Review of African Political Economy No.112:221-225

Trading Africa's Future

Graham Harrison & Colin Stoneman

All models of trade are normative – not only do they say something about the way trade works, they say something about how the exchange of commodities *should* work. This is the case even when trade models are expressed in the scientific language of orthodox economics. This issue of *ROAPE* is published on the bicentennial of the abolition (in Britain at least) of the trade in African people to plantation owners across the Atlantic. For those who defended this 'triangular trade' that contributed centrally to industrialisation in northern Europe, the case was often made with reference to the imperatives of the market and the 'efficiency' of the slave plantation system. Perhaps this example, more than any other in the history of European empire and the predations it has imposed on other parts of the world, demonstrates how references to market exchange to justify regimes of accumulation can serve as powerful ideological devices. And, as the slave trade flourished in the late eighteenth century, the British abolitionist movement used the transnational social relations generated by the slave trade to argue that peoples in different parts of the world shared a common moral space defined by the fact that the consumption of 'slave sugar' in London was an act of complicity in what one can reasonably call a global crime against humanity. Indeed, transnational capitalist trade relations have proven to have generated a diverse range of progressive political mobilisations in Britain and beyond: the 'free' sugar of the early 1800s, the Fair Trade movement, the boycotting of sweatshop commodities, the Anti-Apartheid Movement's boycotting of South African goods, and so on. Trade is politics: just as capitalism is based in the social relations of the workplace, relatedly, contemporary circuits of commodities are not a result of the timeless workings of the market mechanism (however imperfect) but are premised on those very same social relations. It is very clear that now more than ever, trade is managed by (and often *within*) transnational corporations in an increasingly detailed fashion, commodities are massively infused with symbolisms of liberal consumer power, and the regulation of trade is strongly (but neither transparently nor straightforwardly) influenced by international business.

We can discern three broad political and theoretical approaches that aim to outline a general understanding of the market and its social functions: one liberal, one nationalist, and one broadly of the Left.

The Left has long held an equivocal attitude to international trade. Core economic texts of early capitalism, such as Adam Smith's *The Wealth of Nations* and David Ricardo's *Principles of Political Economy and Taxation* (which introduced the key concept of comparative advantage), opened the door (no doubt more widely than their authors would have wished) to policies of unbridled market forces in international trade. When this became the orthodoxy in the 1980s, socialist planning, and even mere economic nationalism were casualties. Yet Smith's and Ricardo's prime targets were not state initiatives in general but rather private monopolists who had been awarded their privileges by undemocratic monarchs.

ISSN 0305-6244 Print/1740-1720 Online/07/020221-05
DOI: 10.1080/03056240701449612

When in the mid-19th century Friedrich List in Germany, and a host of followers and state practitioners, attacked the simplistic application of free trade, it was not so as to restore the power of monopolists and mercantilists, but to provide governments (which might well now be democratic, or at least populist) with the power to resist the economic depredations wrought by British-enforced free trade on their less advanced economies. What India, inside the British Empire, could not do, independent Germany, France and the US could: protect their infant industries. For an initial period (which could be quite protracted in large countries like the US and later China) this could involve a reduction in international trade while the internal market was developed. Eventually it became undeniable that economic benefits for the country (though not necessarily, depending on internal politics, all classes), could be obtained by wider opening to external trade, now on the basis of a more level playing field.

A focus on the 'Imperialism of free trade' (Lenin, 1917) and the consequences of the one-sided imposition of free trade inside colonial empires (or 'informal empires', as in Latin America or the middle-east) should not blind us to the beneficial, or rather the essential role, of trade in the economic development of small countries. But such trade needs to be part of a development strategy aimed at transforming the structure of the economy from one that is either peasant-based or skewed by colonial plantations or mines. Such a transformation will need to develop agriculture, but this can only be a starting point towards building a modern economy in which industry, agriculture and services all play a role. However one attempts to 'think through' how a more equitable and holistic trade strategy might be conceived, our foundations must be to address the multiple ways in which trade – local and global – serve to reproduce relations of exploitation and oppression: between nations, classes and genders.

Trade & Development

If we look at the experience of the newly industrialising countries (NICs) South Korea and Taiwan since the 1950s we note certain key elements drawn from earlier successful developers: a land reform breaking the power of a landed aristocracy (many of whom then became successful capitalists) and raising the productivity of small farmers; and state intervention that simultaneously protected the domestic market and subsidised exporters (illegitimate, according to the IMF and the World Bank – especially in combination).

The root of the problem for Africa is that the West won the battle of ideas, imposing its free-trade 'structural adjustment' policies from 1980. This battle was won less through the intrinsic merits of economic liberalism and more through the massive redistributions of power facilitated by the accrual of international debt by most African states. By contrast in Asia, the ideology of free trade fared far less well, certainly in China, India and Vietnam, but also in South Korea and Taiwan which were given special dispensation, being in the front-line of the Cold War. All these countries protected their domestic markets and used the state to plan economic strategy (including export promotion). This was in line with the well-known 'infant industry exception' to free trade, admitted even by orthodox economists. When they ceased to be infants they could begin to benefit from the free market – as we are currently seeing – and *not* because they have reversed their earlier policies.

By contrast, from 1980 Africa was forced to abandon planning and industrialisation and embrace the free market by the IMF, the World Bank and individual Western nations, while their economies were still in their infancy. In the 1980s Zimbabwe almost alone stood out against this trend, with semi-NIC policies which gave it growth of three times the African average, and (almost uniquely on the continent) without having to reschedule its debts. This 'threat of a good example' produced a suspension of programme aid from the USA and the UK, and in 1990 (despite still healthy growth) it succumbed to promises of a restoration of substantial aid (most of which failed to materialise) and liberalised. Africa was quite successful (comparable to Asia) between independence in the early 1960s and the late 1970s. Western 'solutions' have set it back at least 25 years.

The Articles

> *The [Fairtrade] movement's analysis of trade – that poor countries are prevented from trading by unfair rules, tariffs and subsidies – is wrong and its suggested solutions are routinely misguided. With a few exceptions (cotton in particular), rich nations' trade tariffs and subsidies do not significantly hurt developing-world farmers, and certainly not those in Africa. The products most African farmers grow are not subsidised heavily by Europe and the US, which concentrate their support on temperate crops such as beet and wheat* (Beattie, 2007)

The papers in the section on trade in this issue confront and illustrate these arguments. The opening paper by Carol Thompson and Colin Stoneman sets out the similarities and the differences – including the areas of contestation – between the two main actors in world trade, the US and the EU, which, contrary to Alan Beattie, have between them ruined many of Africa's agricultural prospects. The case of cotton is not one to be passed over in brackets, while the 'temperate' crop beet, is only grown so as to produce sugar at twice the economic cost, but (thanks to subsidies) a lower price, than cane. Similar provisions apply to other crops, meats and dairy products, grown both in the North and the South, making the call for free trade hypocritical. Different considerations do indeed apply to tropical commodities that are not grown in Europe or the US, such as tea, coffee and cocoa, but this does not mean that free trade is now on the side of the African producers, as Michael Barratt Brown shows in a paper whose arguments are evaded by Beattie. Fair trade may not be a long-term substitute for free trade, but by providing some growers with the surplus that the latter denies them it enables them – and their children – the means to escape from the continuing primary-commodity dependence decreed by the market, either by using the surplus to add value and move up the value chain of their commodity, or by investing in other, more profitable, areas of enterprise.

