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Dr Faizel Ismail is Adjunct Professor at the University of Cape Town School of Economics and a TIPS Research Fellow

info@tips.org.za
+27 12 433 9340
www.tips.org.za

WORKING PAPER

ADVANCING THE CONTINENTAL FREE TRADE AREA (CFTA) AND AGENDA 2063 IN THE CONTEXT OF THE CHANGING ARCHITECTURE OF GLOBAL TRADE

Dr Faizel Ismail

December 2016

ABSTRACT

This paper reviews the state of play of the African regional integration agenda, inspired by the vision of the Abuja Treaty and Agenda 2063. It argues that the Continental Free Trade Area (CFTA) negotiators should adopt a "development integration" approach to ensure that the outcome of the CFTA benefits all its members. Towards this end, the CFTA negotiators should work on three parallel tracks: a) they must ensure that the architecture of regional integration is asymmetrical in favour of the Small, Vulnerable Economies (SVEs) and the Least Developed Countries (LDCs); b) they must prioritise the fullest participation of all Africa's members in regional productive value chains that enhance Africa's industrialisation; and c) they must facilitate the co-operation of member states towards the building of cross-border infrastructure. It is argued that this vision and agenda of the CFTA and Agenda 2063 provide Africa with a powerful negotiating mandate to drive the process of engagement between Africa and its main trading partners, multilaterally in the World Trade Organization (WTO) and bilaterally with the European Union (EU), United States (US), China and others.

CONTENTS

ABBREVIATIONS

ACP	African, Caribbean and Pacific Group of States
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
AMU	Arab Maghreb Union
APEC	Asia-Pacific Economic Cooperation
AU	African Union
BRICS	Brazil, Russia, India, China, and South Africa
CENSAD	Community of Sahel-Saharan States
COMESA	Common Market for Eastern and Southern Africa
CFTA	Continental Free Trade Agreement
DFI	Development Finance Institution
EAC	East African Community
ECA	Economic Commission for Africa (also known as UNECA)
ECC	European Economic Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Commission of Western African States
EGA	Environmental Goods Agreement
EPA	Economic Partnership Agreement
EU	European Union
FOCAC	Forum on China-Africa Cooperation
FTA	Free Trade Area
GDP	Gross Domestic Product
IGAD	Inter-Governmental Authority on Development
IMF	International Monetary Fund
ISI	Import Substitution Industrialization
LDCs	Least Developed Countries
OAU	Organisation of African Unity
RECs	Regional Economic Communities
SADC	Southern African Development Community
SVEs	Small, Vulnerable Economies
TFTA	Tri-Partite Free Trade Agreement
TISA	Trade in Services Agreement
TPP	Trans-Pacific Partnership
TRIPS	Trade and Intellectual Property Rights
TTIP	Transatlantic Trade and Investment Partnership
UNCTAD	United National Conference on Trade and Development
UNECA	United National Economic Commission for Africa
USTR	United States Trade Representative
US	United States
WB	World Bank
WTO	World Trade Organization

1. INTRODUCTION

The launch of the CFTA negotiations on 15 June 2015 was a historic event. It was the most ambitious expression yet of the dream and vision of Pan-African leaders such as W.E.B. Du Bois, George Padmore, Kwame Nkrumah and Leopold Senghor. It was also the first Summit of the African Union that focused solely on trade and the regional integration of the Continent. The launch of the CFTA negotiations followed that of the African Union's Agenda 2063 – a 50-year vision for the transformation of the African continent.

The changing architecture of global trade in the new millennium has changed the economic fortunes of Africa making its future more hopeful. The narrative – "Africa is rising" – is now widely recognised (Deloitte & Touche, 2013; 2014). It has replaced the narrative of "the hopeless continent" which adorned the front cover of the Economist just over a decade ago (Economist, 13 May 2000). This paper argues that Agenda 2063 is a reflection of Africa's growing confidence and ownership of its future economic development. It concludes by recommending to African policymakers that the CFTA negotiations must develop a robust programme of action that can build on this new narrative of Africa rising to advance the transformation and industrialisation of the African continent.

