.
- 20 million- programme to prepare ACP countries and regions for the negotiations of Economic Partnership Agreements.
- 45 million- programme for capacity building to improve sanitary conditions in fisheries exports.
- 29 million pesticides initiative programme to improve the competitiveness of the ACP horticultural sector.
- 60 million trade enhancement programme for Egypt [14].

The potential for increased aid transfers from the European Community to Africa is considerable. The EU projects that, if Africa delivers tangible results in terms of peace, political and economic governance, Africa's absorptive capacity will improve allowing thereby this potential increases to materialise. In addition, the ambitious reform of the management of external assistance that the EC has initiated in 2000 should help in improving the effectiveness and rapidity of aid delivery.

The reality on the ground is that these aids are barely enough to solve Africa's multifarious economic problems. It is expected that donors should increase their financial aid to African LDCs in fulfillment of their commitment to assist these countries in their pursuit to create an enabling environment. External financial flows would have the desired development impact if they were to be more focused, coordinated and increased and guided by the development strategy of the African LDCs recipients.

The debt problem of the African LDCs is not a matter of liquidity but one of solvency. In the light of the proposal made by the Government of the Netherlands in 1990, creditors should anchor their commitments and political will to undertake outright forgiveness or cancellation of official bilateral debt owed to them by the African LDCs. Such a gesture, as part of a strengthened development partnership, would remove the debt overhang and improve the relationship with the donor community thereby paving the way for additional financial flows to the African LDCs[15].

The European Union should increase the overall size of its development assistance budgets for Africa, especially the new EPA, and allocate more staff to manage these resources in order to ensure that they are disbursed quickly and used efficiently and effectively. EU member states should unilaterally agree duty free and quota free access to the European Union for all – rather than "essentially all" – Least Developing Country products. Africa is home to 34 of the world's 48 LDCs. This is a basic measure needed to restore the confidence of LDCs in multilateral trade negotiations.

3.4 GLOBILISATION AND THE EU-AFRICA RELATIONS

Globalisation, a phenomenon of the new millennium, is the trend of increasing integration of economies in terms not only of goods and services, but also of ideas, information and technology. Globalisation means trade liberalisation, free capital mobility, privatisation, commercialization and the empowerment of transnational corporations (TNCs). With the strong wave of globalisation sweeping across the globe today, a qualitatively new world economy is fast emerging. This is most dramatically apparent in the area of finance, where average daily foreign exchange transactions grew from $15 billion in 1973 to $1.2 trillion in 1995, and international capital flows now exceed trade flows by 60 to 1 [16]. It is also now becoming commonplace for anonymous institutional investors to influence currency rates, the availability and price of international capital, and interest rates in economies miles away from their operational bases. The trend is all embracing, the framework of rules within which economic activity takes place is increasingly defined in the international framework of the WTO, the IMF, the World Bank, the OECD, and G7 summits, and is heavily influenced by regional trading blocks such as APEC, the EU and NAFTA.

Globalisation is both a cause and a consequence of the information revolution. It is driven by dramatic improvements in telecommunications, exponential increases in computing power coupled with lower costs, and the development of electronic communications and information networks. These communications technologies are helping to overcome the barriers of physical distance. To participate in the global economy, African nations are supposed to open up barriers to foreign investment, reduce corporate regulations and taxes, as well as other disincentives to vibrant economic activities.

Perhaps the greatest controversy in the world today is how to make sense out of the two dominant global objectives ushering the globe into the new millennium: sustainable development and globalisation. African

economies depend largely on natural capital. In fact, no other region in the world depends on natural commodity exports as much as sub-Saharan Africa. To show the extent of Africa's dependence on natural capital for economic growth, some statistics will obviously be needed and the United Nations and World Bank are never short of them. Statistics from the World Bank (1989) says that agriculture alone accounts for 33% of Africa's GDP, 66% of its labor force, and 40% of its exports[17]. This is just agriculture, mining and other extractive industries are not included.