It is the contention of Paul Goodison that Europe's 'new' trade policy in fact exhibits continuity over several decades. In a wide-ranging article that takes up where his topical paper in our last issue (March, No. 111) left off, he argues that the Economic Partnership Agreements (EPA) negotiations, now in their final year, show a Europe determined to subordinate Africa (and parts of the Caribbean and Pacific) into a role not very different from when it formed parts of different European colonial empires. The non-reciprocity of the earlier Lomé agreements showed sensitivity to the requirements of countries in their early stages of development, whereas EPAs, using the pretext of WTO compatibility, see unbridled free trade with the EU as the bottom line, with a 'development dimension' much talked about but not coming through in many practical provisions. More important for Europe is that it gains free trade into

African markets that still maintain tariffs with the US and the rest of the world (ironically because, unlike the EU, the WTO still accepts that free trade may not be in the interests of the least developed countries).

The following paper, also by Paul Goodison, may seem at first sight to be merely a technical paper on a corner of internal EU policy of little concern to its trading partners, but in fact it is of high political significance. Europe's Common Agricultural Policy (CAP) is well known to have required enormous subsidies to farmers and export subsidies to dispose of mountainous surpluses (that have depressed world market prices of wheat, maize, sugar, beef and dairy products). CAP reform is claimed to have ended all this, so as to ensure compatibility with WTO requirements, which, through a technicality agreed with the US, it does. However, it is obvious that if farmers are paid income support instead of inflated prices and if as a consequence the EU's output of inefficiently produced commodities continues at the same level as before (in fact in some cases output has increased!) then the trade outcomes are just as prejudicial. But the argument does not stop there: CAP reform is not merely part of the EU's strategy to keep the WTO off its back, it is at the same time part of a process of structural transformation of European agriculture and associated industry to raise quality and systematically shift European food-and-agricultural production to higher-value and higher-quality products (serving the 'luxury purchase' component of the market, not only in the EU but globally). As a by-product this policy also intensifies competition in those areas which form part of the first stage of any agriculture-based developing country's strategy. From prejudicing Africa's agricultural production, Europe is now moving to prejudice its way out of agricultural dependence.

Jan Orbie's paper also looks at the political economy of European-African trade relations. Taking a broader overview, he charts a history of trade agreements from Lomé through Cotonou to the current EPAs. Orbie's interest lies in the developmental assumptions that underpin changing trade politics, and it is here that we can see how recent gestures towards rethinking trade agreements in which it is declared that Europe has gone beyond a 'market fundamentalism' are misleading and problematic. The neoliberal drive behind EPAs is, in fact, accompanied by limited transition/adjustment phases and aid packages which afford no real developmental 'space' (Wade, 2003) for African countries.

Taken together the articles in this special section should leave us extremely concerned about the state of trade politics and the prospects it creates for African economies. Subjected to powerful Northern state agendas, compelled to liberalise in a massively uneven global political economy, and currently unable to generate strong ideological counter-currents to the neoliberal framing of all trade discussions, notions such as 'trading out of poverty', 'making globalisation work for the poor', and so on, seem naïve at best and positively misleading at worst.

This issue also carries three other articles. Patricia Daley analyses the peace process in Burundi, highlighting the liberal assumptions behind the negotiation processes. She offers a detailed account of the way negotiations have been constructed, highlighting the elitist nature of negotiations. Not only are negotiations heavily 'overdetermined' by the agendas of external and international mediators and other actors; also the process is premised on the idea that 'leaders' can – through a process of mutual concession and agreement – forge a political pact that will end widespread violence. For Daley, not only do negotiations suffer from the Machiavellian game-playing of those at the table; furthermore, and more profoundly, this *form* of peace-making fails to take into account in any way broader questions about social justice or peacemaking as a popular act. Relatedly, Anthony Vinci analyses the ways in which warlordism has been conceptualised in regard to Africa. Vinci's meticulous analysis reveals two striking points. First, that modern warlordism is characterised by a paradoxical relation to the state: both its protagonist and dependant, warlordism is fundamentally opposed to national societies and state purview, but the maintenance of this opposition is the prerequisite for a warlord organisation's survival. Second, warlordism is a unique form of social organisation: the forms of violence, leadership, and plunder that reproduce warlords constitute a complete rejection of *any* other forms of sociability. For Vinci, the violence of warlord organisations are not politics by other means; rather violence is a demonstration of warlords' complete autonomy and separation from all other political communities. Finally, Rebecca Davies analyses the fluidity in Afrikaaner identities in South Africa. Using a Gramscian framework, she argues that neoliberalism has generated varied responses and divergences within a previously fairly stable and homogenous social class. She provides evidence of this fluidity in the ways that Afrikaans-speaking capital has aligned itself with the South African state.

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Review of African Political Economy No.112:227-245

Trading Partners or Trading Deals? The EU & US in Southern Africa

Colin Stoneman & Carol Thompson

Both the European Union (EU) and the US are currently pursuing trade agreements with weak economies, quite separate from the negotiations in the context of the World Trade Organisation (WTO). Often the motives for seeking trade agreements with a particular region reflect as much the competition between the two power blocs for market access as a desire for any new relations with the trading partners. The approaches or tactics of the EU and the US differ, but their goals seem to be similar: maximising trade dominance. This paper compares the EU's negotiations for 'economic partnership agreements' (EPAs) with southern Africa with US negotiations for a free trade agreement with the Southern African Customs Union (SACU).[1]

Countries in southern Africa are members of more than one regional economic organisation:

The Southern African Customs Union (SACU), which is the world's oldest custom union, was founded in 1910. Its origins are integral to apartheid, in that apartheid South Africa used the union to maintain dominance over its immediate neighbours – Botswana, Lesotho, Swaziland and (later) Namibia (the BLNS countries). That legacy still weighs heavily on SACU, expressed by some current trade negotiations which are with South Africa only, largely ignoring the economic interests of the BLNS, such as the recent talks for the US-SACU FTA and the already implemented TDCA (EU-South Africa Trade Development and Co-operation Agreement).

The Southern African Development Community (SADC),[2] formed in 1980, in an explicit effort to limit the economic impact of apartheid South Africa on its neighbours. At the time, South Africa regularly attacked regional economic targets from ports to railways to fuel depots (Martin & Johnson, 1986). This origin is one reason why reducing trade barriers is only one of the many goals of SADC for regional cooperation. After majority rule, South Africa became a member.

Some members of SADC are also members of COMESA (the Common Market for Eastern and Southern Africa), and for the purposes of the EPA negotiations, most of these countries have detached themselves from SADC and are negotiating within the 'ESA configuration'.

