

NEPAD and Trade

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The past few months have seen a host of meetings, seminars and workshops by governments, trade unions and various NGOs to discuss NEPAD as a development programme for Africa. Several African governments have expressed reservations about the peer review mechanism and the notion of 'good governance' which they see as just another Western 'conditionality' for development aid. On the other hand, African governments seem to readily accept the neo-liberal development paradigm that underpins NEPAD. Perhaps this should not be surprising at all since most African governments have already adopted neo-liberal policies at national level - either under pressure in the form of structural adjustment programmes or because of their own belief (and interests) that there is no alternative. By contrast, several NGOs and trade unions have taken issue with the underlying ideology that shapes NEPAD. COSATU called NEPAD a continental extension of the South African government's neo-liberal GEAR policy while several NGO meetings rejected the process and content of the NEPAD plan. An African trade union conference in Dakar, Senegal in February 2002, for example, concluded that Africa's misery today can largely be attributed to the neo-liberal economic paradigm. The conference therefore pointed to the need for a 'socially oriented economic paradigm' and criticised NEPAD for ignoring historic lessons and for following already discredited development strategies.

It is against this background that we need to look at the question of trade within the NEPAD document. The document correctly points out that 'Africa has been integrated into the world economy mainly as a supplier of cheap labour and raw materials. Of necessity, this has meant the draining of Africa's resources rather than their use for the continent's development'

(paragraph 19). Instead of developing this argument further and pointing out how the uneven terms of Africa's integration into the global economy continue to strangle any meaningful development, the NEPAD document then states that 'the structural adjustment programmes of the 1980s provided only a partial solution' (paragraph 24). This statement must be seen against the background of 20 years of structural adjustment programmes which rolled back some of the achievements made in the first two decades of Africa's independence. These programmes were also the main strategy to force African countries to liberalise their economies and to export at all costs to service their debt. NEPAD's failure to recognise this link constitutes one of the document's fundamental flaws.

Hardly surprising then, NEPAD believes that the 'African Renaissance project... depends on the building of a strong and competitive economy as the world moves towards greater liberalisation and competition' (paragraph 50). In other words, NEPAD advocates Africa's integration into the global economy as the strategy for Africa 'to take its rightful place in the world' (ibid). The very same process that led to Africa's marginalisation in the first place is now meant to provide the solution!

NEPAD's firm belief that Africa should play the globalisation game by opening up her economies to increased investment and trade, is confirmed in section C of the document, which deals with the mobilisation of resources. Economic growth and poverty reduction are described as being dependant on Africa's ability 'to create conditions that promote private sector investments by both domestic and foreign investors' (paragraph 148). NEPAD 'seeks to increase private capital flows to Africa, as an essential component of a sustainable long-term approach to filling the resource gap' (paragraph 153). Furthermore NEPAD wants to diversify production in Africa through value addition in agro-processing, mineral beneficiation, the development of a broader capital goods sector and of new industries.

NEPAD's section on the promotion of African exports does not provide a critical analysis of the current problems that global trade causes for development on the continent. Instead NEPAD merely wants to promote African exports through improved procedures, market mechanisms, the tackling of trade barriers and skills-shortages, increased intra-regional trade, publicity for African goods and an improved image of Africa. At

international level, NEPAD proposes negotiations for access to world markets, encouragement of foreign direct investment (FDI), capacity-building in the private sector and active participation of African heads of state in the world trading system under the auspices of the WTO (paragraphs 168 and 169). NEPAD wants developing countries to benefit from those industries in which they have a 'natural competitive advantage' and calls for the diversification of production and exports in those areas where African states have an existing or potential competitive advantage. African heads of state are called upon to intervene in strategic areas to 'strengthen the contribution of trade to the continent's recovery' and to remove 'supply-side impediments' to export production (paragraphs 170 and 171). Heads of state are further expected to secure preferential treatment for African exports (despite multilateral trade liberalisation) and to negotiate for the removal of tariffs and non-tariff barriers to trade (paragraphs 172 and 173).

In terms of Africa being a market for imports, NEPAD notes that 'Africa offers a vast and growing market for producers across the world. A developing Africa, with increased numbers of employed and skilled workers and a burgeoning middle class, would constitute an expanding market for world manufactured products, intermediate goods and services' (paragraph 176). NEPAD thus regards trade and investment as key areas for African development and accepts economic liberalisation as the strategy to achieve the continent's development goals. This is problematic on various counts:

- ◆ Opening up to global competition in the provision of goods and services for African countries is likely to prevent the promotion of intra-African trade.
- ◆ Inter-regional trade liberalisation in Africa will benefit the stronger economies in Africa while holding little benefit for the weaker ones.
- ◆ Africa's development problems cannot be solved through trade although increased market access for African goods and services may be a useful initiative. This will, however require the abolition of protectionist barriers, which exist in various forms in industrialised countries. They undermine market access for African goods but NEPAD does not mention them.
- ◆ The implementation of the Uruguay Round Agreements has shown that multilateral trade agreements tend to be biased towards the interests of

the most industrialised countries at the expense of the needs and interests of developing countries. Global trade rules favour industrialised countries and a review of these rules at WTO level has consistently been blocked by the powerful WTO members whose corporate and national interests dominate the WTO agenda. Again, NEPAD is silent on these issues.

- ◆ NEPAD does not mention the issue of capital flight, nor the net export of capital that some African countries experience, nor the risks posed by the liberalisation of financial markets. These factors increase the vulnerability of national economies as shown in many parts of the world.

In conclusion, NEPAD fails to provide an adequate analysis of the impact of global trade on Africa's development prospects. It thus falls prey to the illusion that globalisation and increased participation in the global economy will automatically lead to the continent's recovery. Even some UN agencies like UNDP and UNCTAD have long acknowledged the polarising impact of globalisation which has driven Africa deeper into poverty. As Dot Keet pointed out in a recent critique of NEPAD, 'the most fundamental problem for Africa is not its exclusion but rather the longstanding, subordinate and exploitative nature of its inclusion into a profoundly asymmetrical international economy' (2003). Unless this fundamental problem is addressed, NEPAD's hopes of achieving development through international trade and investment hold little prospects for the continent.

References:

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