African countries in general show very little diversification within their export sector and as such the stability of the economy depends largely on the health of the natural capital. Liberalisation will, hopefully, increase international trade and hence export of natural resource commodities by African nations. The question is: Will this increase in trade affect African economies positively or negatively? This question does not have a simple answer, but a snapshot at the present situation may give some insights on the possible effect.

Presently, the world marketing system, which denies African nations higher prices for their agricultural products and minerals and limits their access to Western markets is partly being held responsible for ecological degradation in Africa. At this juncture, World Bank's findings appear very appropriate and insightful. According to them, African commodities have been subject to very large fluctuations over the past decades and are currently at their lowest levels in 30 years (World Bank, 1987). The usual response of African countries to decreasing prices is increased production (of timber, tin, copper, cocoa, coffee, and other agricultural products and natural resource). This effort, however, simply drives prices lower as dozens of developing countries flooded the world market with their commodities as part of donor-mandated "structural adjustment programs". The decline in foreign exchange earnings further constrains import capacity, depriving industry and agriculture of important inputs such as fertilizers and spare

parts. In a more integrated global economy, the rate and quantity of resource outflow from Africa is bound to grow and so will the pace of the consequent ecological degradation, while the prices of the natural commodities continue to fall. As the resource base erodes rapidly so will Africa's living standards. So while advocates of liberalisation argue that all countries will gain from free trade, it does seem as if it will make the pursuit of ecologically sustainable food security more difficult in Africa. Except the prices of natural resource exports of African nations are priced to reflect the externality costs, the impact of globalisation may well be negative.

In the view of Ikeme[18], this case is further compounded by the failure of African nations to recognize the contributions of natural capital in national income accounting. Revenues obtained at the expense of depreciating natural capital are thus treated as income. In a region where natural resources provide the foundation for so much of the economy and a source of livelihood for a large part of the population, disregarding degradation and depletion of environmental capital is likely to be damaging both in the short term to the welfare of those, especially the poor, who rely directly on these resources, and in the longer term to the sustainability of income. Nevertheless, the destruction of social capital can easily be identified. The wars in Congo, Sierra Leone, and lately Liberia obviously constitute a stumbling block to the right social atmosphere necessary for both sustainable development and pursuit of the benefits of globalisation.

There is a valid fear that globalisation may put African economies at a greater risk of income inequality. Income inequality has been increasing at an increasing rate in Africa. In Africa as a whole, the richest 20% of the population had, in the early 80s, an income four times that of the poorest [19]. Since then, the condition of the poor has deteriorated further as governments across the continent are compelled to cut public expenditures and restrict necessary imports to conserve foreign exchange as part of an

International Monetary Fund (IMF) or World Bank economic restructuring programs, thereby curtailing investment in the productive sectors.

Recent evidence shows that trade liberalisation leads to increasing wage gaps between the educated and uneducated, not only in the OECD countries but in the developing countries [20]. This risk is potent in no other place as much as it is in Africa where the greater percentage of the populace is uneducated. Apparently the combination of technology change with the globalisation of markets is raising the demand for and wage premium to skilled labor faster than the educational system is supplying skilled and trainable workers. A second consequence is privatisation. Privatisation of utilities (power, water, telecommunications, etc.) is always perceived as good for the society. This is because most if not all publicly managed utilities in Africa are inefficient and bedeviled by poor and corrupt management. But it is increasingly obvious that privatisation poses grave risks of concentrating wealth in the hands of a few unless done well and with the full complement of regulation. The risks of privatisation arise because developing and transnational economies, almost by definition, are handicapped by relatively weak institutions, less well established rules of transparency, and often, not only high concentrations of economic and political power but a high correlation between those two areas of power. These conditions combine to make it difficult indeed to manage the privatisation process in a manner that is not disequalising.