This paper provides a brief historical account of the launch of the CFTA negotiations (section two). In the following sections these questions will be briefly discussed: What are the main changes that have taken place in the global trading architecture in the past 15 years (section three)? How have these changes in the global trade architecture impacted on the multilateral trading system (section four)? How can Africa ensure that it harnesses the opportunities from the changing nature of its trade relations with its main trading partners (due to lack of space other important trading partners such as India, Turkey and Japan are not discussed in this paper) – the EU, the US and China (section five, six and seven respectively)? How can Africa ensure that the economic outcome of the CFTA negotiations benefits all its members, especially, the small and vulnerable members, and the LDCs (section eight)? This paper discusses these questions in turn and offers some policy recommendations for African policymakers and trade negotiators in the concluding section (section nine).

2. A BRIEF HISTORY OF THE CFTA

The decolonisation and independence of African States since the late 1950s began the long journey towards African unity and integration (Mkandawire, 2005). The formation of the Organisation of African Unity (OAU) in 1964, formed by independent African states, re-asserted the vision of regional integration. However, only in the early 1980s was the vision of regional integration given substantive meaning and programmatic direction by the first executive secretary of the United Nations Economic Commission of Africa (UNECA), Adedeji Adebayo (Adebajo, 2014). His influential leadership led to the launch of the Lagos Charter in 1975 and the Lagos Plan of Action in 1980. The OAU Heads of State adopted the Lagos Plan of Action that called for the integration of the continent based on "self-reliance, endogenous development and industrialization" of Africa. While Adedeji's vision was based on the concept of "developmental regionalism", the Lagos Plan of Action has been criticised for not having a detailed implementation strategy (Bach, 2016).

A decade later – in July 1991 – the OAU did address this gap in its regional integration strategy by adopting the Abuja Treaty that set out a step-by-step approach to regional integration in Africa with the creation of the Regional Economic Communities (RECs) and a path for the creation of an African Economic Community by 2028. The first step in this pathway was the creation of Free Trade Areas (FTAs) in each region followed by customs unions, common markets and monetary unions. By the early 2000s eight significant RECs were advancing the process of regional integration: SADC (Southern African Development Community); EAC (East African Community); COMESA (Common Market for Eastern and Southern Africa); ECOWAS (Economic Commission of Western African States); ECCAS (Economic Community of Central African States); IGAD (Inter-Governmental Authority on Development); AMU (Arab Maghreb Union); and CENSAD (Community of Sahel-Saharan States). In a recent paper Stephen Karingi and William Davis (Karingi and Davis, 2016) point out that the average applied tariff within each of these regional formations has been substantially reduced from 0 percent for the EAC to 7.4 percent for CENSAD.

However, by the early 2000s Africa's RECs were beginning to overlap – creating a so-called "spaghetti bowl" of overlapping regional arrangements as some countries were members of more than one REC and had committed to joining more than one Customs Union! Partly to overcome this conundrum in the ongoing regional integration process, Ministers of Trade and Industry of the three RECs (SADC, EAC and COMESA) led the process of building a FTA between all three RECs (Bach, 2016; Davies, 2011). In June 2011 Heads of State of the SADC, EAC and COMESA launched the Tri-Partite Free Trade Agreement (TFTA) negotiations at a Summit in Johannesburg (Luke and Mabuza, 2016). Ministers of the three RECs had been preparing for this Tri-Partite arrangement since 2008.

In January 2012 in a paper titled "Boosting Intra-Africa Trade. Issues affecting Intra-Africa Trade, Proposed Action Plan for boosting Intra-Africa Trade and Framework for Fast Tracking of a Continental Free Trade Area", the Economic Commission for Africa made a strong case for a CFTA negotiation to be launched by the African Union (AU). The paper lamented the fact that over the previous decade only about 10-12 percent of Africa's trade took place with other African countries. It argued for enhanced efforts to boost intra-African trade, the building of regional value chains, and diversification of Africa's economies (AU/ECA, 2012).

