Geopolitical tensions, inflation, food and debt crisis

EU–Africa economic and trade relations in times of crisis

Conference documentation
7 December 2022 in Berlin

Organised by: Kirchliche Arbeitsstelle Südliches Afrika (KASA/Werkstatt Ökonomie),
Department of Development Policy and Postcolonial Studies/University of Kassel
in cooperation with Brot für die Welt and Misereor.

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Programme

10:00 Welcome note. Rosa-Luxembourg-Foundation

10:05 Welcome note. Peter Meiwald, Head of Africa Department, Catholic Bishops' Organisation for Development Cooperation Misereor, Aachen/GER

10:15 **Presentation: German and European Development Cooperation with Africa – Private Sector Promotion and Geopolitics.** Dr. Frauke Banse, Department of Development Policy and Postcolonial Studies/University of Kassel, Kassel/Germany

10:45 Coffee break

10:55 **Responses.** Gyekye Tanoh, Third World Network-Africa (TWN), Accra/Ghana, via Zoom

11:35 **Q&A session.** Moderation by Peter Meiwald

12:30 Lunch Break

13:30 **Keynote: EPAs, Postcotonou, Accompaniment of the African Free Trade Area.** Dr. Cheikh Tidiane Dieye, African Centre for Trade, Integration and Development (ENDA/CACID), Dakar/Senegal

14:00 **Response to civil society questions on the resolution of the European Parliament.** Helmut Scholz, The Left Party, Member of the European Parliament (MEP), Berlin/GER

14:15 **Workshops**

1. Inflation, Energy and Debt Crisis in Africa – The Links to International Trade Policy.
Gyekye Tanoh, TWN and Lebohang Liepollo Pheko, Trade Collective Think Tank, Johannesburg/South Africa and Munu Martin Luther, PhD Candidate Institute for Globalisation and International Regulation (IGIR), Maastricht University.

2. New broader EU-Africa trade agreements and the social, economic and political impacts – the example of Zimbabwe / Eastern/Southern Africa (ESA).
Admire Mutizwa, Zimbabwe Council of Churches (ZCC), Harare/Zimbabwe and Francisco Mari, Brot für die Welt, Berlin/DE

3. Agricultural production and food security – examples of local crisis responses.
Dr. Mwatima A. Juma, Tanzania Organic Agriculture Movement (TOAM), Dar es Salaam/Tanzania and Kizito Odhiambo, agriBORA, Kisumu/Kenya (workshop was cancelled)

4. Crisis Management through Private Money – Mechanisms and Risks of Market-Based Climate and Development Finance.
Dr. Frauke Banse, University of Kassel/GER

5. The Pan-African Free Trade Area as an African response to global crises?
Dr. Cheikh Tidiane Dieye (ENDA/CACID) and Brendah Akankura, Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), Kampala/Uganda and Imke-Friederike Tiemann-Middleton, Brot für die Welt, Berlin/GER

15:45 Break

16:15 **Panel discussion: Quo Vadis Africa? – The contribution of trade policy.** Dr. Cheikh Tidiane Dieye, ENDA/CACID; Lebohang Liepollo Pheko, Trade Collective; Lisa Brahms, German Federal Ministry for Economic Cooperation and Development (BMZ); Dr. Boniface Mabanza, Kirchliche Arbeitsstelle Südliches Afrika (KASA)

17:30 Closing remarks. Dr. Olumide Abimbola, Africa Policy Research Institute, Berlin/GER

Foreword by the organisers

The Covid 19 pandemic has already put an unforeseen sudden end to the belief in a steady economic upswing in Africa. The further increase in food and energy prices, partly as a result of the Russian aggression against Ukraine, further worsens the living conditions of many people on the African continent. The EU's and Germany's efforts to cooperate with African countries have increased significantly since the beginning of the war, especially in the energy and raw materials sectors. This increased interest follows a long series of investment initiatives and trade agreements between the EU and its member states and African countries: the Economic Partnership Agreements (EPAs), the Compact with Africa (CwA), the External Investment Plan (EIP) or the Global Gateway Initiative.

Proponents of these initiatives continue to emphasise the relevance of foreign direct investment for new economic growth and job creation under the new economic crisis conditions. They also point to the importance of private money in financing sustainable development goals in Africa.

Critical voices, on the other hand, note that Germany, the EU, but also other industrialised and emerging countries in the G20 context, are primarily concerned with these initiatives to maintain their own importance in Africa in terms of investment and trade policy. The pressure to open markets further, the strong focus on foreign private investment, the structural dependence on imports or the ever-growing relevance of the financial markets in development financing would intensify the current crisis phenomena. This applies, among other things, to the food and energy crises as well as the increasingly escalating debt dynamics.

The conference on 7 December with speakers and participants from Europe and Africa discussed, whether the economic initiatives launched in previous years by Germany (Marshall Plan, CwA) or the EU (EIP, Global Gateway), the existing EU-Africa trade agreements, or rather African projects such as the Continental Free Trade Area (AfCFTA), contribute to overcoming the new geopolitical challenges and the current consequences of the crisis.

Inflation, energy and debt crisis in Africa – the links to international trade policy

Martin Luther Munu

Martin Luther Munu is a PhD Candidate at the Institute for Globalisation and International Regulation (IGIR) Faculty of Law, Maastricht University. He is a development practitioner, specialised in globalisation and development and with a particular interest in promoting the development needs of poor countries in the global trading system.

Introduction

The triple challenges of inflation, energy, and debt crisis in Africa are linked to a combination of factors in the international system. These challenges range from the COVID-19 pandemic and its effects as well as the Russian invasion of Ukraine all the way to climate change. All impacted trade performance. To start with, the COVID-19 pandemic has had a major effect on trade and other socioeconomic activities on a global scale. Due to lockdowns imposed by governments as a strategy to combat the pandemic, there were supply chain disruptions that caused economic turmoil. There has also been an increase in the debt burden, as many governments borrowed more funds to finance COVID-responses. Towards the end of 2021, as many countries recorded recovery from the pandemic and lockdown measures were lifted, there was an increased demand for expansion of agriculture, tourism, and manufacturing. The Russian invasion of Ukraine in February 2022 affected the global recovery from COVID-19 energy, as prices skyrocketed and trade disruptions occurred. At the same time, the world witnessed unprecedented sanctions imposed on Russia by the Global North.

The challenges of Covid-19 are compounded by climate change, showing the natural impacts of climate change and the effects of policy measures to mitigate and adapt to climate change (policy impacts). The challenges have had a serious impact on trade performance with the impacts varying across developed economies, developing economies, and Least Developed Countries (LDCs).

The pandemic and beyond

A key issue for policymakers in Africa is how to address the issues surrounding the pandemic and beyond to facilitate sustainable development, despite the triple challenges. The economic disruptions affected trade, hindering local livelihoods as producers could neither access markets for their products nor inputs for their production chains. The unprecedented borrowing resulted in more debts, with questionable accountability mechanisms, raising the question of value for money i.e. whether the huge borrowing translates into better outcomes for both the economy and the people.

The Western sanctions on Russia, aimed at helping Ukraine defeat the invading Russian forces and close the war funding machinery of Russia, have had far-reaching implications for the global economy. The disruptions in agricultural trade such as of wheat and fertilizer exports by Ukraine and Russia posed a serious threat to global food security, Africa included. The Russian war in Ukraine and its effects demonstrate the big player effect in international trade where a shock experienced by the major suppliers disrupts global demand and supply, creating an even bigger problem for small players in African countries. For African countries, the need for policies aimed to facilitate structural transformation and address import dependence became clearer.

Trade performance

A report by the World Trade Organisation (WTO)[1] shows that several measures were introduced by Members between mid-October 2021 and mid-October 2022 as shown in Figure 1. There were more import restrictions, affecting food, feed, and fertilizers trade the most.

A report by the African Development Bank (AfDB)[2] shows that the Russia–Ukraine conflict has greatly impacted Africa. As shown in Figure 2, there has been a rise in energy prices as well as those of metals, food, and agricultural raw materials. Although global food prices did not rise as much, Africa, being a small player in international trade, has been disproportionately affected and yet those effects are insignificant on the global scale.

Trade, climate change and development

Climate change is reshaping countries' economic and trade prospects. In terms of economic prospects, extreme weather has affected agriculture as well as human settlement and hindered productivity, which contributes to an increase in poverty. At the trade level, the climate change effect on agricultural production systems in Africa has undermined export potential and increased reliance on food imports.