Globalisation was created by the dominant social forces in the world today - to serve their specific interests. There are many instances to prove that the world economic powers are only interested in their selfish interests and will mobilize their political and economic muscle to assert that interest under any situation. Two may, however, suffice to drive home the point here. Firstly, the USA contains about 5 percent of the world's population but consumes 15 percent of the world's resources and creates the majority of the world's pollution as well. But at the Environment and Development earth

summit as well as in Kyoto, USA will not join other nations to carry forward the actions that would begin to cleanse the world for future generations as demanded by sustainable development. Another example is the recent case in South Africa. The government of South Africa recently passed a bill to import drugs cheaper through generic productions rather than ordering drugs more expensively through representatives of drug companies based in the country. This means that ordinary South Africans would be able to get the medicine they need at much reduced costs. This is permitted by the World Trade Organization (WTO), which replaced GATT. But the senate of the United States of America will have none of that. Reason, it cuts into the profits of its transnational and globalised drug companies. This US senate is an arm of a government, which is urging China to adhere to the agreements of WTO, but in another part of the 'global' village is telling everybody that it had no intention of respecting those same agreements. How convenient? This accentuates a fundamental question in the globalisation debate; the question is, to what extent are African governments willing to give up their economic sovereignty in the name of globalisation? If some of the players are going to double as referees and linesmen in a globalised world, how do we ensure that the political and economic game is fair to all concerned parties and interests? How will this phenomenon of globilisation address the current inequality belying the EU-Africa relations?

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CHAPTER FOUR

THE PLACE OF THE EU-AFRICA RELATIONS IN THE CONTEMPORARY GLOBAL SYSTEM

4.1 THE DEMISE OF THE SOVIET UNION: ITS IMPLICATIONS ON EURO-AFRICAN RELATIONS

Without a look at the causes, we wish to establish that the collapse of the communist bloc has continued to cast some pessimism about the anticipated economic and trade benefits accruable to Africa from Europe. The total financial flows to the African LDCs decreased at an annual average of 2.2 per cent during the period 1990-1993 as compared to 4.4 per cent during the period 1987-1989. In absolute terms, the total flows averaged $12.5 billion between 1990 and 1993, much lower than the 1990 figure of $13 billion, or less than one third of the target[1]. The oft-cited reasons for this low level of assistance are said to be the new demands on aid resources by the transitional economies of Eastern Europe and the Republics of the former Soviet Union; continued recession and aid-related budgetary cuts in the Organization for Economic Cooperation and Development (OECD) countries; and the diversion of aid funds to emergencies and conflict resolution operations.

Agriculture, which absorbs more than 50 % of the labour force and contributes an average of 37.8 % to GDP in the African LDCs, declined by 2.6 % per annum during the period 1990-1994. Manufacturing output recorded an average annual growth rate of 2.1%. Most of the African LDCs reported increasing budgetary deficits. Excluding Zaire, the rate of increase in consumer prices in all the other LDCs averaged 31 per cent during the period 1990-1993, mainly because of the removal of price controls, monetisation of the deficits, the effects of devaluation and the liberalisation of interest rates[2].

European investments, grants and trade now have ready markets and recipients closer home in Europe, with better infrastructural facilities and relatively attractive investment climate. Africa and the Third World are becoming less attractive as a result of economic stagnation, political stability and unpredictable economic policies. This phenomenon is quoted as adding impetus to the expansion of the EU membership towards East Europe. The prognosis is that the negative effects of this trend outweigh any positive ones in respect of the EU-Africa relations.

4.2 THE COTONOU AGREEMENTS: WHAT HOPE FOR AFRICA

The results of more than 25 years of the Lomé Convention have been mixed. The idea of non-reciprocal trade preferences was to grant customs exemptions -or at least reductions - to developing countries on manufactured or semi-manufactured goods, processed agricultural products and textiles. The principle of commercial cooperation permits the entry of manufactured goods and agricultural products into the Union without the payment of duties or limitation as to quantity, provided these are not in direct competition with products coming under the Common Agricultural Policy. There is no reciprocity obligation for the developing countries, which are bound only to apply the most-favoured nation clause and not to discriminate between Community countries. The objective is threefold: to increase developing countries' export income, promote the industrialisation of these countries and accelerate their economic growth. The system has been progressively developed to include the possibility of applying incentives based on environmental or social goals, tariff modulation to reflect the "sensitivity" of the products concerned and a graduation mechanism to encourage the least developed countries.