The Tri-Partite Free Trade Agreement between SADC, COMESA and the EAC was signed at Sharm el Sheikh, Egypt on 10 June 2015 by representatives of most of the 26 member states, representing a combined population of over 600 million people and GDP of US$1 trillion dollars (Luke and Mabuza, 2016). The Sharm el Sheikh Declaration launching the TFTA reaffirmed the "developmental integration approach built on the three pillars of industrial development, infrastructure development and market integration" (Luke, and Mabuza, 2016). While a legal text has been agreed on tariff liberalisation, disciplines on non-tariff barriers to trade, rules of origin, trade remedies and dispute settlement among other issues, the negotiations on tariff offers are still ongoing as part of the built-in agenda. Phase II of the negotiations provides a time-frame of 24 months to conclude the negotiations on trade in services, competition policy, intellectual property rights, movement of business persons and other trade-related matters (Luke and Mabuza, 2016).

The signing of the TFTA agreement spurred the AU Heads of State to be more audacious and launch their most ambitious trade integration project yet! On 15 June 2015, the AU Heads of State meeting in Johannesburg launched the negotiations towards a Continental Free Trade Area. They directed that the CFTA negotiations should run in parallel with the TFTA Phase II negotiations. The scope of the CFTA negotiations will include trade in goods, services, investment, intellectual property rights, and competition policy (Luke and Mabuza, 2016). These negotiations begun in earnest earlier this year (2016) including at the level of technical working groups, senior officials and Ministers. In July 2016 the Heads of State of the AU decided to fast track the CFTA negotiations and create a High Level Panel to oversee them. The deadline of end of 2017, set by the AU Heads of State, is undoubtedly an ambitious one – but is an expression of the prioritising of the CFTA negotiations by Africa's leaders.

In 2015 the African Union launched its own 50-year vision and action plan called "Agenda 2063". The Heads of State of the African Union adopted Agenda 2063 at a Summit held on 30-31 January 2015. This document is sub-titled "The Africa We Want". It has called for "a prosperous Africa based on inclusive growth and sustainable development" as the first of seven aspirations. Its second aspiration calls for an "integrated continent, politically united, based on the ideals of Pan-Africanism and the vision of Africa's Renaissance", and expresses its vision that "Africa shall be a continent where the free movement of people, capital, goods and services will result in significant increases in trade and investments amongst African countries…". It also visualises a continent that will have underpinned its development by investing in world-class infrastructure and developing its manufacturing sector. In the next section the main trends in the changing architecture of global trade since the beginning of the new millennium, and its implications for the CFTA, are discussed.

3. THE CHANGING ARCHITECTURE OF GLOBAL TRADE

China's "rise", and that of other emerging developing countries, that became known as the BRICS (Brazil, Russia, India, China, and South Africa), changed the architecture of world trade in the first decade of the new millennium.

China's accession to the WTO, at the launch of the Doha Development Round in November 2001, was to catapult China to the pinnacle of global trade within a decade, and transform the existing patterns of north-south trade that emerged after the Second World War. China's high growth rates – of over 10 percent a year – created the demand for Africa's commodities and stimulated Africa's dramatic "rise" from at least two lost decades of development. In the first decade of the new millennium African economies grew at an unprecedented rate of over 5 percent a year.

These changes in the world trading system in just over a decade have been dramatic. The following selected trade statistics illustrate these changes. China overtook Japan as the leading Asian exporter in 2004. China was to then overtake the US in 2007 and Germany in 2009 to become the world's largest exporter (WTO, 2015). The share of developing country exports in world trade grew, from 26 percent in 1995 to 44 percent in 2014, while the share of developed economies exports in world trade declined, from 70 percent to 52 percent, during the same period (WTO, 2015). Africa's share of world exports had also grown, albeit, very modestly from 3 percent in 1990 to 3.3 percent in 2010 (UNECA, 2015).