In addressing the effects of climate change, trade can and should play a role, but the question remains, how? On one hand, there has been an effort to use trade as a tool for low carbon transition but this strategy should take into consideration the technology, affordability, and needs of developing countries, particularly of those in Africa. International cooperation remains key in addressing the challenges brought about by climate change while maintaining the central role played by trade in promoting development. There are various mechanisms for international cooperation at the multilateral level i.e. the WTO, the United Nations Framework Convention on Climate Change (UNCFCC), regional levels such as the European Union (EU) and the

Figure 1: Number of measures introduced between mid-October 2021 and mid-October 2022

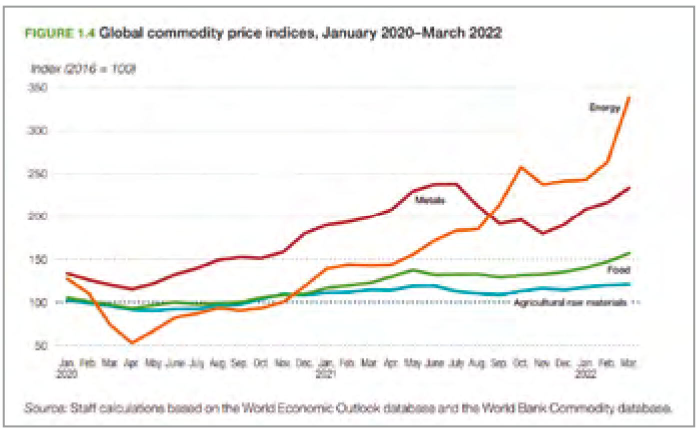

Figure 2: Global commodity price indices, January 2020 – March 2022

African Continental Free Trade Area (AfCFTA), and bilaterally such as the EU-Africa partnership.

All the mechanisms for cooperation have their merits and demerits and therefore should be seen as options that African countries can pursue to achieve their national interests as opposed to the prioritisation of a particular mechanism. The central issue for African countries should be how to use these mechanisms for cooperation in a way that balances their rights to development with their obligations in line with the Special and Differential Treatment (SDT) provisions in international agreements covering trade and climate change negotiations. More importantly, African countries need sufficient and appropriate funding mechanisms, something which is not forthcoming through existing mechanisms for cooperation. For instance, the AfDB estimates that climate justice suggests that Africa is owed almost 10 times as much of the global climate finance that it received in 2016 –19.

Africa and the international order

A report by the United Nations Conference on Trade and Development (UNCTAD) also shows that the Russian war has led to increased energy prices, and overall inflation in African countries, presenting more bottlenecks to intra-African trade. As shown in *Figure 3*,

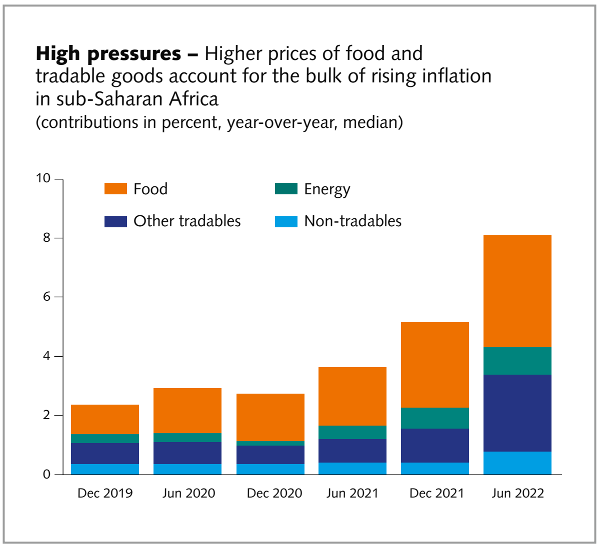

Figure 3: Inflation in Sub-Saharan Africa

food prices have been increasing since 2019 due to the pandemic, but this increment exploded between December 2021 to June 2022 due to the Russian war in Ukraine.

The triple challenges show that African countries rely on the international economic order and any disruption in the international system is quickly felt in Africa, highlighting the vulnerability of African economies to external shocks, and their limited coping mechanism. For instance, as European countries can subsidise their energy and other goods during the crisis, African countries have limited state capacity for subsidies. Moreover, food production is largely rainfed, meaning that extreme weather conditions brought about by climate change make the continent even more vulnerable.

Conclusion

In conclusion, inflation, energy, and debt crisis are complex and interlinked issues that need a comprehensive policy response at both national and international levels. The pandemic and responses to it present a new form of challenge to livelihoods and development in African countries, highlighting the importance of international cooperation that delivers for those in need. However, the principle of special and differential treatment should remain central, meaning that some obligations should not be forced upon African countries as the world addresses the challenges of inflation, energy, debt, and climate change.

1 WTO. (2022). Overview of developments in the international trading environment Annual report by the director-general. (Mid-October 2021 to mid-October 2022). WT/TPR/OV/25.

2 AfDB. (2022). African Economic Outlook 2022, Supporting Climate Resilience and a Just Energy Transition in Africa, Available at https://www.afdb.org/en/knowledge/publications/african-economic-outlook

A global "Zeitenwende": trade is about relations

Gyekye Tanoh

Gyekye Tanoh is Head of the Political Economy Unit at Third World Network-Africa, where he conducts research and advocacy on globalisation, trade and development. He is a regular contributor to African Trade Agenda and a number of other publications on a wide range of subjects considering the impacts of globalisation issues in Africa. He is also Deputy National Coordinator of the Ghana Coalition Against Privatisation.

Discussions of African trade relations have gained new momentum

In the discussion on trade during the trade conference, Cheihk (Cheihk Tidiane, ENDA/CACID, Dakar/Senegal) made the important point that when you are pursuing something and it comes to a dead end, and the clear evidence shows that the majority of the participants reject it or are not interested in it, the wise thing to do is to change course. So, he made a reference to West Africa and the ECOWAS-EPA, which illustrated how basically the EPA is a non-starter in the region and that the EU has really no choice but to kind of accept the reality and go back to the drawing board and reconstruct.

Private sector promotion for development? An analysis of German and European development policies in Africa – a study by Frauke Banse, edited by Francisco Mari and published by Brot für die Welt in July of 2021.

The combination of being in a moment of crisis, multiple crises, and of the unworkability of the models and frameworks that have existed up to today, adds new urgency to what we were speaking of during the conference. Precisely because of our understanding of the unevenness, the inequalities, the exploitation, the power play that characterize all these relationships. None of us who participated in this conference believes that simply because the whole globe is in a global crisis, there will be a smooth emergence of consensus and unanimity as to what has to be done. There won't be. Everybody can talk about a global crisis but use it for their own purposes.

The global "Zeitenwende" – Olaf Scholz and the future of the international order

A clear case for this is Germany's own chancellor. Olaf Scholz – I'm sure some of you have seen what he wrote in the Foreign Policy Journal on December 5th 2022: "The Global Zeitenwende". He stated that there's an epochal, fundamental transitional moment for the world and he makes a number of arguments. It's very interesting what he says. But what is also interesting is what he does not say. Of course, you can expect the usual things like the fact that Germany has to rethink its entire strategic position. It has to rethink its national and regional interests and the primary motive, the primary trigger or the primary problem that this responds to is the militarisation of the global order that has been brought about by especially Putin and Russia's invasion of Ukraine. He uses this argument to state that we have come to the end of a phase of globalisation. That's a hugely important statement from a person in his position. And coming to the end of a phase of globalisation is characterized by new countries and regions more aggressively pursuing their interests around the question of energy, around everybody's justification that we can militarize and so on and so forth. There is no mention whatsoever of the fact that we are in a global crisis together and therefore there must be equality between nations and so on. But the way he characterizes the sequence is very interesting. He's very clear about the 100 billion Euro boost to German war industry. He's very clear about the need for European military to coordinate and have one single approach, including regarding on weapon systems and so on, which in a sense is also to say that Germany as the Franco-German core of the European Union should be given a freer hand, and those who exercise a certain veto should be disallowed from preventing the collective project to go ahead. He proceeds to write about the fact that energy and energy independence of Germany and Europe is central. He mentions that he doesn't believe that the new global competition, which all of us will recognize is mainly between the U.S. and China, and not between Russia and the EU or anyone essentially, which is really what ultimately all of the article is leading the reader to think. So, in a sense, Olaf Scholz tries to chart a middle ground and say that Germany is happy to make deals with everybody and recognizes that one of the main fault lines of the world today isn't capitalism or not capitalism – it is about whether you have authoritarian or free market democratic capitalism.

The „Zeitenwende“ and the global South – what Olaf Scholz doesn't speak of

Basically, Olaf Scholz touches multiple topical political questions and talks about the need for energy security, energy independence. And that energy independence, plus the bolstering of European military capacity, is the key to everything. He mentions the bolstering because on the one hand, Germany is part of NATO, yet needs to be a bit more independent from the United States on the other hand. It's clear Germany and the EU have to also be in an independent position to chart their own energy independence. It's also clear that energy independence requires to respect the global South – which means mainly the energy producers. It's interesting that in his view, all those raw material producers have grown strong from the wealth through the enhanced production of raw materials, and hence they gain a greater importance and therefore the EU needs to treat them with respect.

What this means is that when dealing with Saudi Arabia or the Gulf States – those countries that on the basis of their economic or other policy manage to develop and achieve global market power – Germany and the EU must treat them as equals. Those countries who haven't succeeded in gaining global market power, he doesn't prescribe a position for. So, the EU will treat Africa with no respect, there's no commitment towards it, there's no attempt of someone – Olaf Scholz, who is saying that we are in a global „Zeitenwende“ – to declare that everything must change, including life or death in terms of military, he doesn't say anything about trade relations. He's totally silent about the question of finance, debt and so on. The things that are killing the majority of the global South, the things that make the majority of the global South more vulnerable than it has ever been since its independence, he stays totally silent about. In other words, the „Zeitenwende“ he speaks of is confined to the construction of global power. What he speaks of – new alliances, European independence, and so on and so forth – is about acknowledging the context of greater national and regional competitiveness, is about acknowledging that we will go out of our way to find and secure privileges for ourselves, on whatever terms we can get them.