Moreover, greater selectivity has been applied, in particular with countries that were more industrialised or oil producing and thus no longer needed the mechanism. Although they contributed to the commercial success

of some countries, the global results have been mixed: ACP countries share of the EU market declined from around 7% in 1976 to 4% in 2000, and still about 70% of total exports are concentrated in only 10 products[3]. The **Cotonou Agreement*** provides a new framework for supporting the mutually reinforcing effects of trade co-operation and development aid. The EC and the ACP States have agreed on a process to establish new trading arrangements that will pursue trade liberalisation between the parties and formulate provisions in trade-related matters. The objectives of economic and trade co-operation are to promote smooth and gradual integration of ACP economies into the world economy, to enhance production, supply and trading capacities, to create new trade dynamics, foster investment and to ensure full conformity with World Trade Organisation provisions. Another important aspect is the improvement of the EC trade regime for all Least Developed Countries (39 of them being in the ACP group). This process will take place over the next years, so that by 2005 Least Developed Countries exporters will have 'free access' for essentially all their products on the EU market[4].

4.3 THE ECONOMIC PARTNERSHIP AGREEMENT: IMPACTS ON AFRICA

On 17 June 2002, EU Council unanimously endorsed a far-reaching mandate to negotiate *Economic Partnership Agreements (EPA)* with the 76 countries of the African, Caribbean and Pacific (ACP) region, of which 48 are African. These agreements are expected to eventually broaden trade co-operation with Africa by tackling non-tariff barriers, strengthening regional trade integration and enhancing the competitiveness of African economies through a comprehensive package of aid and trade measures.

The EPA is seen as a radical change to the ACP-EU relationship. Under the new Cotonou Agreement, the negotiation of WTO-compatible new trading arrangements between the EU and the ACP countries should start by September 2002 to be concluded, at the latest, by 2008. The European

* Signed on the 23rd June 2000.

Commission proposes that regional reciprocal free trade agreements, in the form of EPA, should replace the current non-reciprocal preferences in the trade relations between the EU and the ACP countries.

While the prospects of EPAs could offer new opportunities to the ACP economies, they also generate numerous challenges for the ACP countries and regions. The impact of the new trading arrangements on the development of ACP countries is a key issue for further negotiations. The Cotonou Agreement provides for the negotiation of new trade arrangements that should clearly benefit the ACP countries, enhance their development, integrate them into the world economy and contribute to alleviate poverty. With these imperatives in mind, it is necessary to cautiously consider the compatibility and consistency of trade proposals in the framework of the Cotonou Agreement with the overall development objectives of ACP countries, the WTO multilateral framework, regional integration processes and ACP relations with non-EU countries.

Europe and the ACP need to be genuine partners, not only in the WTO, but also in their dealings with each other, particularly as the EPA is being negotiated. On the European side it is widely appreciated that EPA is not about pursuing a traditional FTA. Rather, EPA negotiations are about jointly seeking new ways of bringing EU-Africa economic relations into line with changing realities; realities, which promote development and facilitate further cooperation. The agenda cannot be driven merely by the need to pry open markets at any cost or to spread the ideology of liberalisation for its own sake. It is accepted that the challenge, however, is to weave this realization into EPA negotiations at all levels.

For these EPA negotiations to have meaning, they must make a net contribution to economic growth and development. Unfortunately, this is not always appreciated because the negotiations are centered on trade. The simple reality though is that African countries can only conclude trade and other economic agreements, which they believe, will contribute to their economic growth and development. According to Dr. Kenny D. Anthony (see page 4), “we want development to be the focus of the negotiations - we are

not simply calling for financial and technical assistance, but for recognition from our partners, and for those various instruments, whether they be in market access, financial cooperation, agricultural cooperation or otherwise, which will advance our development. This criterion is the ultimate acid test of the utility of whatever we negotiate".