Developing countries, led by China, have made dramatic progress in world trade during the past 15 years of the new millennium. These changes were to impact significantly on the WTO Doha Round of trade negotiations. Africa's own economic advances and changing narrative of "Africa rising" was to influence its role in the WTO and the nature of its trade relations with its main trading partners: the EU, the US and China. These changes are discussed in sections four, five, six and seven, respectively.

4. THE COLLAPSE OF THE DOHA ROUND AND IMPLICATIONS FOR AFRICA

The new millennium ushered in the most dramatic developments in world trade since the Second World War. These changes became one of the main reasons for the collapse of the WTO Doha Round ministerial meetings, held in Geneva in 2008. The Doha Round has not succeeded in emerging from this crises, notwithstanding efforts made to secure incremental outcomes at the Ninth WTO Ministerial Conference held in Bali, Indonesia (December 2013) and the more recent Tenth WTO Ministerial Conference held in Nairobi, Kenya (December 2015) (Hannah, Scott and Wilkinson, 2016; Kanth, 2016). The main argument of the major developed country members of the WTO, led by the US, is that the Doha Round is now obsolete given the new conditions in the world economy, including the rise of China and other emerging economies (see Ismail, 2012a; 2012b). In addition it is argued by some writers that the dominant role of global value chains in world trade, require "new approaches" and "new pathways" (Hoekman, 2014; World Bank, 2015).

The so-called "new pathways" preferred by the US, in the WTO, is essentially an abandonment of the single-undertaking approach (that requires all issues to be agreed together) towards single-issue approaches (such as that on Trade Facilitation adopted in Bali). In addition, this approach signals a shift from multilateral approaches towards plurilateral approaches, such as the negotiations on services (Trade in Services Agreement – TISA) and on environmental goods and services (Environmental Goods Agreement – EGA) in the WTO (Hoekman, 2014; Ismail, 2012a and 2012b).

The collapse of the Doha Round of trade negotiations in 2008 saw a simultaneous shift of the US towards mega-regional and mega-bilateral approaches to trade negotiations. The US prioritised the TPP (Trans-Pacific Partnership) and TTIP (Transatlantic Trade and Investment Partnership) negotiations and shifted its negotiating resources towards a push for higher regulatory standards and disciplines on a range of trade-related issues that it believed were more important in driving the interests of its lead firms in global value chains. The US approach to the WTO negotiations is to use these mega-regionals and mega-bilaterals as part of its efforts to re-design the negotiating agenda on global rule-making to counter the growing competition it faces from China and other emerging developing countries (Braz, 2012). It will be interesting to see how the new Trump Administration takes these mega-regionals forward given that President-elect Donald Trump has already signaled that he will push for the withdrawal of the US from the TPP. In addition, recent developments in Europe – including the Brexit referendum that will see the UK begin the process of withdrawing from the EU in 2017 – and the shift against free trade policies in Europe have shaken the foundations of the US-led plurilaterals in the WTO (TISA and EGA) and the mega-regionals (TPP and TTIP).

Africa had played an extraordinary role in the Doha Round since the collapse of the WTO Cancun Ministerial meeting, in September 2003, where five of its members (South Africa, Nigeria, Egypt, Tanzania and Zimbabwe) joined the G20 group of developing countries on Agriculture. The African group was a powerful player in the WTO negotiations, as part of the ACP (African, Caribbean and Pacific Group of States), and in alliance with the LDC group (in which it has a majority of members). The four African countries in the so-called Cotton 4 group also were successful in raising the profile of their concerns in the negotiations. Africa had begun to influence many of the outcomes of the negotiations in the WTO, including on Trade and Intellectual Property Rights (TRIPS) and public health, cotton, LDCs, and SVEs (see Ismail, 2009; 2011). However, the collapse of the Doha Round and the shift away from the single undertaking towards single issues by the US has fragmented the Africa group in the WTO and excluded it from the plurilateral negotiations, where it is regarded as a small and insignificant player. It is partly for this reason that the Africa group was unable to make significant gains in both the Bali and Nairobi Ministerial Meetings. Some observers were thus to argue that the outcomes of both the Bali and Nairobi WTO Ministerial meetings were imbalanced and asymmetrical, and against the interests of developing countries, and the Africa group in particular (Hannah, Scott and Wilkinson, 2016; Kanth, 2016).