This paper is organised in four parts, focusing on agriculture in the trade agreements, as this is the major source of exports from southern Africa to the EU, although it is much less so for the US, which continues to import mainly oil and minerals (see Appendix, p. 245). Agriculture is also the sector most highly protected by both the EU and the US. The first section provides some background on the consequences of the neoliberal policies that have been forced on Africa since 1980,

ISSN 0305-6244 Print/1740-1720 Online/07/020227-19
DOI: 10.1080/03056240701449620

the importance of trade with Africa to the EU and the US, and the policies they are now pursuing. Part two discusses the current barriers to agricultural trade set up by the EU and US, in spite of highly publicised trade initiatives, and we continue in part three to discuss how barriers to escaping agricultural dependence remain for southern Africa. The conclusion discusses the way forward.

I. The Impact of Trade Liberalisation on Africa

In 1981 the World Bank published *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*, usually known as the 'Berg Report'. This was the first statement in relation to Africa of the 'neoliberal' orthodoxy, and the forerunner of almost universal 'structural adjustment' which resulted in the opening of African economies (not that many were completely closed), the rolling-back of the state, and the ending of aspirations to industrialise. The following quarter of a century, far from being the bright future the West offered Africa 'if only it mended its ways', made the preceding decades seem almost a golden age.

The failure of structural adjustment and its (partial) recantation by the World Bank has been much discussed (see for example Williams, 1994). Our purpose here is to focus on Western policies of the last ten years. Having opened up Africa and aborted its attempts to follow the economic-nationalist policies[3] which had succeeded in the newly industrialised countries, and are now bearing fruit in India and China, the West now offers Africa a permanent role as 'hewers of wood and drawers of water' (i.e. exporters of agricultural and mineral commodities); free trade may well achieve this goal, as it will cause further specialisation in areas of existing comparative advantage (although this will again prove fruitless in cases where Western subsidisation of these very commodities continues) and prevent attempts to change comparative advantage in the way the NICs did.

We begin with the conclusion of the Uruguay Round in 1995 and the establishment of the WTO with an agenda to bring agriculture into the trade-liberalisation project. More than one study predicted that Africa would be the sole continent losing its share of the global market with trade liberalisation, and they were right:

> *The growth of international trade has done little to slow the marginalisation of sub-Saharan Africa. While [global] trade has risen as a share of [global] GDP – from 40% to 55% since 1990 – the region's share (excluding South Africa) of world exports has fallen to 0.3%. The share of world exports of Sub-Saharan Africa, with 689 million people, is less than one-half that of Belgium, with 10 million people.*
>
> *If Africa enjoyed the same share of world exports today as it did in 1980, its exports today would be some $119 billion higher (in constant dollars). That is equivalent to about five times aid flows and budget savings from debt-service relief provided by high-income countries in 2002* (UNDP, 2005:117).
>
> *Accounting for only 0.3% of global exports, the continent is no longer on the trading map. Sub-Saharan Africa's share of total imports into Europe was 5.1% in 1963 but only 1.6% in 2001; for North America (Canada, Mexico and US), the decline was from 3.8% to 2.0%* (Gibbon & Ponte, 2005:40).

The conclusion from this well-documented study declared, 'Africa has experienced a process of "trading down" – exclusion, marginalisation, and location in roles associated with high levels of vulnerability' (Ibid. p. xvii).

Trade Profiles

One of the major differences between the EU and US in relation to southern Africa is that the EU figures more prominently as an exporter *to* southern Africa than does the US. It is the largest exporter to the SADC region, accounting for 32% of imports in 2002, compared to only 9% for the US. The EU takes some 34% of exports compared to 36% for the US. In 2003, trade between the EU and SADC members (excluding South Africa) totalled €7,382 million consisting of €4,526.4 in imports from SADC countries into the EU and €2,855.6 million in EU exports to SADC countries. Five products accounted for fully 86% of exports to the EU, namely: diamonds and gold (47.3%), oil (19.1%), aluminium (10.4%), and fisheries products (10%). The main EU exports in 2003 were machines and appliances (29.5%) transport materials (24.3%), food industry products and drink (8%), non-precious metals (7.7%), and chemical products (6.8%) (http://agricta1.cta.int/index.php/en/content/view/full/2494).

Similarly oil and minerals account for 75-80% of US imports *from* southern Africa. Unprocessed minerals comprise two-thirds of total southern African regional exports; for some countries, one mineral defines the exports: Angola – oil (86% of total exports); Botswana – diamonds (88.2%); Namibia – uranium (24%) and diamonds (40%); Zambia – copper (84%) (US Department of Commerce 2006:11-12).

For the US, the two major southern African trading exporters are Angola and South Africa, with Angola providing 17% of total sub-Saharan exports (almost entirely oil) and South Africa providing 18% (platinum, diamonds) (Robinson-Morgan, 2004:10). Even these few statistics reveal the core problem of southern Africa: exporting mainly primary, unprocessed commodities. Although exports of manufactures have increased, the growth rate does not compete with manufacturing exports of other developing regions. Trapped as primary-commodity exporters for decades, southern Africa suffers the burden of falling commodity prices and remains vulnerable to market vagaries:

> *Price volatility arising mainly from supply shocks and the secular decline in real commodity prices and the attendant terms-of-trade losses have exacted heavy costs* (UNCTAD, 2003:ii).

Between 1997 and 2001, the combined price index for all commodities fell by 53% in real terms.[4] This decline means that in four short years, African exporters had to double export volumes to maintain revenue at constant levels.

From 'Trade Not Aid' to 'Aid For Trade'

From the early 1990s, and related to the demise of the Soviet Union, the US drastically reduced its development aid around the globe and changed its policy to promote 'trade not aid'. It defended the policy change as transforming aid dependency into trade choices. As a strong promoter of global trade liberalisation, US government policy closely follows neoliberal theories that more open markets provide economies of scale, reduce prices of goods through competition, and encourage cross-border investments, creating jobs. This multiplier effect promotes economic growth for individual national economies and for the world economy, and the only 'losers' are those governments who refuse to open up their economies.

Applying these theories to Africa ignores the structural constraints which preclude economies from fully responding to new trade opportunities: insufficient or delayed arrival of inputs affects the capacity of exporters to respond to the global market: transaction costs and transport costs are much higher per unit of output in Africa than in most other places. For example, the density of rural roads in Africa is about 55 kms per square km, compared to more than 800 in India. Lack of roads, bridges, and collection depots explain why small farmers in Africa receive only about 10-20% of the export price for their goods (Diao & Hazell, 2003). Such structural constraints diminish or even eliminate market incentives.

Advocates for increasing developing countries' capacities to exploit new markets call for 'aid for trade', or financing to build infrastructure and administrative efficiency. One analysis for the OECD emphasises that 'market access is not the most important factor constraining export growth in many developing countries (Hoekman & Prowse 2005:16). The authors give a list of areas where financial and technical support are essential if a developing country is to export profitably the commodities in which it has comparative advantage. What appears to be emerging across neoliberal theorists and their critics is a consensus that lowering tariffs and quotas is only the first step toward raising revenue from trade, not just increasing the volume of trade. But we would say that it should only be the *second* step *after* supply-side constraints have been addressed.

Trade & Development

Over the last decade, free trade policy analysts have emphasised the high correlation between trade and development: trade will bring development and development increases trade; so one reason to promote a global market is development. The EU refers to its EPA initiative as an 'instrument for development'.