The Doha Development Agenda (DDA), however, is the most ambitious attempt to date to move the issue of development to the core of the multilateral trading system. It seeks to move the WTO away from a system where trade rules were the best that the negotiating process could produce, while developing countries were simply given more time to adapt through temporary exceptions and exemptions.

Similar to the NEPAD is the DDA, which highlights the need for Africa to receive increased technical assistance and capacity building support in the area of trade. The EU and its member states are in the forefront of these efforts. European support is mostly channeled through bilateral TRTA and capacity building programmes with individual African countries and regional organisations. But the EU is also the main contributor to multilateral schemes like the Doha Global Trust Fund and the Integrated Framework for LDCs.

4.4 The AU AND NEPAD: PLAUSIBLE SOLUTIONS TO A REAL THREAT

Following the need to strengthen the political and economic capacity of the OAU to meet the challenges of the new millennium, African leaders at the OAU/AEC Summit in Lusaka 2001, announced their decision to transform from the OAU to the African Union (AU) [5]. But was this change simply about dropping an'O'? While structurally, the answer is 'No', it is yet too early to call. Whereas the OAU was in principle a political organization that *discuses matters of economic and social concern*, the AU is an organization *aimed at economic integration and social developmen*t, which is believed, should lead

to political unity. The AU has moved away from the overly state-centric characteristics of the OAU.

With the inclusion of the Economic, Social and Cultural Council (ECOSOCC) in its Constitutive Act*, the AU is expected to give more attention to African economic problems. By merging South Africa's President Thabo Mbeki's Millenium Africa Recovery Plan (MAP) and Senegal's President Wade's Omega Plan, the AU in July 2001 approved and adopted the the New Partnership for African Development (NEPAD) [6]. NEPAD is therefore a brain child of the AU.

At the heart of NEPAD feature ***Peace and Security*** and the ***quality of Governanc***e, both considered as prerequisites for economic and social development. The centrality of these notions is fully acknowledged and reflected in EU-Africa agreements. They all include a definition of the "essential elements", the breach of which may affect the partnership. They all contain provisions for a structured political dialogue. The ***"essential elements"*** that are at the heart of EU-Africa agreements correspond precisely to ***NEPAD's own prerequisites*** : strengthening democracy, protecting human rights, promoting the Rule of Law and good governance are common undertakings that underpin the political dialogue between Europe and Africa.

Political dialogue between the EU and Africa takes place at country level. It is actively pursued under Cotonou, the Euro-Mediterranean and the EU-South Africa agreements. It deals notably with promoting respect of the essential elements, but also with foreign policy and security issues of common interest.

Political dialogue between the EU and Africa increasingly takes on a ***regional dimension*** : given the regional nature of many political and security issues, and owing to its own evolution towards a Common Foreign Policy, the EU is increasingly encouraged to address political issues in their regional context. The Euro-Med dialogue is a strong illustration of this. But there is also an active dialogue organized with SADC under the "Berlin

* Articles 19 & 22 of the AU Constitutive Act.

Initiative" since 1994 and, more recently, a high-level political dialogue between the EU and ECOWAS[7].

At a broader level, the EU also has a long experience of engaging in ***institutional dialogue*** with Africa in the framework of the Mediterranean or the EU-ACP Agreements, where joint Committees, Joint Councils and Joint Parliamentary Assemblies meet regularly. These, however, are not limited to African participants, and each of them only concerns a part of Africa. The need emerged more recently of holding a high-level ***political dialogue at the level of the Continen***t. The first EU-Africa Summit, held in Cairo in April 2000, saw the participation of every single African country together with all EU Member States.