While the developed countries in the WTO have insisted that the Doha Round is dead – the majority of developing countries in the WTO, including India, China and many African countries have insisted that the Doha Round developmental principles and framework should be retained and built on. There is thus no consensus in the WTO to discard the Doha Round. In the post-Nairobi period the Africa Group in the WTO will have to maintain and strengthen its approach of unity and solidarity in the WTO negotiations, and develop its own strategy for engagement in the changed circumstances of the WTO negotiations.

These dramatic changes in the global economy in the new millennium also impacted on the traditional relationships between Africa and its main trading partners – such as the EU. The changing global trade architecture and EU-Africa trade relations are explored in the following section.

5. THE ECONOMIC PARTNERSHIP AGREEMENTS

The dramatic changes in the EU since the fall of the Berlin Wall and the end of the Cold War have increased its membership from EU-15 to EU-28. Most of the EU-13 countries do not share the burden of responsibility for the colonial relations between Europe and Africa and thus have not had the same enthusiasm for the EU-Africa or EU-ACP relationship that had been defined by trade preferences and development assistance since the Lome Convention in 1975. The Lome Convention was transformed into the Cotonou Agreement in 2000. These changes in the composition of the EU began a debate for the radical transformation of the traditional trade and aid relationship between the EU and Africa from one of unilateral preferences towards one of reciprocity. The fact that the Cotonou Agreement required a waiver in the WTO to extend the Cotonou preferential trade arrangement with the ACP was arguably of much less importance than the change in the composition and attitude of the new members to the ACP. The EU thus began a process of "negotiating" African countries out of the Cotonou agreement towards reciprocal Economic Partnership Agreements (EPAs) on 27 November 2002 (Ramdoo and Bilal, 2011).

Many commentators have argued that African countries will need to evaluate the implications of the EPAs for their regional integration processes in Africa (Ramdoo and Bilal, 2011; Davies, 2014). They will need to ensure that they open their markets to their neighbours in Africa to advance regional integration before opening their markets to the EU. The EPAs do not always correspond to the same regional configurations that African countries have been moving towards. A range of challenges thus arise for African economies, including: the different pace of goods liberalisation, both in terms of products and phase down periods; the different rules of origin that may complicate regional integration; and the different rules that may create differences on policy issues, such as export taxes. Africa will have to evaluate how to unravel the complications created by these EPAs and how to ensure that they do not allow these agreements to become stumbling blocks, but instead use the EPAs as building blocks to advance Africa's regional integration agenda (Davies, 2014). African countries could also use existing mechanisms in the EPAs such as rules of origin to ensure cumulation of the value required to meet the EU rules. Building regional productive value chains will assist Africa to both strengthen intra-regional trade and investment but also increase its capacity to export to the EU.

6. THE US AFRICAN GROWTH AND OPPORTUNITY ACT

The United States had been following the EU negotiations with the ACP countries with a great deal of interest as it began its own process of reviewing its trade arrangements with Africa, as the end of AGOA III was approaching. The African Growth and Opportunity Act (AGOA), implemented since 2000, grants Sub-Saharan African countries unilateral trade preferences into its large market for over 6 400 tariff lines. This programme has now been renewed three times with the latest renewal (AGOA IV) signed by President Barack Obama in June 2015 extending AGOA for a period of 10 years. Learning from the EU, the US introduced a slew of provisions in the new AGOA Extension and Enhancement Act of 2015 that could trigger demands for reciprocity from AGOA beneficiaries, including on specific trade and investment related policy issues required by its lobbies (Pigman, 2016). In addition, the US administration is required to actively encourage African countries to engage in a dialogue with the United States Trade Representative (USTR) with a view to transforming the existing one-way preferential trade system enjoyed by AGOA beneficiaries into a two-way reciprocal free trade agreement (USTR, 2016).