The view of poor countries on trade liberalisation, tax justice, financial and environmental sustainability is needed

Germany has begun to step up its visits to Africa, including the one by the minister of economy in Namibia and South Africa in December.

South Africa has great potential for renewable energies such as wind in the coastal regions (here the coast near Durban). The country suffers currently from an acute energy deficit and green hydrogen is to be produced here for export to Germany.

This is the *real* context of where we are. But where does trade liberalisation take us? What do we do about energy policy and sustainability? And how do we balance sustainability with equality and the needs for development? We need to ask the question of what is the oil of the system, and in this case, I don't mean the raw material oil, I mean the lifeblood of the system in terms of finance, investment, debt and credit and so on and so forth. How do we face this oil? These are entirely relevant questions, and I'm very intrigued by the way in which the Chancellor of Germany is highly selective, very purpose-oriented with the justifications that he makes for a new German policy, when he remains completely silent about other justifications. Purposefully silent on precisely the questions that all of you have asked during this trade conference in terms of tax justice, in terms of financial sustainability, in terms of environmental sustainability from the view of the poor countries and poor populations in this world. This is the first context that we ought to establish.

Trade liberalisation: equality with some, not with all

There are a number of reasons why it is easy to understand both the emphasis that he's given, yet also to understand the things that he has chosen to remain silent on, because the incremental power of Europe or Germany in terms of its ability to forge a more independent or a common autonomous path, precisely requires that Germany will gain greater access and greater control of spheres of influence which assure its energy supplies and so on. It can partially be on the basis of equality. There'll be equality with some, but there won't be equality with others. That's essentially the point that Scholz makes and important when we look at trade liberalisation.

There are two dimensions to it that come into play:

1. Systemic imbalances between primary and advanced production

Yes, it is true that over the long term, if your economy is based on primary production, raw material level production without advanced so-called value creation or industrial diversifying techniques, you lose out. But you can't look at that only from the question of trade alone, because terms of trade, especially in a world where boom and bust slump and price volatility are endemic. Trade terms, even though you can say over the long term are unfavorable to primary producers, this is not the case all the time. We have seen moments when primary commodity prices go up. How else would the Gulf states, Qatar, UAE and Saudi Arabia have captured a greater share of the global value chain of oil and gas? It is precisely that which makes them be worthy of Olaf Scholz's respect or – in Scholz's terms – new rising powers of emerging markets who have to be treated equally and are now competitors.

If that is the case, then we have to ask ourselves, why is it that now that we are in a moment where raw material prices are back up again, whether it is copper for renewables or whether it is oil and gas – that in the case of Africa, the strongest raw material producers are in more crisis than before the prices went up? The structural and systemic imbalances between raw material/primary production versus advanced production must be recognized.

2. Interpersonal relationships

But more important than the material facts are the relationships underlying those dynamics, because all economies can only be understood as relations between social groupings, social relations, even if those relations are mediated in control over things like natural resources or through institutions such as markets. And so they are ultimately only about relations between people, sets of people, people who you can identify as having certain collective positions in relation to the dominant ways in which wealth – and by wealth essentially I mean goods, services and the value adding to natural resources, all of which require human labor, all of which are not simply given by nature or by the fact that you have a democracy or not – is gained. In other words, wealth depends on how human labor is organised, in conditions where the human labor is competitive and has to be activated by in a monetary economy, by means of monetary capital, not simply your raw material capital. It is the same monetary capital that ensures that raw materials are recovered and exported from different places. Production is started in a particular location that has trade infrastructure. And at every element of this, the position of different types of labor and collectives of human beings and societies within it, is what defines ultimately what the producers want, what they will get in terms of trade relations and what they will get in terms of finance.

The role of the financial sector

The financial sector, the financial circuit, is the one that allows different movements of these processes to feed into each other in our money economy. For example, if I have raw materials, the financial circuit allows me to produce it, to move that product to somewhere else. But the relationships that are constructed in the process of production is what will define the relationships that are constructed at the level of finance and the level of trade. Qatar, for example, is a so-called model of national ownership of gas. In fact, it has been touted as a model since after the first Gulf War, the first Kuwait/Iraq war, when the other Gulf states which were not directly involved, learned the lesson that they need to achieve better control over their own natural resources. Qatar has a leading role in production and in the investment in production, which gives it the financial muscle that everybody now feels. And everyone knows now, that the Gulf States have become an autonomous center of global wealth and trade from almost nowhere.

If you have a situation like you have in Africa, where any local interests, whether it is national ownership or domestic interest in raw materials, have been eliminated, you are going to have the opposite result, showing in financial dependency, dependency on foreign investment and so on. The financial system of the world puts inordinate pressure on the currency values of, let's say, African currencies; it determines a certain level of interest rate regimes, it gives a certain credit rating and therefore coins certain debts and credit relations.

Illicit financial flows

How do we integrate international illicit financial flows? I don't like the phrase very much because most of it has nothing to do with being illicit. Pro healthy capitalism we're talking about it, is not illicit. Only some groups of people, by their nature, given to them by God, happen to be more corrupt than others, which illicit implies. Illicit implies that the system works okay, but there are a few rule breakers, and that's the problem. But no, the system is the problem, not the rule breakers. Basically, the issue of illicit financial flows can be characterized as one of the ways in which growing volumes of surpluses are being transferred from Africa as part of the outflow of assets. This is based on the weakened position of African interests in those sectors. That's why you find that the greatest incidence of so called illicit financial flows is firstly, in the extractive industries, exactly the place where there is the huge weight of foreign investment, the presence of Trans National Enterprises (TNE) etc., and secondly in new areas like telecommunications and finance, where there's a new dominance of foreign interests, thirdly in areas of infrastructure and therefore the PPE models and so on. All of this relates not simply to the expulsion or the weakening of African interests, of African capitalists.

African capitalists weakened

More important is the relationship between African capitalists and global capitalists and what defines the position of Africa. If you are a capitalist, you have to compete with other countries. Whether it's to exploit raw materials or whether it's to exploit human labor. You must compete with other capitalists for a share of that exploitation, both to carry out that exploitation or at least to seize a greater share of the surplus that is created from that exploitation. African countries are currently, because of privatisation, neoliberalism, in terms of productive capital, weaker than they have ever been since independence and global financial liberalisation.

What is it that European countries have as competitive and comparative assets in terms of their relationships with global capital and to ensure that they remain competitive? For example, Germany can subsidize zero or minus real interest rates for its U.S. bailout. Africans can't do that, and not because they are prevented by law. Germany can outcompete certain countries because of its technology, its productivity etc. Africans can't. What African countries have, are cheap labor and cheap raw materials. African capitalists can't compete with foreign companies. They can only squeeze down the livelihoods of their workers. They are peasants and pump as much unpaid labor out of the sections of the population, which they can get away with, by not paying women, for example. Africa's ruling classes have an interest in the global exploitation of Africa's capital because they don't have an alternative. At the same time, they also want to gain special advantages, for which they go to court international partnerships, for example, in the case of the World Climate Conference COP 27 in Sharm el Sheikh, when the Ugandan government will tell you, as if at a trade fair, that actually, *all we have done is to export 30 % of our oil and gas potential reserves. We are fully open for business, for the maximum exploitation of all our fossil fuels.* This is the statement of the Ugandan Government. That is why they went to the COP.

Family trying to make ends meet Zimbabwe: Production and financial flows should be "nationalized under the workers community's or women's control."

Only if the relational dimension is worked on, trade benefits can be drawn

Only 38 % of Africa has electricity. Only 20 % has access to sanitation and pipe borne water. Only 17 % has access to clean cooking. In fact, that's the number one biggest cause of respiratory illnesses for women in Africa and the biggest killer of women in Africa, above malaria and HIV combined. For that reason, us Africans, too, are entitled to the dirty development of the global North. We should be able to pump as much fuel and gas out the world as them. But it's a false solution. Why is it a false solution? Because, how come all the growth that has already taken place on the existing debt in development has not benefited the majority of population? In other words, if it is true that economies and economic activities are defined by the relational dimension, not the actual substance of them, then no matter how much you expand that so-called debt, whereas the fundamentals of the relationship don't change, you are going to worsen the situation that exists, not improve it.

The transition that we need has to be one that aims at altering the dominant relations. For example, when the world has to limit temperature increases to 1.5 degrees Celsius, that means that we have to limit carbon emissions and fossil fuel production over a certain cycle in a certain way through special and differential treatment. Even though all of us must be reducing, we should allow a greater share for African countries in this transitional movement. In that process, we need to nationalize the financial flows and give production equity. And if we nationalize them and put in the hand of African capitalists, whether it is Cyril Ramaphosa or the president of Ghana and his business friends, African countries are still going nowhere. It should be nationalized under the workers, communities and women's cooperatives' control, which will need a lot of local collective capacity building.