The US officially named its first major initiative toward the continent, 'The African Trade and Development Act', more colloquially known as AGOA (Africa Growth and Opportunity Act). Any country that fulfilled the conditionalities could ship 6,400 products tariff-free into the vast US consumer market. According to the promises, with increased jobs and profits, mainly from production in textiles, almost everyone in the exporting country would benefit.

Yet we must now challenge this correlation, for trade is not automatically bringing development, and naming trade as the prime instrument for development obscures the competition inherent in trade. What US and EU corporations are pursuing is economic self-interest, with the support of their governments. The goal of the government/corporate trade partnerships is to take full advantage of emerging markets, before other developed countries can successfully compete. However, immediate competition is only the most obvious aspect of global trading. A longer-term goal of the US is to change the production structures of African economies, not just their trade laws. In agriculture, the US pursues trade policies that advance large-scale, industrial agriculture. The corporations are working to change reliance on saved seed to dependence on commercial hybrids and GMOs (genetically modified organisms), patented to bring high profits. They advance increased yields of one or two staple crops as the guarantor of food security, and such monoculture requires fertilisers and pesticides, available from US agribusiness. The US Trade and Development Act (AGOA) calls for a two-year study to examine ways to 'improve the flow of American farming techniques and practices to African farmers' including use of 'modern farming equipment' and 'crop maximisation practices' (US Congress, 2000: Section 130).

Rather than offering 'development' to poorer countries, both the EU and US are pursuing expanded markets for corporate profit. The two have different strategies and tactics for pursuing their self-interests. Frustrated with not advancing its policies more successfully within the WTO, US trade negotiations over the last five years demonstrate that it is attempting to circumvent the WTO by aggressively advancing free trade agreements with selected countries or regions. The first FTA partners seem to be not those whose trade matters so much to the US, but governments who will agree to American terms (e.g. Morocco, Singapore, Chile). These FTAs, not WTO principles, then become the model for other negotiations. A clear difference, to be analysed later, is the intellectual property terms in the FTAs, in contrast to the TRIPs (trade-related intellectual property rights) agreement in the WTO. TRIPs was to be rewritten by 2000 to extend private intellectual property rights over bacteria to all plants and living organisms. Organising by South countries blocked this extension, with the Africa Union unanimously voting against any patents on life in 1999. However, the FTAs follow US law in requiring the most stringent patents on life on the planet. The US government sees the FTAs as a much-preferred alternative to the WTO, which affords too many opportunities for coalitions and bargaining under a transparency spotlight.

The EU has used the pretext of WTO non-preferential treatment for the abandonment of a keystone of the Lomé agreement with the African, Caribbean and Pacific countries (ACP, former colonies of Europe), the principle of non-reciprocity. Following the Cotonou agreement it initiated discussions for so-called economic partnership agreements (EPAs). These are to be fully reciprocal free trade areas (although with differential time-scales for tariff reductions); it did not even consider the option of seeking derogation in the WTO (as achieved under Lomé). Using specious statistical arguments, the EU claimed that non-reciprocity had been a failure according to global trade figures (ignoring the fact that most ACP production was in primary commodities that are of declining importance on the world market and furthermore with falling prices, so that 'failure' was built in). Where ACPs had a chance to initiate industrial production (Zimbabwe, Mauritius), non-reciprocity had been a huge success.

The EPAs, will apply to all ACP countries,[5] not just those in southern Africa. Formal negotiations began in 2004, and agreements are scheduled to be signed by the end of 2007. The discussions are quite open, with ACP countries vigorously opposing certain provisions, and a 'Stop EPAs' movement gathering strength amongst NGOs.

In contrast, the US's pursuit of free trade agreements (FTAs) has been conducted in secret negotiations, with the terms not being released until the document has been signed (Chile, Central America, Singapore). The negotiations are often on 'fast track', with serious delays occurring only after the documents are made public. For the SACU FTA, while labour unions and other NGOs were told that they are not stakeholders and therefore, could not have access to the negotiations or its records, US corporations were integral to the consultations. Discussion of the US/SACU FTA for this paper, therefore, cannot be based on the negotiating documents, for they remain secret. Previous work has been done, however, on the Chile and CAFTA (Central American Free Trade Agreement) and a formal comparison of several US FTAs reveals that many provisions are exactly the same (Verbeck, 2004). The US/SACU FTA working group of about 30 civic organisations[6] employed this fact as a way of advancing debate and transparency about the provisions while negotiations were in process. In alliance with civic organisations in southern Africa, including the powerful COSATU (Congress of South African Trade Unions), they were able to expose some of the terms of the negotiations, and this was a factor in the talks breaking down in April 2006. South Africa walked away, but the US trade representatives were not willing to acknowledge defeat and declared that negotiations would continue over the long-term.[7]

It seems that both the EU and the US want free trade with their own clients, while denying it to each other (and Japan). This is not multilateralism according to the WTO, but more like old-fashioned colonial empires, inside which of course, there was 'free trade'.

II. Trade Barriers to Agricultural Products

After ten years of WTO administrative rule, the EU and US continue to ignore the intent of the WTO in the agricultural sector. Although they may appear to follow the letter of the law, their policies are to advance the prospects for production and trade of their agribusinesses, even where they have no comparative advantage.

The overall producer-support estimate (PSE) in the EU was 32% of farm receipts in 2005, much worse than in the US at 16% (though Japan, Korea, Norway and Switzerland were worse still at 56%, 63%, 64% and 68% respectively) (OECD/FAO, 2006).

Given its chronic trade deficit, the US government does all it can to increase exports in its two leading trade sectors, armaments and agriculture. Agricultural exports are key to domestic economic security, for more than 1 in 3 acres of US crops are exported in bulk or in value-added form. The US Department of Agriculture reported in 1993:

> *Because the domestic market absorbs a smaller and smaller share of production, US agriculture must compete more and more effectively with other countries for a share of the world market – or else accept a reduction of productive capacity* (Watkins, 1999:36).

The major instruments for this policy are well-known and will only be summarised here: domestic subsidies, dumping, and high tariffs against agricultural imports into the US.

In May 2002, President Bush signed a $190 billion farm bill that extends for ten years, providing subsidies to guarantee 80% of qualified farmers' income, no matter what they grow (*New York Times*, 18 October and 2 November 2001). As explained by Senator Kent Conrad of North Dakota,

> *I know there are people who have cogent arguments that our farm policy encourages over-production, but that misses the larger reality. We're engaged in a trade war, and it's not pretty* (*New York Times*, 16 November 2001).

This income-support scheme evades the WTO prohibition on direct subsidies to agricultural production through a device known as the 'Green Box' in which, by agreement primarily with the EU, subsidies designed to maintain farmers' incomes, but which do not directly promote further over-production, are allowed. This manoeuvre exposes US Congressional duplicity in demanding free entry into African agricultural markets, while maintaining strong protection for the American agricultural industry:

> *In poorer countries where two-thirds of the people still live on farms, America's grain subsidies are seen as the equivalent of a declaration of war* (Becker, 2002).

Further, the subsidies are directed to large-scale commercial enterprises, which receive 84% of the total, but represent less than 25% of the 'farmers'.