It is also most likely that the template for the reciprocal free trade agreements will come from the recently concluded TPP negotiations where the US has already agreed on a slew of trade issues including tariffs, trade rules and regulations that go well beyond that covered or contemplated in the WTO Doha Round. While the current debate in the US Congress over the TPP and TTIP has been suspended given the election of a new President, the eventual successful implementation of these mega-trade deals will lead to more than two thirds of world trade being captured in these new trading blocs and the consequent erosion of preferential access into the US market for current beneficiaries of AGOA.

The current export beneficiaries of AGOA should be cautious about making long-term investment plans based on the 2015 AGOA Act. African countries acting together will need to persuade the incoming Trump Administration to maintain the continuity of US trade policy towards Africa since President Bill Clinton's initiative in 2000 and maintain AGOA IV until its expiry date of 2025. African countries will also need to intensify their lobbying in the US Congress to make AGOA more development friendly and supportive of African regional integration. A united Africa, negotiating together under the banner of the AU, will be an effective bargaining mechanism that will provide Africa with increased leverage in negotiating with Washington. The next section looks at the rise of China and the new opportunities and challenges that this has provided for Africa's economic development and the CFTA in particular.

7. CHINA'S RISE – OPPORTUNITIES AND CHALLENGES

China's trade and economic relationship with Africa has evolved considerably since the founding of the Peoples Republic of China in 1949. In 1964 China provided 53 percent of the loans received by Africa and in the 1970s it financed the Tazara Railway line from Zambia's copper belt to the port of Dar-es-Salaam in Tanzania (Brautigam, 2009). However, since the formation of the Forum on China-Africa Cooperation (FOCAC), in 2000, this relationship has expanded rapidly. FOCAC has met every three years at Ministerial and Presidential levels and made a large number of commitments to enhance its support to Africa in a number of areas, including opening its market up to 95 percent for LDCs; providing concessional loans and grants, support for infrastructure, and generous debt relief (UNCTAD, 2010). At the sixth FOCAC, held in Johannesburg on December 4-5, 2015, Chinese President Xi Jinping announced a big package that covers industrialisation, agricultural modernisation, infrastructure, financial services, green development, trade and investment facilitation, poverty reduction and public welfare, public health, people-to-people exchanges, and peace and security. The package included US$60 billion of funding support (Xinhua News, 2015).

China's rise has created both opportunities and challenges for African countries. For example, the dramatic changes in China's rise created huge opportunities for Africa to export its commodities at higher prices into the Chinese market, propelling its growth rates. However, China's rise has also created the challenge for Africa to manage the impact of the increasing competitiveness of China's labour-intensive manufactured products on its own nascent labour-intensive manufacturing sectors, such as clothing and textiles, leather and footwear, electronics, and furniture (Ismail, 2011). In the first decade of China's entry into the WTO, African countries were increasingly under siege as China's exports of manufactures caused many factory closures and de-industrialisation in several African countries. Interestingly, as China's own wage levels have begun to rise, it has begun to sub-contract out the labour-intensive parts of production to lower wage regions, mainly in South and Southeast Asia.