NEPAD has raised considerable interest on both sides of the EU-Africa table. Given its panafrican nature and its broad membership which cuts across all African regions, the initiative has already become a central topic in this EU-Africa process, and its contents should strengthen the preparation for the subsequent Summits. Back in October 2001, the European Union had publicly stated its support to the NEPAD initiative by African leaders. As a member of the G8 and also on a bilateral basis, the European Commission has developed close links with the NEPAD Steering Committee and pledged to support its efforts to build capacities and formulate an action programme.

As the new African initiatives progressively establish their record and demonstrate their credibility, the EU is committed to strengthen its partnership with Africa. Europe is willing to back the African Peer Review Mechanism through its political dialogue and co-operation. Europe is committed to strengthen Africa's trade opportunities through the negotiation of EPA.

It should however be noted that NEPAD does not exist in a vacuum[8]. There are many initiatives and processes on the ground already, e.g. the UN Millenium Declaration, the G8 Okinawa Declaration, the EU/Cairo Plan of Action, The African Growth Opportunity Act (AGOA), the Sino-Africa Process

etc. Why have these initiatives not been able to collectively address the unequal interdependence in the EU-Africa affair? NEPAD does not seek to replace or compete with these initiatives, but rather to consciously establish linkages and synergies with them.

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CHAPTER FIVE

SUMMARY AND RECOMMENDATIONS

5.1 CONCLUSION

In the proceeding analysis, this study has attempted a critical examination of the EU-Africa relations. The issue of interdependence has been clearly established, that is, The EU needs Africa; same way Africa needs the EU. Colonial historical antecedents determined the structures for this interdependence. Over the years, these relations have been largely unequal, in favour of the EU. We have tried to outline the effects of this tilt both on Africa and Europe.

The relationship between the EU and Africa has been longstanding and defined by several economic agreements and treaties. While each of this agreements represent shifting positions in favour of the negotiating parties, they have yielded little results particularly for Africa. Besides the seeming lack of sincerity and commitment on the part of Europe to address the African case, African problems continue to increase geometrically by the day, giving the impression that it defies any solution; yet something can be done, and should be done.

No doubt, shifting trends in the international system have not spared the EU-Africa relations. Issues like multilateralism, regionalism and globilisation have been examined in this work, as they affect our subject. Thankfully the new visionary leaders emerging in Africa at the moment appear to be recognizing the imperatives and the realities of Africa's predicament in today's world that is why they are beginning to take giant steps towards economic integration and self- determination. But pessimism still exists in this puzzle: who makes the framework within which firms, TNCs, and regional economic groupings operate in the international market system?

5.2 RECOMMENDATIONS

What the ACP, and indeed Africa want, is a fairer trade regulatory system that contributes more to their economic growth and development and pays less lip service to the aims of the WTO.

The only way African economies can grow and begin to tackle the plight of endemic poverty and bring hope of a better life to her citizens is for it to be able to expand domestic production, improve export earnings and increase capital inflows. For Europe, economic progress in the ACP is clearly in Europe's own interest. Naturally, if African economies expand, so will their capacity to import. Africa will once again become more attractive as markets for goods and services and technology from Europe.

But there is another equally important issue. Obviously, the European Union cannot possibly be interested in inducing further poverty. Much of the political instability and social unrest in some of African countries is the direct result of poverty and deprivation. Until these ills are addressed, Africa will not have the peace and stability that is of importance to them, to Europe and indeed the world.

A democratic society, founded on equity, truth and egalitarianism is fundamental to economic progress. Empirical evidence suggests that inequity and injustice breed conflict, strife and war[1] and that countries with deficient basic governance will never be able to undergo sustained economic development. Apart from some dots of light here and there, Africa can be said to be a graveyard of all the vices above. At the most worrisome end are half a dozen states that have collapsed amid civil strife. As we saw tragically in Rwanda, Liberia and Sierra Leone, war not only devastates the lives of civilians; it damages the environment; it wreaks havoc on social, education and health services; it traumatizes whole generations of youth; and it forces people to abandon homes and farming land, engulfing once stable family units in a flood of refuges. It also triggers massive capital flight; diverts funds away from investment and to military expenditure;

distorts foreign aid budgets, etc. Therefore, a fundamental ingredient of the political and economic strategy for a more prosperous Africa must have as its pillar an unfettered democracy. Democracy not because the western imperialist powers are clamoring for it, but simply because it is the only system of governance that makes cross fertilization of ideas possible and comes nearest to carrying everyone along on the path of governance. Good enough, Article 30 of the AU Constitutive Act provides that any government, which comes to power by unconstitutional means, shall not be allowed to participate in the activities of the union[2].