The agricultural provisions of US FTAs require full opening of agricultural markets from countries in the South, including their staple crops. White maize is an exception for the Central American FTA, but tariffs must be eliminated on all agricultural imports to Central America over 5-15 years. The US-Chile FTA preserves the right to continue subsidies if a third-party subsidy still exists, which translates into saying that EU Common Agricultural Policy (CAP) subsidies permit continued US subsidies to its own agriculture, creating a major disadvantage for Chilean farmers. Farmers' rights to save seed are annulled in both the Central America and Chile FTAs with the US.

With its agricultural production highly subsidised, the US then engages in dumping on the world market. The most notorious case, now declared illegal by the WTO, was US government financing of 20,000 cotton farmers which reached $4.7 billion in 2005, about *three times* the value of US aid to all of Africa. When world cotton prices hit a 50-year low in 2001, losses attributed to US subsidies were estimated at 1-3% of GDP for Burkina Faso and Mali, in addition to losses of income for millions of smallholder cotton producers (UNDP, 2005:131). After the WTO ruling in 2006, the US promised to reduce the subsidies, but before the end of the year, Brazil was asking the WTO's dispute settlement board to begin a compliance review, raising the question whether the US had implemented any corrective measures at all (WTO, 2006:1).

For the US in southern Africa, the dumping most often occurs under the banner of food aid. With 60-75% of its maize being genetically modified (GM), the US has lost global markets. For example, US maize exports to the EU fell from $426 million in 1995 to $1 million in 1999 (Patel, 2002:5). Therefore, the US ships *unlabelled* GM maize as food aid to southern Africa, making the chain of subsidies long: the US government offers subsidies for R&D of chemical companies that are advancing GM seed; then it finances the farmers to grow the seed; then it buys the GM crop to use as food aid for needy countries. Such extensive state involvement is reminiscent of Soviet agricultural practice, rather than a free-market economy.

In a similar way, the results of CAP reform in Europe and the new 'single farm payment system' is strongly reminiscent of Gosplan. Amidst the rhetoric that EU farms can now respond to world market signals instead of the old subsidy-inflated price levels, farmers know that, just as in the US, their income depends primarily not on how much they sell of most commodities, but on how well they follow requirements to produce agreed amounts to improve quality, to maintain and improve the environment, to raise safety standards etc. All are highly laudable aims, but in no way subject to market disciplines. Farmers also know that if new directives (rising food safety standards in particular) raise their costs in a way that threatens their competitiveness, they can expect to be paid further handsome subsidies. This is a potential source of major non-tariff barriers to imports from third countries. The overall situation can be judged from a statement of the former EU Trade Commissioner Pascal Lamy (now director-general of the WTO):

> *If farming had to go by the principle of the international division of labour … five million of Europe's six million farmers would go to the wall. That is not acceptable and it is not what our European civilisation is about* (Lamy, 2002).

The US and the EU also sustain tariffs on agricultural production to protect their domestic markets, and the World Bank reported that this practice is standard:

> *Average tariffs among industrialised countries are low (4-8%), but tariffs on agriculture are high. Tariffs on major agricultural staples, for example, often exceed 100% … [and they] are more than 30% of many food-industry products* (World Bank 2001:2).

The Overall Aim of CAP Reform

The ultimate aim of CAP reform is to create a situation in which all internal EU prices are brought into line with international prices, with EU agricultural production feeding a globally oriented food and drink industry, increasingly specialising in high-value quality food and drink products. As European agriculture is on average inefficient by world standards, a switch from price support to income support (similar to that in the US system) has become essential in the face of the WTO prohibition of the former. The latter – with the agreement of the US – escapes for the time-being, being deemed to be in a 'green box' of non-trade-distorting support, but remains under challenge from more-efficient producers.

Under the new European model of agriculture which the process of CAP reform is promoting, prices will be progressively reduced as price support is gradually replaced by programmes of direct aid to farmers, which are increasingly decoupled from production**.** The deployment of this support will be linked to 'cross-compliance' requirements and other measures designed to shift European food-and-agricultural production away from bulk commodities towards increasingly specialised and differentiated higher-value quality food products.

If this transition can be brought about, it will result in a fundamental shift in the orientation of European agriculture. European agricultural production will no longer be aimed at ensuring European food security, with incidental surpluses being exported with the help of publicly financed export refunds. Instead, it will be geared towards providing primary agricultural inputs into a European food and drink industry oriented towards competitively serving world markets. This process is already substantially under way with food and drink constituting the single largest manufacturing value-added sub-sector within the EU. However, this more 'competitive' food and drink industry will remain dependent upon the continued provision of large and more efficiently deployed volumes of *public aid* to the basic system of agricultural production.

There are two key aspects of the process that will need to be addressed directly in the EPA negotiations (although the EC is likely to resist substantive consideration). These are the direct consequences of CAP reform and the implications of the EU's growing emphasis on food safety.

CAP Reform & the Consequences for Southern African Agriculture

Since 1992 across a range of sectors, the EU has begun to shift from systems of price support to systems of direct aid to farmers. This is intended to reduce the internal price of EU agricultural products, without undermining farm incomes. Lower EU prices have generally served to:

- Reduce the gap between EU and world market prices;
- Reduce the need for export refunds;

- Reduce the need for and costs of public storage;
- Boost consumption;
- Reduce 'surpluses' (by boosting domestic consumption and export possibilities).

Despite the price reductions and the expansion of direct aid payments to farmers, CAP reform has unexpectedly actually served to *increase* EU production in some key sectors. This is particularly the case in the cereals sector where despite reductions in the EU intervention price of between 38% and 54%, cereals production increased by 17% from 180.9 million tonnes in 1991/92 to 211.6 million tonnes in 2001/2002.

Reform, by lowering EU prices and closing the gap with world market prices has also greatly reduced the need for export refunds. In the arable sector, export-refund expenditures fell from €3,733 million in 1991 to a mere €99.3 million in 2002, a remarkable 97.3% decrease. However this was simply because such payments were no longer needed to the same extent. When the value of the euro increased dramatically against the US dollar (widening the price gap between euro and US dollar-denominated world market prices), export-refund allocations for cereals were again increased to meet the needs arising. From an African perspective this process of reform, and its falling EU market prices, is having two important negative effects:

- Rendering the EU market less attractive for basic temperate agricultural exports from ACP countries;
- Enhancing the price competitiveness of EU exports to ACP markets.

These twin trends have important implications for the current EPA negotiations involving southern African countries, since it reduces the benefits of preferential access to the EU market and increases the dangers of market disruption associated with the removal of import duties on agricultural and food product imports from the EU.

The impact of CAP reform in southern Africa in terms of the erosion of the value of traditional trade preferences can most vividly be illustrated by the likely impact of current proposals for EU sugar-sector reform on the annual income earned from raw sugar exports to the EU. In July 2004 the EC proposed to abolish the intervention price for sugar and replace it by a 'reference price' one-third lower. This will lead to a fall in the EU sugar price from €632 per tonne to €422 per tonne and a fall in the price offered for ACP raw sugar from €523.7 per tonne to €329 per tonne. Total losses to southern African exporters fall under two main headings which are set out in Tables 1 and 2 (over).

To these need to be added the income losses for least developed country (LDC) sugar exporters under the EBA (Everything but Arms – open entry to EU market for all LDCs). Thus, the first phase of sugar-sector reform will lead to total annual income losses to southern African sugar exporters of a minimum of about €155 million, to which potential income losses for EBA sugar exporters should be added. This follows the trend already established in the beef sector, where CAP reform has caused prices of southern African beef marketed into Europe to fall by between 28 and 30% over a three-year period.