More recently, African countries, such as Ethiopia, have begun to tap into this opportunity, and have succeeded in attracting Chinese investors to build industrial capacity and manufacture in the low-value sectors of clothing and textiles, electronics and footwear (World Bank, 2013). In addition, unlike the private sector investors in the US and the EU, Chinese state-owned enterprises have taken a longer view of their investments in Africa and have begun to invest in infrastructure, such as energy, road and rail transport, port development and logistics

(Zalk, 2016). Africa will need to leverage its abundant natural resources, and the growing size of its middle class, which has made it more attractive for exporters and investors, to negotiate a more mutually beneficial relationship with China (AfDB, 2011). The African Union armed with Agenda 2063 as its vision and the CFTA as its regional integration programme of action can engage more robustly with China to support its agenda of transformation and industrialisation. This issue is further discussed in the next section which addresses the question of how to ensure that the benefits of regional integration also flow to the small and vulnerable countries and the least developed countries in Africa.

8. HOW CAN THE OUTCOMES OF THE CFTA NEGOTIATIONS BENEFIT ALL ITS MEMBERS?

Trade integration between different economies has always been politically and economically controversial (Bach, 2016). While Africa has made considerable progress in building an ambitious programme of action to integrate the Continent in the past few years, competing paradigms for African economic integration remain. For this reason it is important to revisit the debate and set out clearly the path that Africa will need to travel if it is to succeed in its objective of a development-oriented integration process that seeks to benefit all its members.

Jean Monnet and Robert Schuman led the initiative in Western Europe towards the European Coal and Steel Community in 1951 and the Treaty of Rome that created the European Economic Community (EEC) in 1957. The main objective of the EEC was to work for the reconstruction and development of its war-torn economies. In Latin America, Raul Prebisch, the foremost thinker among development economists of the time advocated the regional integration of Latin America. His approach to integration was to combine Import Substitution Industrialization (ISI) and Regionalism. These ideas were to influence the thinking of Africa's foremost thinker on regional integration, Adedeji Adebayo, who was to build on the concept of developmental regionalism in the 1970s and influence the OAU to adopt the Lagos Charter (1975) and the Lagos Plan of Action (1980) (Adebajo, 2014).

A second wave of regional integration developed in the 1980s as market-oriented reforms became the main thrust of the Washington Development Finance Institutions (DFIs) – the World Bank (WB) and the International Monetary Fund (IMF). In Europe, Jacques Delors, the President of the European Commission, began a process in 1985 of deepening integration in the EU that led to the Single Market Act in 1992. The United States played a key role in the formation of the Asia-Pacific Economic Cooperation (APEC) forum and the concept of "open-regionalism", upon which APEC was founded, becoming the preferred approach to trade integration. APEC encouraged its members to liberalise their markets not only to each other but also to the rest of the world. The reforms proposed by the WB and the IMF in the 1980s and early 1990s were based on the concept of "market integration" and tended to follow the European "linear integration" approach.

The third wave or trend in trade integration has been enunciated and advanced from the onset of the new millennium (Bach, 2016). As the Doha Round began to collapse in the wake of the 2008 Great Recession, some trade economists and business groups in the US began to argue for a new approach to regional integration that would see a shift away from the multilateral trading system towards mega-regionals, such as the TTIP, and mega-plurilaterals like the TPP. These economists argued that the so-called 21st Century Regional Trade Agreements are now based on WTO-Plus disciplines and seek to create liberalisation rules beyond goods, in areas including services, trade facilitation, intellectual property rights, investment, competition, and government procurement (Baldwin, 2013).

In a recent review of Africa's history of regional integration initiatives, Daniel Bach argues that Africa's regionalism experiences can be distinguished from the mainstream trends and waves of regionalism in the developed countries (Bach, 2016). The three waves of regional integration described by the author provide a useful historical context to discuss the influences of these perspectives of regionalism on Africa's own regional integration processes.

The Structural Adjustment Policies advocated by the World Bank in the 1980s and the 1990s required countries to liberalise trade, deregulate their financial markets, privatise state-owned enterprises, and reduce social expenditure (UNCTAD, 2006). This overarching "market integration" policy advice and prescription by the DFIs largely trumped the process of "developmental regionalism" advocated by Adebayo Adedeji and the OAU in the Lagos Plan of Action (Mkandawire, 2005).