Conclusion – radical change in trade is needed

The models of collective economic democracy and decision making are being built and can be scaled up to a national level and can become the basis of internationalism. The resources that we seize from nationalizing these processes are the resources that will allow retraining and reskilling. The newly formed technological capabilities are precisely what will give us the basis to shift genuinely to green technology without market competition, profitability etc.

Therefore, the trade and financial relations will be defined by the changing relations between people and peoples in terms of global North and South, but more importantly between classes, between oppressed groups such as women etc.

The questions of trade, of climate and finance, are the ones that fundamentally shape the positions of all these people vis a vis one another. If we don't look at that together, we will not have the internationalism that we need. We need an answer to the likes of not simply Joe Biden and Vladimir Putin. We also need an answer to the likes of Olaf Scholz for example, because his attempt to global politics is as much a problem for the rest of us. And if he is right that we are in a systemic crisis, then we need epochal, radical change, and that radical change must start from our understanding of what we do about trade, finance, structural and social inequalities.

The future of EU–Africa economic and trade relations: green and decolonialized

Lebohang Liepollo Pheko

Lebohang Liepollo Pheko is a senior policy, business and social enterprise specialist, as well as an academic, public intellectual with over 25 years of experience within the private, public and development sectors across the globe. Her vision is to drive the use of systems thinking and innovative tools to find Africa-centered and feminist aligned solutions to generate a sustainable global impact.

Let me start with framing observations

Firstly, it is essential to recognize that African economies are susceptible and vulnerable to both internal and external shocks. This has been illustrated by the way in which the economies have been impacted by and responded to the COVID-19 pandemic. Despite the fact that the Sub-Saharan Africa (SSA) region accounted for only 3 % of total global infections and 4 % of total global deaths arising from COVID-19 as of April 2021 (Heitzig et al. 2021), the pandemic generated a huge impact on the economies of African countries, with many of them actually reporting negative growth rates in the 2020–2021 period. This is additive to the fact that the economies are also frequently impacted on very severely by climatic change-related shocks – notably cyclones, floods and droughts – which remind us, year-in-year-out, of the extensive vulnerabilities which continue to be little recognized and inadequately acted upon.

Secondly, the capacity of African countries to recover from these shocks is very limited. As a result, the effects of the shocks tend to exaggerate, enhance, and accentuate the economic challenges that the continent faces, namely: limited fiscal space, a compromise on the ability or capacity of state governments to deliver key public goods and services, weak trade positions, macroeconomic instabilities, poverty, and general social insecurity.

Debt is a key instrument for the perpetuation of colonisation

Next to keeping in mind those two initial framing observations, my second proposition is to understand debt as being a key instrument for the perpetuation of colonisation in Africa. It is perhaps the single most important variable that has impacted on the way in which neocolonialism – if that is what we want to call it – has been entrenched on the African continent. There is a bit of history here in terms of where we are coming from. When the Bretton Woods Institutions were established, we know that their main clients were their founders, the industrialized or developed world. The International Monetary Fund (IMF) was established to address the need for exchange rate alignment in the operationalisation of the gold standard fixed exchange rate system; the need to provide short-term lending in order to address balance of payment challenges; and the need for surveillance as a result of providing that kind of assistance.

The year 2020 has seen an unprecedented oil price crash, causing a shock to the fossil fuel industry. The impact has been brutal among oil companies, especially in the high-cost US shale oil sector. As for oil-producing African countries, such as Angola, Algeria, Libya, and Nigeria, more economic strain has been added to their economies with mounting budget deficits and a hemorrhaging of their foreign exchange reserves. Against this backdrop, some analysts have rushed to speculate that the pandemic could kill the oil industry and help save the environment. Caution however must be exercised in face of such euphoric claims and wishful thinking.

In times of crisis or otherwise, if we are serious about moving beyond oil, it is crucial to closely examine the linkages between fossil fuels and the wider economy and address the power relations and hierarchies of the international energy system. These relations are rooted in colonial and neocolonial legacies, as well as practices of dispossession, plunder of resources, and land grabs, especially in the Global South.

Thirdly, the structure of African economies makes it impossible for them to actually respond to the external and internal shocks, and to recover from them quickly and sufficiently enough without recourse to external assistance. It is indeed essential to emphasize that it is virtually impossible for most – if not all – African countries to address these multiple and complex challenges without requiring external support, mostly in the form of material donations, grants, and concessional loans.

The focus of the neoliberal policy reforms is inappropriate for Africa because of the same initial arguments that African governments used in order to pursue mixed economies – economies where the government plays a leading role, not only as a referee but also in facilitating and even leading the expansion of productive capacities. These arguments are still valid today as we speak (Zaman 1995).

As argued by Khan and Aftab (1994), the other reason why the neoliberal model is inappropriate for Africa is that the **underlying behavioural relationships** that make up its building blocks do not necessarily exist in most African countries. To have a neoliberal model that really operates and entrenches the operations of free markets, you need functional institutions. For instance, if the Treasury borrows irresponsibly and the central bank is too weak to control fiscal dominance, then you have a situation where the banking sector simply sits down and channels all its resources to the public sector, thwarting private investment in the process. Banks that simply mobilize resources from savers and channel them to the government should be called 'non-banks', but that is what commercial banks in debt-pessured African economies are doing. Their officers can simply monitor how Treasury securities are moving on a daily basis, because the governments have insatiable appetites to borrow. They have those insatiable appetites to borrow, not out of choice, but because the framework is set in such a way that it is impossible for them to broaden the tax base in order to generate adequate resources to meet their expenditure needs.

The fourth framing observation is that Africa faces a persistent need for more debt, even under normal circumstances, because the global financial architecture is structured to perpetuate the dependence of the African economies on the economies of the Global West. Indeed, Africa is being forced to become perpetually dependent on external debt in spite of the fact that the terms associated with contracting such debt have increasingly become unfavourable to debtors, and more favourable to creditors. This is leading to the emergence of a new spiral of unsustainable debts on the continent, even after many countries benefited from the Heavily Indebted Poor Countries (HIPC) initiative, as well as the Multilateral Debt Relief Initiative (MDRI). At the time of writing, African debt had just surpassed the $1 trillion mark. The rising domestic debt servicing costs that African countries have to pay worsen the trend, particularly given the dominant macroeconomic context of relatively high domestic interest rates set to dampen inflationary pressures. As a result, there is a natural limitation on the fiscal space available to African governments, implying stringent constraints on their ability to finance development. Indications suggest that some African countries were actually spending up to one-third of their recurrent budgets on servicing both domestic and foreign debts instead of channelling such resources to more productive uses. This should be cause for great concern.

The fifth and final framing observation is the need to restructure and reverse power dynamics and relations so that debtors have as much of the contracting voice as creditors. The latter have, over a long period of time – at least since the 1980s – milked and sucked our continent to a point where they have profited many times more than the initial debt. Instead of merely reforming the underlying global financial architecture, therefore, we should be talking about dismantling it altogether, in order to create a new fit-for-purpose architecture that will have due regard for debtor interests.

Example of South Africa

South Africans are well-acquainted with energy crises, above all, electricity shortages. Both, the network and the power stations of state energy company Eskom, are in a desperate state. Without the sophisticated implementation of rolling blackouts (so-called 'loadshedding') the system would collapse completely. South Africa's electricity is also dirty. Around 85 percent is obtained from coal. An energy sector conversion towards renewable energies and a satisfactory and secure power supply have been controversial issues for years.

According to Statistics South Africa, fuel prices are the major inflationary drivers. In June 2022 they were 45 percent higher than in the previous year. In April the government announced the suspension of the fuel levy of (initially) 1.5 rand (around 9 cents) and then 0.75 rand per litre up to the beginning of August. But given the price of 26 rand (1.54 euros) per litre in July, this barely scratched the surface. Furthermore, it remains unclear what will follow the Covid-19 emergency support which expires next March.

Rising global coal prices give every incentive to step up coal mining at home. Only a few South Africans benefit, however. For the great majority, the global energy crisis above all means painful price increases on essentials. Inflation has topped 7 per cent in recent months, the highest level since 2009. According to the Pietermaritzburg Economic Justice and Dignity Group prices on basic foodstuffs, in particular, have risen much more sharply. The price of an average basket of groceries has risen by 13 per cent over the past year.

Example of Ghana

Ghana's economic woes continue as the country seeks International Monetary Fund (IMF) support for the 17th time. The bailout was necessary after the new electronic transaction levy (e-levy) – a 1.5 % tax on all electronic transfers above GHS100 – failed to yield the expected results.

Previous IMF programmes have improved macroeconomic stability in Ghana. Fiscal discipline in

African economies at loss – each year, $243,05 billion leave Africa.

the country often depends on these programmes, as self-imposed controls are rare. Nonetheless, the solution to Ghana's crisis lies with its government and people. The economy has suffered significantly since early 2022, plunging the country into a full-blown economic recession. Inflation rose from 13.9 % in January to 37.2 % in September, and some analysts believe the actual level is more than twice the official rate – possibly as high as 98 %. Petrol and diesel prices have jumped by 88.6 % and 128.6 % respectively. Most public transport fares have increased by over 100 % since January.