Table 1: Losses by Sugar-protocol Beneficiary Countries Only

	Sugar-protocol quota (tonnes raw sugar equivalent)	Current earnings at (€) 523.70/t	Earnings 2009/10 & after (€)	Income losses from reform (€)m
Malawi	22,635.2	11,854,063	7,582,798	-4.2713
Mauritius	533,728.3	279,513,490	178,798,967	-100.7145
Swaziland	128,091.8	67,081,701	42,910,769	-24.1709
Tanzania	11,071.8	5,798,327	3,709,069	-2.0893
Zimbabwe	32,853.0	17,205,139	11,005,770	-6.1994

Food Safety: The New EU Priority Issue

In the 1990s Europe was plagued by a series of food safety scares, largely arising from over-intensification of agricultural production. These ranged from the BSE ('mad cow') crisis in the UK to the dioxin-contamination scandal in Belgium. As a consequence of these shocks to the EU's agriculture and food industry, the EC began in 2000 to work on a comprehensive new policy designed to guarantee food safety from 'farm to fork'.

This new more comprehensive approach involved the adoption (1 January 2002) of an integrated approach to food safety covering all sectors of the food chain, including feed production, primary production (on the farm), food processing, storage, transport and retail sale. Most recently the EC has submitted, and the EU Council is in the process of approving, a food-and-feed control regulation. In addressing the executive directors of the World Bank, (then) Commissioner Byrne rather ominously noted:

> *unless there is a serious effort to also strengthen the capacity of developing countries to meet the food safety standards of the developed world, the opportunities presented by trade liberalisation in the food area may prove illusory.*

The most important point for southern African countries in the context of the EPA negotiations is that the implementation of the EU's 'farm to fork' policy moves beyond the need for simple factory inspections which characterised early EU SPS (sanitary and phytosanitary) requirements placed on African countries. It now covers inspection and regulation of the whole chain of production from farm to fork

Table 2: Special Preferential Sugar Preferences (SPS)

Country	SPS sugar exports(t)	Current earnings (at €523.70/t)	Earnings after stage 1 reform (at €329.0/t)	Income losses from reform
Malawi	10,000.0	5,237,000.0	3,290,000.0	-2,747,000.0
Mauritius	41,980.1	21,984,978.0	13,811,452.0	-8,173,526.0
Swaziland	30,000.0	15,711,000.0	9,870,000.0	-5,841,000.0
Tanzania	2,485.9	1,301,865.8	817,861.1	-484,004.7
Zimbabwe	25,000.0	13,092,500.0	8,225,000.0	-4,767,000.0
Zambia	12,731.5	6,667,486.5	4,188,663.5	-2,478,823.0
Total				-24,491,353.7

Source: http://agricta1.cta.int/index.php/en/commodities/sugar_sector/executive_brief (on the farm, during processing, during storage and during transport). The horticulture sector is currently facing difficulties with the completion of the EU's pesticide review (which restricts what pesticides can be used), the application of new stricter maximum residue levels, and the implementation of traceability requirements, all posing serious challenges to exporters (particularly with regard to traceability requirements for small-scale producers). These standards pose a whole new range of challenges to southern African countries seeking to export food products to the EU market. Indeed, it is not unduly pessimistic to suggest that under a worst-case scenario of strict implementation of the requirements, southern Africa's exports of food and agricultural products to the EU could be largely suspended.

These problems need to be clearly situated in the context of the importance to southern African countries of the EU market for food and agricultural-product exports. On average about 30% of exports by these countries are food and agricultural products, ranging from a high of 98.6% for Malawi to a low of 1.0% for the DRC. All of these exports will potentially be impacted on by various dimensions of the EU's new food safety policy.

Unless producers can meet the basic food safety standards and governments in southern Africa can establish systems to credibly verify and certify compliance, at a cost which is economically sustainable, then future exports from the SADC region to the EU could be severely disrupted. This issue is of such profound importance that it has to be a central focus of discussions in EPA negotiations, regardless of the configuration for such negotiations.

The provision of financial assistance to all producers and processors along with financial assistance to building institutional capacity for certification and verification would be wholly consistent with internal EU practice where, under a variety of financial instruments, in the region of €3-4 billion each year is being made available to European producers to support the implementation of new food safety standards within the EU. Whether the EC departments dealing with EPA negotiations, the wider EC, and the EU as a whole are open to answering these serious questions is far from certain. While senior Commission officials have been strong on rhetoric acknowledging the need for such support, they have yet to translate their words into support on a scale commensurate with the size of the challenge faced.

III. Barriers to Escaping Agricultural Dependence

The FTAs of the US and the EPAs of the EU bring new problems to the international trade regimes for southern Africa. In the name of reciprocity, both approaches leave the burden of adjustment to the weaker economies. To cover 'substantially all trade', the EU EPAs require removal of almost all tariffs and customs duties, with no provisions for a country like Lesotho, that would lose about 50% of its government revenue. One study found that the three-quarters of the ACP countries would lose 40% or more of tax revenue, with one-third losing over 60% (Stevens & Kennan, 2005). How a government in a developing country could regain such revenues with newly-devised tax systems is not fully discussed, making the EPAs look like another policy instrument to reduce the role of government in developing countries.

The US makes little effort to meet reciprocity in exchange, but rather, is quite direct in stating that any existing preferences could be lost if the FTA under negotiation is not ratified. The US trade representative used this tactic during the Central American

FTA negotiations and also threatened the closure of AGOA preferences to SACU if they terminated negotiations (in this case the tactic did not work). This demand for full opening of agricultural markets applies only to others in the FTA, for the US continues its own agricultural subsidies. The US used to allow a 'positive list' giving generic reference to categories like 'all cereals' to be exempt from the trade regime; now it requires a 'negative list', with specific itemisation of each product to be exempt. And very few exceptions are made. Chile had to abandon its highly successful agricultural price band or not have access to the US market (which it had been able to maintain with the EU). The price band allowed the Chilean government to stabilise import costs of agricultural staples by adjusting tariffs; depending on the international price of wheat, vegetable oil, sugar or other staples, the tariffs were either increased to defend a floor price or lowered to defend the ceiling price. This major food-security provision is not allowed under the US/Chile FTA. As stated above, ignoring any idea of reciprocity, the US can sustain its full subsidies of agriculture under the same agreement.

A very important concern to southern Africa of both the EPAs and FTAs is the de facto break-up of SADC. Both the EU and the US profess to support regional economic cooperation but then advocate policies that make that goal quite impossible. For example, they both work through South Africa, the dominant power in the region, one often resented by the others: the US/SACU FTA was really an attempt to forge an agreement with South Africa, with the BLNS only as silent partners; similarly the EU TDCA (EU-South Africa Trade Development and Co-operation Agreement) was also mainly with South Africa, with the BLNS hardly participating in discussions. Furthermore, the two negotiations are aspects of the competition between the EU and US to secure dominance in the South African market. This latter goal was very apparent to South Africans as the US-SACU talks broke down:

> *Observing the US-SACU talks, it is evident they are not about SACU, but American business and competition with Europe. The Americans will no longer cede the African market to their European counterparts … Like old times, the content of policy is shaped by competition against an adversary from outside Africa, Europe* (Pheko, 2006: n.p.).