The "market integration" and "linear integration" approach to regional integration has been critiqued by several studies. As an alternative to this approach many writers have called for a "development integration" approach that stresses the need for "macro and micro co-ordination in a multi-sectoral programme embracing production, infrastructure and trade" (Davies, 1996; UNCTAD, 2006; 2013). In addition, these writers argued that to ensure a more equitable balance of the benefits of regional integration, trade integration would need to be complemented by regional industrial development to compensate the least developed countries in a regional integration project. This approach to regional integration has gained increasing support.

UNCTAD, in its 2013 Trade and Development Report, argued that African countries should adopt an approach to regional integration referred to as "developmental regionalism" (UNCTAD, 2013). The UNECA emphasises the need for trade to serve as an instrument of accelerated industrialisation and structural transformation in Africa, rather than an end in itself (UNECA, 2015; 2016). In a recent paper, Said Adejumobi and Zebulun Kreiter (Adejumobi and Kreiter, 2016) set out the key features of developmental regionalism. These include institution building; clarity of goals; mutual benefit; public goods that include, infrastructure, trade and industrial development; peace and security; and regional citizenship.

The implications is that the CFTA negotiators need to ensure that for the agreement to be sustainable, the benefits of regional integration must flow to all its members, particularly the small and vulnerable countries and the least developed members. In addition, for the SVEs and the LDCs to benefit from the opening of markets, complementary programmes that build the productive capacity of African economies are needed, as well as investment in infrastructure that is essential for the efficient supply of goods and services. Thus a development-oriented CFTA must work on three legs: a) it must ensure that the architecture of its regional trade agreements are asymmetrical in favour of the SVEs and the LDCs – ensuring that the benefits of free trade flow to all; b) it must facilitate the co-operation of member states towards the building of cross-border infrastructure such as roads, rail, ports, telecommunications, logistics, and energy; and c) it must prioritise the fullest participation of its members in regional productive value chains that enhance Africa's industrialisation and diversification from trade in commodities towards higher value-added goods.

African negotiators will need to ensure that their approach to regional integration draws on this development integration approach and is applied pragmatically to advance the economic development of the African continent. The focus of the negotiations in the CFTA has to be on developmental outcomes rather than market integration as an end in itself. Trade liberalisation has to be asymmetrical (in support of smaller economies) and synchronised with the two other pillars of the integration agenda: building productive capacity, and cross-border infrastructure. In the concluding section of this paper some policy recommendations are made to advance the CFTA negotiations in the context of the discussion in this paper.

9. CONCLUSIONS AND POLICY RECOMMENDATIONS

The past decade and a half of the new millennium has ushered in dramatic changes to the architecture of world trade, creating both opportunities and challenges for Africa's development. Africa itself needs to adapt to these changes and develop its own vision and strategy to integrate the continent. The adoption of Agenda 2063 by the African Union and the launch of the CFTA negotiations have provided Africa with a powerful vision and strategic plan to integrate the African region.

A successful development-oriented integration agenda will require simultaneous and coordinated efforts for African countries to open their markets to their neighbours on the Continent, build industrial capacity and invest in cross-border infrastructure. By adopting a "development integration" approach to negotiating and implementing the CFTA, African negotiators will go a long way in advancing the transformation and industrialisation of the Continent while fulfilling the vision and action plan of the AU Agenda 2063.

Towards this end, Africa will need to develop innovative trade and investment partnerships with its main external trading partners – both, the traditional partners, such as the EU and the US, and the emerging countries in the South, such as China. African countries should also insist on multilateral approaches in the WTO that ensure their participation in the negotiations, by leveraging their collective strength and building effective alliances with other developing country groups.

Building the capacity of African trade negotiators to advance the multiplicity of regional, bilateral and multilateral negotiations at the same time is essential for the success of the CFTA and the implementation of the vision of Agenda 2063.

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TRADE & INDUSTRIAL POLICY STRATEGIES
info@tips.org.za
+27 12 433 9340
www.tips.org.za