Likewise, water and electricity tariffs have risen by 27.2 % and 21.6 % respectively this year. According to the World Bank, Ghana has the highest food prices in Sub-Saharan Africa, with prices soaring by 122 % since January. The country's interest rate of 30 % and lending rate of 35 % are the highest in Africa. Bloomberg says the Ghana cedi is now the worst performing currency globally, and the IMF revised Ghana's projected growth rate for 2023.

Example of Vietnam

In Vietnam, the best indication of the real impact of price rises is the normally very reasonable price of street food, which most Vietnamese take for granted. The average price of a bowl of pho, the popular rice noodle soup usually eaten for breakfast, rose by 30-45 percent from May to August. It now costs the equivalent of 1.95 euros.

The main drivers are rising fuel prices or rather knock-on effects of the kind observed at German filling stations. Fuel prices are now already at the same level as in February, partly as a result of a cut in the environmental tax. But falling production costs are not being passed on directly to consumers. Furthermore, the high price of gas, which is often used in cooking, is 24 percent more expensive than it was last year.

Electricity prices are regulated by the state electricity monopolists Vietnam Electricity (EVN). Price shocks thus tend to be passed on to consumers with some delay and considerably attenuated. Over half of electricity generation in Vietnam is based on imported fossil fuels. Correspondingly, rising world market prices exert a strong influence on the calculation of electricity prices and thus the pressure to pass on price rises to consumers is likely to increase.

Apart from higher prices for energy, foodstuffs, transport, imported products and restaurant and hotel services, inflation in Vietnam has remained moderate in comparison with the euro area, according to official figures. It is expected to remain at the government's envisaged 4 percent. This will not represent an existential threat to Vietnam's rapidly growing middle class. For low-wage workers, however, price rises will pose enormous problems, for example in the shoe and textile industries and in the large informal sector.

Example of Ecuador

Barely a couple of months ago, an 18-day national strike paralysed the country, organised by the Confederation of Indigenous Nationalities of Ecuador (CONAIE) and other social organisations. Despite a state of emergency and military and police brutality, thousands of young and indigenous strikers blocked streets, businesses, and towns nationwide. They aimed to add weight to CONAIE's ten basic demands. They include the freezing of rapidly rising diesel and petrol prices, more public investment in the utterly dilapidated health care and social insurance system, fair prices for agricultural products from small-scale producers, together with price controls to combat wholesale and industry price speculation, as well as debt moratorium for private households, covering four million families.

(Renewable) Energy

The role of renewable energy has drastically changed in recent years. Just a few decades ago, it was only on the agenda for few ecologically conscious visionaries. Today, our future is unimaginable without a tremendous expansion of renewable energy. This is especially true for Africa, where, firstly, climate conditions are evidently favorable for renewable energies, most obviously for solar technology. Second, the technology is especially convenient for the challenges the continent is facing in energy provision.

Only every second person on the continent has access to a reliable and stable supply of energy, with a much lower rate in rural areas. Grid extension to connect every remote village in Africa is very expensive. Technical solutions such as Solar-Home-Systems that provide energy at household levels or so-called 'off-grid' solutions like insular energy grids in villages are instead offered as more viable and cheaper alternatives. The global community has pledged to guarantee energy access for everyone. This will only be possible if renewable energy plays a crucial role. In this sense, renewable energy contributes to social justice. The 2018 report of Poor People's Energy Outlook shows how especially poor people are affected by a lack of access to energy supply.

The World Bank has developed its own program – Scaling Solar – pursuing the goal of creating viable markets for solar projects. Another program, GET FiT, can be traced back to a Deutsche Bank initiative and is now being implemented with the help of several European donors. The driving idea behind this program is to assist African governments in providing an institutional and regulatory framework to attract investors for renewable energy projects. The main objective of the GET FiT (Global Energy Transfer Feed-in Tariff) Program is to assist East African nations in pursuing a climate resilient low-carbon development path resulting in growth, poverty reduction and climate change mitigation. In Uganda, GET FiT has mobilized USD 450 million in investments directed at increasing national energy production by around 20 %, which guarantees energy supply for roughly 200,000 households. Within the Scaling Solar program, two solar plants are being built in Senegal with a capacity of 30MW each, which makes it the cheapest energy source in the country.

These tools of domination not only lock countries in the global South into an outward-looking economic model – geared toward responding to the demands of the rich countries – but also limit the policy space for making sovereign decisions, such as moving away

Lebohang Liepollo Pheko, on the right.

from fossil fuels. A telling example in this respect is the Energy Charter Treaty (ECT), a dangerous investment agreement that allows the fossil fuel industry to keep hold of resources and continue harming the planet.

Agribusiness

Agribusiness is another locus where imperialist domination and climate change intersect. It is one of the drivers of climate change and, moreover, keeps many countries in the South prisoners of an unsustainable and destructive agrarian model. This model is based on the export of cash crops and the exhaustion of land and the rare water resources in arid and semi-arid regions, such as Egypt and Morocco.

Energy colonialism

Although certain Western governments portray themselves as pro-environment by banning fracking within their borders and setting carbon emission-reduction targets, they offer substantial support to their multinationals corporations to exploit shale resources in their former colonies, something that France did with Total in Algeria. Displacing the costs of such a destructive industry from North to South is one strategy of imperialist capital in which environmental racism is wedded to energy colonialism.

Transitions to renewable energy can be extractivist in nature

An example from North Africa shows how energy colonialism is reproduced in the form of green grabbing: The Ouarzazate Solar Plant was launched in 2016, and was praised to be the largest solar plant in the world. But scratching under the surface reveals a gloomy picture. First, the plant was installed on the land of Amazigh agro-pastoralist communities without their approval and consent. Second, this mega-project is controlled by private interests and has been financed through $9 billion worth of debt. Third, the project is not as "green" as its proponents claim it to be. It requires extensive use of water to cool and clean the solar panels. In a semi-arid region like Ouarzazate, diverting water from drinking and agriculture can be fatal to the locals.

Conclusion

A green and just transition must fundamentally transform and decolonize our global economic system, which is not fit for purpose at the social, ecological, and even biological level. It also necessitates an overhauling of the production and consumption patterns that are energy-intensive and utterly wasteful, especially in the global North. We need to break away from the imperial and racialized (as well as gendered) logic of externalizing costs that if left unchallenged, only generate green colonialism and a further pursuit of extractivism and exploitation (of nature and labor) for a supposedly green agenda. The fight for climate justice and a just transition needs to acknowledge the different responsibilities and vulnerabilities of the North and South. Ecological and climate reparations must be paid to countries in the South that are the hardest hit by climate change and have been locked by global capitalism in a predatory extractivism.

In a global context of an imperial scramble for influence and energy resources, any talk about green transition and sustainability must not become a shiny façade for neocolonial schemes of plunder and domination.

Open Africa for us! We need the common market!

Dr. Cheikh Tidiane Dieye

Dr. Cheikh Tidiane Dieye holds a PhD in Development Studies from Graduate Institute of International and Development Studies in Geneva and is founder and executive director of the African Centre for Trade, Integration and Development (CACID). Dr. Dieye is also a member of the West African EPA Negotiating Committee and several other ECOWAS Technical Committees. In addition, Dr. Dieye is a lecturer at the University of Dakar and Ziguinchor (Senegal), University of Abidjan (Côte d'Ivoire) and Trade Capacity Building and Training Centre in Tanzania. He is also a course director at the United Nation Institute for Economic Development and Planning.

Dr. Cheikh Tidiane Dieye in conversation about existing and new Economic Partnership Agreements between Africa and the European Union, African self-confidence, why Europe must change its trade policy towards Africa and why the African Continental Free Trade Area creates new perspectives.

Cheikh Tidiane Dieye is head of the non-governmental organization Enda CACID. The Senegal-based non-governmental organisation is an important think tank for providing in-depth expertise and advice to civil society on trade, integration, and sustainable development in Africa.

In Dakar, West Africa and beyond, Dr. Cheikh Tidiane Dieye is a well-known personality. He was involved in the negoatiations of the Economic Partnership Agreement (EPA) between the West African Economic Community and the European Union as a political advisor and representative of civil society. He is currently working on accompanying the implementation of the African Continental Free Trade Area. Dr. Cheikh Tidiane Dieye was Keynote Speaker during the conference documented in this publication. Due to technical challenges his speech couldn´t be documented.

This interview is based on a conversation with the German Journalist Cornelia Wilß in Dakar in May 2018 and is still relevant for the topics Dr. Cheikh Tidiane Dieye covered during the conference. Some of the statements have been updated to reflect Mr. Dieyes presentation.

The European Union and and the ACP States (now called the Organization of ACP States, OACP) concluded negotiations for a successor to the Cotonou Agreement in 2021. The agreement is now expected to enter into force in 2023. Is this the right way forward for a new partnership between the EU and Africa?