A strong SADC could negotiate better terms for its commodities as well as resist IPRs which preclude the use of generics for new drugs or reverse engineering for electronics. As a customs union, with reduced tariffs among the members and a uniform set of targeted tariffs to the outside world (as the EU did), SADC could prioritise regional development over global priorities. But this agenda cannot happen, for the US and EU each appear to desire to isolate South Africa from SADC and link it first to their own trade priorities. They are *not allowing the choice* of development within the context of the region, which could then facilitate entry into global competition, although this is the path that war-torn Europe successfully took. Such a path might create a future power bloc in southern Africa as it did in Europe.

EU Trade Practices Blocking Development

Rules of Origin

One respect in which the US and AGOA has policies superior to the EU's is in the matter of 'rules of origin'. Even in its EBA facility (which in principle allows duty-free entry into Europe for almost everything exported from LDCs), rules of origin can be so tight that in practice hardly any manufactured goods (necessarily based on material that a poor country cannot have originated) can enter. But the rules of origin for AGOA are only lenient for LDCs; for developing countries which could challenge the US textile industry, such as South Africa, Mauritius or Zimbabwe, thread and yarn from the US must be used in order to keep duty-free entry of their textiles.

Value-added Food Products

As the prices of cereals, dairy products and sugar fall in the EU (still largely to occur only in the case of the latter), European food manufacturers gain access in Europe to European-produced raw materials at world market prices (often below the price of the most efficient producer because of world over-production, caused in large part by EU and US subsidisation policies). Such value-added food products (such as confectionery, cakes and biscuits and various dairy products) are amongst the most important first-stage manufactures that hitherto purely agricultural producers can move into. It is becoming progressively harder to do so as European companies become more competitive (on the basis of uncompetitively produced inputs) in precisely these products. Free trade would deny developing countries the long-standing right to infant industry protection from more-efficient (because more mature) foreign industries; we now see that it could deny them the right to protect their industries from less efficient (but cheaper because subsidised) producers as well.

Changing European Tastes

A related factor results only in part from concealed subsidies in Europe. With rising incomes and more expensive tastes, the market in some products in Europe is becoming fragmented with, for example in the case of chicken parts, breast meat being demanded more, while legs and especially wings are unwanted. Large quantities of such 'inferior' commodities are now being exported, primarily to west Africa, though potentially anywhere, destroying local farmers and dependent processors. The chicken does not even need to be subsidised in Europe; imports of whole chickens from Brazil, a very efficient producer against which African countries could expect to be allowed to protect themselves, are entering Europe, which consumes the breast and exports the wings to Africa. EPAs could deny Africa the right to protect its industries against such imports.

Food Safety

Rising food safety standards in Europe could easily turn into non-tariff barriers (NTBs) against African food exporters. Although good in themselves, higher standards are expensive to implement, so producers in Europe are being subsidised – especially those in the ten recent accession countries – to the extent of billions of euros. The EC has, however, also been sympathetic to the plight that higher standards could potentially cause to many traditional food exporters to Europe. Unfortunately, where sympathy to EU producers has resulted in expenditure in billions of euros, for ACP countries the contrast in treatment is blatant, with help in raising standards being an order of less magnitude. This is not a matter that the EC is prepared to discuss in the context of EPA negotiations.

Bilateral Negotiations

Europe's concern for the impact of its policies on development prospects of ACP countries in general, and southern African countries in particular, obviously has its limits. Preference erosion as a consequence of CAP reform has already been discussed, but there is also the more general phenomenon of erosion through both multilateral (through the WTO) and bilateral negotiations, the latter being entirely under the EU's control. In this context, the negotiation of the TDCA with South Africa (see above) ignoring its effects on the BLNS, and indeed the rest of SADC, has set a model for EU trade policy. Currently the EC is negotiating with Egypt, a member of COMESA, despite the EPA negotiations with the 'ESA configuration' (containing nearly all the other members of COMESA). Ongoing negotiations with other Mediterranean countries, while not pre-empting regional EPA agreements in the same way, are having the effect of further reducing the value of EU preferences to ACP countries.

US Trade Practices Blocking Development

Although there are many aspects in the FTAs that one could analyse as detrimental to an economy moving from a primary-commodity producer to an exporter of value-added goods, this discussion will cover just two important ones: IPRs and national treatment. With the most stringent laws in the world protecting intellectual property, the US acts to enforce those laws in other countries via the FTAs. Those engaging in FTA discussions must accept US patent law as *their* law of the land, including patents over life forms. A second requirement slows considerably the development of generic drugs. Although the corporation must still present its technology to the host country honouring the patent, that information cannot enter the public domain for five years, thus closing off the possibility of developing a generic drug from the patented one. Although the term for patents in the FTAs is the same as the WTO, 20 years, this provision is a major deterrent to sharing basic components of the innovation, even if it serves public health such as the HIV/AIDS pandemic in Africa. Third, FTAs are requiring that there be no restrictions on GMOs, in research, planting seeds, or marketing. For the countries of Central America in CAFTA, it means they cannot exercise their rights in another treaty they have ratified, the Cartagena Biosafety Protocol. This protocol allows import restrictions on products if the government is concerned about the safety of the environment or public health; the government does not have to prove the product is a danger but only decide it may be a potential danger. Such a provision would permit a country to restrict the entry of GM seed, food, or experiments. Not being a member of the Biosafety Protocol treaty, the US *demands* that the FTA member accept US law over this international law.

These IPR provisions take sovereignty away from national governments in major areas, such as food security and public health. They preclude the possibility of reverse engineering – or taking a patented item and replicating it, except for some small feature. They privatise intellectual property well beyond what has been considered acceptable by the WTO, which does not allow patenting of plants or seeds, permits exceptions to preserve food security, and allows generics for drugs. Yet the US is closing off these avenues in the FTAs, making it very difficult for countries in the South to enter trade at a higher level of technology or of value-added exports. Debated for a decade in the global marketplace, this approach is potentially lethal in a region beset by the HIV/AIDS pandemic. As the NGOs in South Africa, organised to oppose the US-SACU FTA, observed:

> *US insistence on including 'TRIPs-plus' intellectual property rights provisions [in the FTA], and undermining the rights of countries to use public-health flexibility described in the WTO 'Doha Declaration on the TRIPs Agreement and Public Health', will have a negative impact on*

> *access to AIDS drugs … more than 3,000 people in SADC died of AIDS daily in the course of 2003. This is the equivalent of one 9/11 attack on SADC citizens every single day of the year* (Trade Strategy Group, 2006:3).