To be able to forge a more potent economic force in a globalised economy, African nations should pursue a regional economic integration. Pundits have criticized this suggestion[3], but the critic failed to come up with an alternative solution to the need for a potent bargaining trump card for re-negotiating Africa's position in the world economic order. Firms and not the state create wealth, he argues, and as such economic integration of national economies will not solve Africa's economic problem since it is firms that determine the economic competitiveness of the nation vis-à-vis other nations. But who determines the framework within which firms operate? Whose responsibility is it to ensure that firms operate within the confines of the national social and economic objectives? What sort of wealth are we talking about? Is it just economic wealth - which firms may be good at producing? Or does it include social welfare, ecological stability and other sustainable development indicators? The state in their role as the social caretaker is responsible for the overall well being of the society. They determine the pace; pattern and type of economic activity that takes place in the nation and by extension the competitiveness of the nation.

If the economic interests of poor countries are to be relevant to the global economic play, a formidable economic bloc powerful enough to force the current economic giants to the negotiation table is the only tool. It is in this light Africa has great hopes in the AU and its NEPAD initiatives. One cannot underestimate the benefits that would be derived from a regional integration of African economies (and ideally economic co-operation of all

developing and transitional economies). Economic integration is necessary to foster national policy credibility and pool economic risks between otherwise vulnerable small economies; to resolve conflicts and minimize political risk; to exploit complementarities; and to develop regionally based links on a reciprocal and mutually beneficial basis. It is thus no wonder that many authors, have identified integration as a viable path for a sustainable economic redemption [4]. The current economic agglomeration going on in Europe is founded on the need to exploit the above characteristics as well as present a more formidable economic front against the dominance of the USA.

In his maiden speech to the UN assembly [5], President Obasanjo of Nigeria recognized the strangulating impact of globalisation and debt burden on African economies. In his recipe for proactive action, he shunned the usual plea for charity for the more historically consistent demand for moral and economic justice. This assertiveness is essentially a very positive phenomenon. Such utterances should also be followed by decisive steps and proactive action. One cannot, therefore, help but applaud the joint statement issued by both South Africa and Nigeria disclosing their resolve to foster the integration of African economies. That to me is a proactive step in the right direction.

In addition, African leaders must also reject the willingness of their predecessors to defer to outsiders - be they IMF and World Bank, or any of the western nations - especially concerning the content of Africa's renewal. Africa's economic and social problems must be solved by African people using sound policies, arguments, and strategies at the international front [6].

Developing nations can thrive in the new global economy - but only if they combine economic openness with a clear domestic investment strategy and effective civil and political institutions. While it may be true that globalisation increases economic growth, it is also a fact that it could cause some other adverse complications. The appeal of opening up to global markets are based on a simple, but powerful premise: international economic integration will improve economic performance. The comparative

advantage argument for free trade as put forward by the revered champion of classical free trade, David Ricardo, is also always cited as proof of the efficiency of global economic integration. As countries reduce their tariff and non-tariff barriers to trade and open up to international capital flows, growth will increase, the theory goes. This, in turn, will reduce poverty and improve the quality of life for the vast majority of the citizens of developing nations.

Finally, we need the courage to defy the currently fashionable orthodoxy, which advocates that trade liberalisation and privitisation will bring about development. Our growth and development can come only from the complex interplay of a range of favourable factors. The efficient allocation of resources through the free market system is just one presumption of that complex.

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