The fundamental question is whether a new partnership between Africa and the EU should emerge along the lines of the old Cotonou-Agreement or whether we should not have changed the entire paradigm and looked for alternatives. First of all, we should assess the Cotonou Agreement (which comes to an end in 2020). Already the Contonou-agreement from 2000 had been strongly influenced by the previous Lomé Conventions, which were still marked by the relations of the European states with the former colonies. The Cotonou Agreement should have been the beginning of a new relationship of equality between Europe and Africa. This was of great symbolic meaning at the time.

It was a good idea in the beginning. The world changed in 2000. The World Trade Organisation (WTO) was reorganised, and the agenda of the Millennium Development Goals (MDGs) stood for a paradigm shift. The first Africa-Europe Summit was also held in Cairo in 2000. These were important impulses for reforming relations between the African, Caribbean and Pacific (ACP) Group of States and the European Union. The idea was good. The goals were good. The vision was good. But soon there were new problems. The EU negotiators told us that new trade relations between the EU and the ACP countries would create a win-win situation for both sides. During the negotiations, however, we recognised that the political intentions of Europeans ran counter to the pressure exerted by the EU Commission in the practical implementation of the Treaties.

How did Africa react to this?

We were disappointed! The EU has not been proactive towards Africa and the ACP countries. The main reason for this is that the EU has tried to extend the sphere of influence it already had on the African continent. The EU's main objective was to achieve a good starting position in the competition with the other new players such as China, India and Brazil, among others. If you think like that, you can't negotiate well. Africa became more and more a competitive area for actors from other countries. From an African perspective, we have said that the EU and Africa have been closely linked for a very long time. The EU should not take the same positions towards us as the other new partners in Africa. The EU has a special responsibility towards Africa.

What is the general significance of such an agreement? To what extent do you consider the ACP framework important for the ACP countries themselves? Is the ACP framework necessary for an Africa-EU relationship?

In its history, the "ACP" was a creation owed to the interests of the EU. But now we live in a new world. Times have changed. One should ask oneself whether ACP means something to us. Africa, the Caribbean and the Pacific - once the EU is put aside - have hardly any trade relations between themselves. The ACP countries should not only exist because the EU wants them to. The ACP should exist as a group if the Member States have the political will to work together. If the ACP wants to be taken seriously by African citizens, the ACP headquarters should be moved to Addis Ababa, where the African Union headquarters are located, or to another location in the Caribbean or the Pacific, but not in Brussels, where the OACPS secretariat is still based. What's the point of that? If the ACP countries continue to be connected to the EU in the old way, they will always be an empty shell.

Are there aspects of the expired Cotonou Agreement that you would consider positive in retrospect? Has there been a constructive dialogue that has influenced EU-ACP relations?

In the WTO negotiations, for example, the Caribbean and Pacific countries supported the African negotiators on some points that were important to us. For example, when it came to the vote and we needed a good vote to positively influence things in our favour, the other countries of the ACP group were like good neighbours to us. This is one of the positive aspects.

The second positive thing I would like to mention is myself! In the Cotonou Agreement you can see that the participation of civil society and the private sector is a legally binding condition for the Member States.

As you know, the importance of civil society has also played a major role in the negotiations for Economic Partnership Agreements (EPAs) with the EU. I represented West African civil society in the negotiations between the West African Economic Community ECOWAS and the EU. At that time, I was always in direct contact with civil society focal points in West African countries as well as stakeholders in Senegal and other states. It was a very democratic and transparent process. The negotiation processes were familiar to the people in our countries because we brought our political positions from the top down. We tried also intervene as civil society in the post-Cotonou process. But we didn't get really support to carry out assessments, studies and analyses and couldn't continue our successful advocacy and lobbying work in the negotiations and at grassroots level. So nearly nothing new came out in the end.

Has Europe missed the right moment to change the essence of its policy towards Africa?

Europe does not seem to have understood that Africa or the Africans have changed. The Africans have developed a new self-confidence. In the past, the EU was the main trading partner of African countries. When ECOWAS was founded in 1975, trade with Europe accounted for more than 75 percent. Today, our trade with the EU accounts for less than 30 percent. Africans have recognised that economic contexts have changed. They see opportunities and ways to strengthen intra-African trade and to trade with different partners. The EU is no longer in a comfortable position to assert its interests. The EU should have enter in a joint negotiation process with Africa at the level of respect and solidarity. That was hardly the case. I believe that the EU should be present in Africa. We are open to European investment and business. It is important that we find ways of working together in solidarity. But I do not think the EU is ready to see Africans differently than in the past. Europe now needs to rethink so that we can find a new beginning for our trade relations.

We are talking to each other in Dakar. What role does France's relationship with its former colonies play? How big is the economic influence of France on Senegal?

In 2000, when former President Abdoulaye Wade came to power, he had the idea of diversifying our partners. Most of the economy at that time was under the control of France due to historical relations. When he came to government, he tried to open our country to China, to India, to the United States, to the Arab world, to Germany. But France was not very happy that Senegal had reasserted its economic sovereignty. Now since the beginning of the presidency of Macky Sall, France has returned with force.

Is that the strategy of French President Emanuel Macron?

Partly Yes, the French are using the political power of France to put pressure on the Senegalese government to get better access to the private sector and to public contracts. There's obviously collaboration between President Macron and President Sall. This is not very well regarded by the Senegalese public. People are unhappy that France is trying to restore its monopoly as a former colonizer, in particular in the economic area. If France does so, it will upset the Senegalese people. This mood can have an impact on relations with the whole of Europe. This is of great symbolic importance: the old colonial masters come back as neo-colonialists! This tension between France and Senegal is not just a problem for Senegal. It is the same disturbing feeling in Ghana, Ivory Coast and at present, of course, especially in Mali and Burkina Faso. Taking all this together, we see that this could be the starting point for misunderstandings between Africans and Europeans. Behind France, people could see the EU as a powerful entity coming to take over the Senegalese economy. And this will not be acceptable!

Professor Mamadou Fall, head of the Confucius Institute in Dakar, has explained why China could be an attractive partner for Senegal. How do you assess the Chinese investments in Senegal?

I am not saying that China is the best partner for us because the EU and France are causing problems. No. There are also many problems in the partnership with China. For me, the fact that China does not impose conditions or demands on its investment policy also creates a situation that can lead to corruption because there is no transparency in cooperation between China and most governments. If the agreements between China and the African governments are signed, it will be a closed process. We don't know what's happening inside. China is not a member of the OECD and is not obliged to disclose information. That is why I say that China is questionable for us too. We should develop and implement our own strategy and agenda as Africans or Senegalese, no matter which partner we are dealing with.

Which strategy do you mean?

We have many natural resources, mineral resources and raw materials and are in a position to initiate transformation processes, and to industrially develop the further processing of raw materials. But the way we have been involved in the globalised economy so far, we have not been able to benefit from our own resources. We were the first part of the global value chain. Today, most African countries see that we must do everything necessary to advance industrialisation, at regional level and now also at continental level.

As you know, 44 African countries signed the African Continental Free Trade Association (AfCFTA) in Kigali on 21 March 2018. This is one of our strategies for Africa's future. The aim is to create regional value chains and link them to global value chains. Therefore, in a common African market, the many remaining barriers to trade between African countries must be removed. In West Africa we are 330 million people. Look at Senegal! The Senegalese market is small. We are only 15 million people. An investor who wants to start a start-up company in Senegal can make much more profit by selling his products on the larger West African market. The idea of a common African market is fundamentally changing perspectives. A common market is a great new option and a new political vision for Africa's development, not only for the political leaders, but also for the people.

Let's look at the border between Senegal and The Gambia. This border is relic of colonial times. The Gambia and Senegal are closely related ethnically. The family names are the same, the language is the same, so we don't need this artificial dividing line between us. We should remove it. We should put pressure on our politicians and say: Open Africa for us! We need the common market! Of those political parties that may one day be in power, most now agree that we need a strong Africa in the future to negotiate with the EU or with other partners such as China, India, the Arab world, or the United States of America.

Have concerns about the negative impact of a regional economic agreement (EPA) between ECOWAS and the EU been reduced by the new continental trade approach in the future?

That's a good question. I would not say that the negative effects of EPAs have disappeared. The EPAs are blocked. From the point of view of West African civil society, we are calling for completely new negotiations. Firstly, although the Cotonou Agreement was not a trade agreement, the Economic Partnership Agreements were one of the elements of that agreement and the new post-Cotonou agreement calls for the implementation and deepening of this old concept of EPAs. We should therefore stop discussing the EPAs further with the EU. The second argument: our partner, the EU, is undergoing dramatic political, economic, and social change as a result of Brexit, Covid-19 and the war in Ukraine. We will see what the face of the new EU will look like and under what conditions we can enter new negotiations. Thirdly, according to the Economic Commission for Africa (ECA), we should not renegotiate EPAs until the African internal market has taken concrete shape. It wouldn't make sense otherwise, after a successful beginning of the implementation of the AfCFTA. In the next years we should be able to assess whether and how the common market works. Only then can we return to the EPAs and negotiate not regionally but as the African Union.

Allow me to reiterate, when the time comes it will be best if the African Union and the European Union face each other as strong partners on an equal footing. When it comes to the agenda of African integration, the next step is the common African customs union with a single external tariff. If so, the conditions are in place for the EU to sign a trade agreement with us. So, when we talk about renegotiating EPAs and take these points into account, our strategy is to gain time. In future, it will no longer be about regional economic agreements, but about solid agreements between the European and African continents.

What do you say to civil society organisations in Europe and Africa? Should lobbying and advocacy work against EPAs continue or should we focus on support for new agreements such as the AfCFTA and the now concluded Post-Cotonou agreement?

I say to the civil society in West Africa and everywhere not to return to the EPAs after the process of critical monitoring of the post-Cotonou negotiations. Why? Already in 2017 ECOWAS Heads of State have expressed their support for a further critical examination of the EPA negotiations in the light of a new context. Experts are to deal with the analyses of civil society and derive their strategies from them. This is a result of our advocacy work in last years.

Cooperation between European and African civil society has worked well. There is a strong global network. The campaign against EPAs was not just an African campaign, it was a global campaign and many European NGOs worked with us against unfair trade policies. And it was very successful. We should continue to develop new joint strategies and visions in the future, despite the new Post-Cotonou agreement and despite the EU's further intention to conclude new EPAs or to deepen existing agreements with new chapters and the liberalization of additional sectors (e.g. services).

Closing remarks

Dr. Olumide Abimbola

Dr. Olumide Abimbola is founder and director of the Africa Policy Research Institute (APRI). His areas of focus include economic informality, trade policy, regional integration and natural resources management. He has formerly worked at the CONNEX Support Unit from the GIZ, at the African Development Bank, and together with the International Trade Centre and UNCTAD on trade issues.

I will highlight some points that I have found particularly useful to think about – and through them, I hope to provide the outlines of a "call to action" of some sorts. A "call to action" for a research and advocacy agenda that could help us work through some of the challenges that have been discussed during the conference. I of course will be coming at it from an African perspective, because I think it is important to keep African agency at the forefront of how we are thinking.

One thing that has become clear during this conference is the fact that we are facing some serious challenges as Africa. What I don't think has come across as forcefully, is the fact that Europe is facing some fundamental challenges as well. I think some of these challenges are going to make Europe rethink its place in the world – and they will change the way Europe interacts with Africa. We have to be prepared not just to respond to these when they occur. We have to try and anticipate the changes and I think that we have to try and direct those changes as we see them happening.

But before I get into the current geopolitical moment, I think there is some value in looking at where things stand at the moment between the two continents when it comes to trade.

Where things stand

One, let's start with the data:

- In 2019, trade between the European Union and Africa reached 280 billion euros.
- The EU is Africa's first trading partner and by far its largest export market, ahead of China, India, and the US.
- Africa is the EU's fourth largest trading partner, after the United States, China, and the United Kingdom.
- The EU trades with Africa almost one and a half times as much as with Latin America, and more than twice as much as with Japan. But we have to remember that these are 54 countries.

Two, there is not really a trade between Europe and Africa. There is trade between Europe and several African countries:

- There are five Economic Partnership Agreements in different stages of negotiation and implementation between the EU and African countries.
- There are four Association Agreements with North African countries.
- There is the concept of "Everything but Arms" that applies to least developed countries.
- There is the Standard GSP – Generalised Scheme of Preferences which applies to most, but not all African countries.

- Several scholars have written about how these different trade regimes are problematic for African countries' desire to create a common market through the AfCFTA.

Third, standard trade data will show you that trade between the EU and Africa is fairly balanced, with a slight surplus in the EU's favor of 8 billion euros. But when one considers what percentage of the EU's trade is trade with Africa, and vice versa, one sees a totally different picture.

- 28 % of Africa's trade is with the EU. But that accounts for only 2 % of the EU's total trade volume. So we see that the trade means more to one side than the other. But it also means that any step that the EU takes when it comes to trade has potentially magnified effects on African countries.

Fourth, even though the EU is Africa's largest trading partner, for many African countries, China is already the largest trading partner. If we separated North Africa away from the rest – I don't like doing this, but let's do it for the sake of arguments – China emerges as the largest trading partner of the rest of the continent minus North Africa.

Fifth, the content of the trade is also bothersome. In 2021, 65 % of goods imported to the EU from Africa were primary goods. 68 % of goods exported from the EU to Africa were manufactured goods. The amount of manufactured goods exported to Southern African countries since they started implementing the EPA has gone up – which is what worries many people when it comes to EPAs. Even if Africa were to continue exporting only commodities to Europe, the largest category of commodity it has, agricultural produce, cannot reach Europe. In part, because of the EU's agricultural subsidies, as well as other non-tariff barriers.

That is where things stand with regards to trade between Europe and Africa at the moment – and note that the data is mostly from 2019, before things dipped in 2020 with the coronavirus. It is also important to note that during that period, eight African countries began implementing the AfCFTA.

On the AfCFTA

I am personally fascinated by the AfCFTA. I was a trade policy officer at the African Development Bank when the idea started. I – and I might say many of my colleagues as well – did not take it too seriously when it all started. But now, we actually do not just have a continental trade agreement. A lot of progress has been made in the AfCFTA Secretariat's trade facilitation mandate; key projects and tools supporting adjustment costs, trade monitoring, cross-border payments and others have been launched.

There are a lot of critiques to be made of the AfCFTA – including the fact that it is an extremely tradition-

A melon vendor in Zimbabwe: „Even if Africa were to continue exporting only commodities to Europe, the largest category of commodity it has, agricultural produce, cannot reach Europe. In part, because of the EU's agricultural subsidies, as well as other non-tariff barriers."

al free trade agreement. A very standard WTO-style trade agreement. There have been gender-based critiques of it – which have actually led to a decision to have a protocol on Women and Youth in Trade as part of the AfCFTA.

There is also the fact that it is silent on environmental issues. Admittedly, Africa did not cause the climate crisis and is already facing the harshest of its realities. Africa therefore shouldnt be unduly burdened with mitigating measures, when it is primarily concerned with how to adapt to the effects of the climate crisis. Nevertheless, there might be opportunities in thinking through how the AfCFTA might interact with environmental provisions under the WTO, and how it might also interact with the move towards "green" industrialisation.

I will return to that point in a bit. But let me for now acknowledge the fact that the AfCFTA has indeed shaped up to be something that a lot of African stakeholders have embraced in ways that I couldn't imagine when it all started. For the first time, we are seeing what Africa wants from trade – which is first of all to trade more with itself, and through that to spur industrialisation.

I know among trade policy people, and I generally count myself as one, the AfCFTA tends to be portrayed as a fix to all that ails Africa. It is definitely not that, but it holds a lot of promise. Of course, with all the caveats that have been discussed here today.

My first "call to action" to researchers and activists regarding the AfCFTA is:

- How do we ensure that the AfCFTA is a success? This to me starts by first having a good idea of what success looks like. In every trade agreement, there are often losers of some kind, even when the agreement is a success on the aggregate. How do we ensure that the potential losers don't lose out? By this, I mean losers both as countries but also losers within countries.
- Related to this is the question of how we ensure that the EU and other external actors do not create problems for the AfCFTA. There is not enough time for me to sketch out what the problems already look like. But there are already worries that the multiplicity of trade agreements that the EU has with African countries are likely to make it difficult for the AfCFTA to deliver on its promises.
- Again, to us all here: what sort of research and advocacy agenda do we need to employ in order to ensure that this does not happen?

On the geopolitical moment

Now, let's move on to the geopolitical moment we are living through. Here, I see two main relevant points and developments:

- One is Russia's War in Ukraine. We have discussed in this conference the fiscal pressures that the effects of the war are creating around the world. These include disruption of supply chains for food, the effects on energy markets and so on.
- But one other effect of the war on Europe is that it is showing Europe's vulnerabilities – vulnerabilities of its supply chain. These were tested during the coronavirus pandemic and were shown to be wanting.

Europe is seeing that it is probably not a good idea to depend on one supplier for critical industrial inputs, especially when that supplier is the largest overall source of imports. Eurocrats are very likely thinking about how to ensure that the EU's energy future does not look anything like its carbon and fossil fuel present. For this, it needs access to natural resources. Unfortunately, however, its renewable energy present and future, in terms of access to the natural resources, is also looking at its carbon present.

Currently, the supply of critical raw materials is highly concentrated. For example, China provides 98 % of the EU's supply of rare earth elements (REE) and Turkey provides 98 % of the EU's supply of borate. South Africa provides 71 % of the EU's needs for platinum. So, if Europe is going to avoid making the mistakes of the recent past, it needs to diversify its sources very quickly. And it is likely to look to African countries for this.

We are already seeing some movement on hydrogen, with eyes on Namibia. The EU has also signed a comprehensive MoU that supports the development of raw materials value chains, including regulatory alignment, standards and certification. And unsurprisingly, the German minister for the economy was there not long ago.

Johannesburg, South Africa: „South Africa provides 71 % of the EU's needs for platinum."

Here is my second "call to action":

- How do we track and scrutinize these agreements that the EU is signing with African governments to ensure that they work for African countries? This is given the fact that I am certain that there will be more of these agreements in the near future.

Let me expand this and make a third more general "call to action":

- We need to ensure that Africa's critical raw materials future does not look like its fossil fuel past and present – where raw materials are exported and finished products are imported. Unfortunately, that is what it looks like at the moment. The raw materials leave and finished products like solar panels come in.
- How do we change this? Again, what research and advocacy agenda do we need to create to stop this development and turn things around? In other words, how do we ensure that Africa's raw materials support its industrial agenda?

To my second point on the geopolitical moment. I am afraid that we are seeing the breakdown of multilateralism when it comes to trade. We are seeing the U.S. introduce measures that are designed to push manufacturing to the U.S. – even at the expense of allies like the EU. This is essentially what the Inflation Reductions Act is.

The first response from some EU officials, which is probably the biggest proponent of the WTO because it works for Europe, was to threaten that they would take the case to the WTO. But the most recent announcement from the Commission President von der Leyen is that the EU would be willing to use any means necessary to ensure that its private sector is protected.

What this means is that the EU might allow governments to put at least as much subsidy to support local industry as the U.S. has done under the IRA. So, I think we may be seeing a definite death knell for the multilateral trading system that has been defanged since the Doha Round got blocked.

Here is my fourth "call to action":

- What does this all mean for Africa? What does an unraveled multilateral system, in which governments of rich countries are introducing ever stronger industrial policies to protect their local companies, mean for African countries? Are there measures that Africa can use to strengthen its hand and position in all of this? I think, we need a research and advocacy agenda to support us in thinking through these.

On climate change

Finally, let me turn to an issue I have been working on for the past couple of years, and that I feel needs to be connected to any discussion on trade. This is climate change. We know the story, so I won't go into it to deep. Just suffice to say that Africa has contributed less than 3 % of cumulative carbon emissions, yet it is experiencing the harshest of its realities. We are seeing drastic changes in agricultural practices due to irregular rainfalls and increased drought events. These affect livelihoods and they affect economies. Unfortunately, things will not get better anytime soon.

So, my fifth and last "call to action", and I am focusing exclusively on trade here, is:

- What does this all mean for trade, especially in the local context?
- What does it mean for Africa's international trade? What research and advocacy agenda do we need to support African countries as they navigate the disastrous effects of climate change on their trade patterns – if the effects happen to be disastrous?

To sum up

- One: the existing different trade regimes between the EU and African countries are problematic for African countries' desire to create a common market through the AfCFTA. So how do we ensure that the AfCFTA is a success? And how do we ensure that success is achieved across board, not just for powerful countries and powerful actors within countries?
- Two: the EU needs to diversify its suppliers, especially those of the critical raw materials required for its climate goals of energy transition and for digitalisation. How can a mutually beneficial partnership be created between Africa and the EU?
- Three: what research and advocacy agenda do we need in order to ensure that Africa's raw materials support its industrial agenda?
- Four: what does a world in which the multilateral trade system breaks down totally mean for African countries? What research and advocacy agenda do we need to have to support Africans to make sure that African countries do not completely lose out with the unraveling of the basic global trading rules?
- Finally, thinking about trade and climate change, what tools do we need to support African countries in dealing with the effects of climate change on trade patterns?

A poignant panel discussion summed up the conference held on December 7th of 2022.

Afterword: For fair EU–Africa trade relations

The EU is still Africa's largest trading partner, although not as important as it was 20 years ago when the first negotiations for bilateral agreements began. The EU plans to further expand and deepen its trade relations with African countries. The most important building block for this is still the expansion of the Economic Partnership Agreements (EPAs). The long-term goal is a "continent-to-continent" free trade area. In addition, the EU supports the establishment and expansion of the African Continental Free Trade Area (AfCFTA) launched by the African Union (AU) in 2018. The EU also wants to harmonise the trade agreements already concluded with African states or regions regarding rules of origin for goods.

Currently, the most important opportunities for the EU to bind African states more strongly to it politically and economically through trade agreements are, in addition to the EPA under nrgociations in the Eastern and Southern Africa (ESA) region, the newly concluded agreement with Kenya, as a future compulsory agreement for the other members of the East African Economic Community, a revision of the agreement with some SADC states, the so-called interim agreements with Cameroon (Central Africa), Ghana and Cote d'Ivoire, renegotiations with Tunisia and possibly also Morocco. Last but not least, there is the hope that the negotiated agreement with the Economic Community of West African States (ECOWAS), which is on hold, will one day come into force after Nigeria gives up its resistance. In addition, the so-called low-income countries (LDS) in particular are bound to the EU by the conditions of their free access to the EU market on the basis of the Generalised System of Preferences, especially "Everything But Arms".

Politically, the EU is exerting influence on the group of ACP states over the next 20 years (Africa, Caribbean, Pacific) through the successor agreement to the Cotonou Treaty, which will probably enter into force before the end of 2023.

For more than 20 years, civil society actors such as NGOs, churches, trade unions and associations of smallholder producers, pastoralists or small-scale fishermen have been accompanying these EU-Africa trade relations with strong protest and rejection due to existing or expected negative impacts on income, environment, democracy, and human rights.

Together, they demand that trade policy projects contribute to overcoming poverty and reducing social inequality and argue for concrete changes in the existing trade relations:

1. The EU must suspend all market-distorting provisions from the EPAs.

The main criticism from the beginning of the negotiations has been the EU's demand that African markets, except for agricultural products, must open to products from the EU over a period of five to twenty years.

Eighty percent of all tariffs are to be abolished only vis-à-vis the EU, thus giving the EU privileged access to African markets, especially for industrial intermediate and final products and consumer goods.

These EPA regulations will thus gradually expose the less developed African processing industries to unfair competition with EU industrial products. But also (small)holder agriculture, in which up to 70 % of the people in Africa make their living, continues to experience unfair competition from individual, even new processed EU agricultural products through the EPAs, although the agricultural sectors are largely exempt from tariff liberalisation, e.g., milk powder containing palm oil. There are no assurances from the EU that African countries would be allowed to impose special safeguard tariffs on subsidised EU agricultural products. Only direct export subsidies, which have not been applied for a long time, remain prohibited.

Industrial mass production and subsidies in EU agriculture therefore still mean that EU agricultural products are often significantly cheaper than comparable products from local African producers, thus forcing them out of their markets.

Some EPA agreements do not allow African countries to impose higher safeguard tariffs (standstill clause) or anti-dumping measures on food products that have long been exported to Africa by the EU. Nor may new products be subject to protective tariffs if they fall under the liberalisation rules.

Civil society and almost all African states have refused to negotiate an agreement on services, procurement or property rights that goes beyond the exchange of goods. The EU has accepted this for the time being but has obtained assurances in all agreements that negotiations on these issues will begin no later than one year after entry into force (so-called rendezvous clause).

Thus, the EU and the states of the ESA region have had to start negotiations on these provisions and, like Kenya, also on so-called sustainability chapters.

With these "new" services chapters, the EU wants to achieve an opening of the African financial and insurance markets, procurement, and the digital sector, as well as regulations on the protection of European patent rights for EU companies.

In contrast to the Cotonou Agreement of 2000, African states that do not belong to the group of "poorest" countries (LDCs) will hardly have viable alternative trade relations within the framework of the Generalised System of Preferences (GSP).

Not only governments, but also trade unions, churches and many civil society organisations therefore continue to reject these EPAs because they are associated with job losses and a threat to food security. The opening of markets for EU goods and services would reduce local tax revenues, and there would be a considerable lack of funds to build and expand social systems and to overcome hunger and poverty. Therefore, the unanimous demand of African and European civil society to the EU remains to suspend all market-distorting provisions from the interim EPAs and existing agreements and to refrain from any renegotiation or further negotiation of agreements.

2. The EU must grant all African states free access to the EU's internal market.

With a multitude of trade agreements and trade policy instruments, the EU has contributed to creating a patchwork of trade relations with individual states or regions in Africa. This multiplicity of agreements and different trade regimes will place a significant burden on the development of an African single market.

Instead, the European Union should grant all African states, regardless of their level of economic development, a trade status under the Generalised System of Preferences equivalent to that of the Least Developed Countries (LDC).

This should include the preferences these states enjoy under the "Everything But Arms" preference. In this way, at least for a limited period, a trade structure could be created that is valid for all African states, granting them free market access to the EU without, conversely, having to open their own markets. A similar arrangement existed from 2000 to 2008 after the conclusion of the Cotonou Agreement during the ongoing EPA negotiations. At that time, the EU had obtained a suspension of Article 24 of the General Agreement on Tariffs and Trade (GATT) from the WTO Council, which allowed the EU to continue to grant the poorest countries free market access to the EU. Such a suspension of GATT Article 24 for at least ten years would be needed to support the development of the African Continental Free Trade Area. Such an opening would end the unequal development and trade treatment of African countries. It could also contribute to economic crisis recovery from the Covid 19 crisis, the Russian aggression war of aggression Ukraine, inflation, food insecurity and high energy prices.

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