A second major provision in the FTAs which constrains government policies is national treatment. This provision is found in the WTO, but is greatly extended for the FTAs. It simply means that a government cannot favour a domestic corporation over a foreign one, but must treat them all equally. The government has no right to choose a strategic sector or two to subsidise or assist while the domestic production becomes more internationally competitive (this is how Hyundai emerged in South Korea, and many other examples could be given from Japan and the newly industrialised countries). It has no right to protect a national seed corporation, even though it might be sustaining indigenous, heirloom seeds (such as Seed Co. in Zimbabwe), but must treat Monsanto equally (although Monsanto is subsidised by the US government, can borrow money off-shore, and avoid taxes at home and abroad). Further, similar to Chapter 11 in NAFTA, the corporations may sue the government if *potential* profits seem threatened. Such an arbitration would take place with an administrative tribunal, where the three sitting on the tribunal may be practicing investment lawyers, without any suggestion of conflict of interest.

The most serious concern is that FTA national treatment extends to services, another discussion which has been stalled a long time in the WTO. For example, although NAFTA's provisions explicitly exclude sovereign debt (bonds, loans and other securities guaranteed by a national government) from investor protection, CAFTA includes it. The governments must not offer favourable treatment to domestic over foreign creditors. And all of CAFTA, except Honduras, owe a significant share of public debt to domestic creditors. There are many reasons why a government might want to favour domestic creditors, not the least of which is that they are key to economic recovery. Prioritising domestic debt may be necessary to save the banking system, and often debt includes wages and pensions to state employees, but even they could not claim to be paid first (Caliari, 2005).

Chile had a successful policy of *encaje* (foreign investors deposited a portion of their investments in the Central Bank), in place since 1991, requiring a non-remunerated reserve requirement of 20% on new foreign credits with maturities of less than one year. Curtailing speculative capital, Chile was shielded from the Mexican economy meltdown of 1995 (Singh, 1999:154, 160). But Chile had to relinquish this policy to sign the US/Chile FTA. Only after an economic emergency begins can the government curtail capital flight, and even then, the corporations can sue for wrongful intent. Taking this policy option away from elected governments reduces sovereignty and makes it more difficult to encourage capital investment for development. As is well known, capital flight can destroy in a day or two a balance-of-payments surplus from commodity trade, built up over decades.

The EU in its EPAs and the US in its FTAs share the same trajectory of pushing the agreements well beyond the domain of trade. They both aim to include services, rather than just exchange of commodities. They liberalise capital flows as much as commodity flows – and only the movement of labour across borders is constrained.

IV. What is to be Done?

In the US

The demise of the US/SACU Free trade Agreement demonstrates that resistance from civic organisations can change the terms for trade. In agriculture, farmers and their supporters in civil society continue to resist, for the trade agreements threaten their very survival, and many governments desire to sustain food sovereignty for their peoples. Working with civil society in southern Africa, the US/SACU Working Group (2006) made public a set of *principles* that the US government should honour in order to promote development, not dominance, through trade:

- **Transparency**: direct involvement of the affected communities and civil society groups in both the US and negotiating countries in trade negotiations;
- **Labour rights***:* retention and creation of jobs that respect ILO labour standards;
- **Food sovereignty and sustainable agricultural production***:* protection of selected crops and the ability to privilege small-scale farmers;
- **Removal of IPRs** from any trade agreements;
- **Sovereignty over regulation** of foreign investments;
- **Sovereignty over decisions** about regulation of services and finance.

They advocate deleting all provisions from 'trade' agreements that really address investment, finance, and services, not the exchange of commodities. The US government is responding by overtly combining trade and investment through Trade and Investment Framework Agreements (TIFAs), and Bilateral Investment Treaties (BITs), probably because it has found that the US domestic market is losing attraction, especially relative to China or India, but its enormous capital wealth can still dictate terms for trade, if a country wants US investment.

In Europe

European NGOs are nearly unanimous in opposition to EPAs, and the Commonwealth Secretariat and parliamentary groups in both the UK and France have all delivered devastating analyses of the harm that EPAs would inflict. Insofar as the EC is giving ground in the negotiations, it is not on matters of principle, such as reciprocity (even for LDCs), the exclusion of development aid from a direct role in the EPAs (which must remain about trade), or the exclusion of any consideration of EU farm subsidies from the discussions; rather it is in lengthening the transition period to free trade or reconsidering the list of exclusions (special products, sensitive products). Faced with analyses which show that some governments could lose as much as 50% of their revenue as a result of tariff reductions, they talk of revenue diversification; faced with countries losing much of their export earnings as EU prices fall as part of CAP reform, they offer restructuring aid, implying that viable diversification products exist (and in any case the aid comes *after* the collapse in export earnings, with livelihoods already destroyed). Perhaps most significant, despite repeated requests, they insist on rigid timetables independent of the success or otherwise of restructuring or investment in addressing supply-side constraints (transport, power, human resource and other deficiencies). If an economy is vulnerable to destruction of its economic potential not because of lack of comparative advantage but because of inability to actually realise the gains from trade because of such constraints, it makes no sense to introduce free trade willy-nilly; rather, it should be considered once the conditions are in place for it to be helpful rather than harmful. NGOs should continue to forge closer links with civil society organisations in Africa in support of the opposition that is growing in the regions.

In General

A consequence of the breakdown of the current WTO Doha Round negotiations is that a process of consolidation of multilateral trade rules may be replaced by an accumulation of case law as countries, probably led by competitive ones like Brazil, bring challenges to the EU and the US (as in the recent cotton ruling). This could have advantages as well as disadvantages for ACP countries, including those in southern Africa. On the one hand, they may suffer as weak countries with little of the clout of Brazil, so that world trade arrangements will continue to harm them as the EU and the US continue to negotiate bilateral deals. On the other hand, the EU and the US are plainly quite frightened of one set of implications of this process: there will be few barriers to direct challenges to their back-door subsidisation of agriculture if the protection given to them by the WTO-accepted 'peace clause' and the device of putting some subsidies into a 'green box' are no longer central to a body of accepted rules.

In conclusion we may recall the words of Frederick List, the nineteenth century German economist, writing about Britain's first attempt to enforce free trade:

> *It is a very common clever device that when anyone has attained the summit of greatness, he kicks away the ladder by which he had climbed up, in order to deprive others of the means of climbing up after him.*

The ACP, and other developing states, would do well to bear this in mind.

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Endnotes

1. See the appendix for glossary of acronyms

2. Angola, Botswana, DRC-Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe.

3. These of course cover a wide range, some of them more viable than others, but in Zimbabwe at least there was a conscious attempt to apply the lessons of the newly industrialised countries.

4. The combined price index deflates the unit value of commodities exported by developing countries by the unit value of manufactured exports by developed countries (UNCTAD, 2003).

5. A provision of the Cotonou agreement allows countries to opt out of regional EPAs, in which case the EU has promised that they would not be punished, but would receive equivalent terms or better; without clearer understanding of what this might entail, no country has as yet opted out of the regional negotiations.

6. A sample of the groups participating: ActionAid International, American Friends Service Committee, Center of Concern, Church World Service, Friends of the Earth, HealthGAP, Teamsters, Oxfam America,

Student Trade Justice Campaign, TransAfrica Forum, United Students for Fair Trade, Washington Office on Africa.

7. Because FTAs are beginning to invoke a negative connotation across countries in the South, the US government is changing nomenclature, but neither the intent nor conditions of trade. FTAs are becoming TIFAs (Trade and Investment Framework Agreements) and BITs (Bilateral Investment Treaties).

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Appendix

Table 3: Food & Agricultural Exports to the EU & US as a % of Total Exports to the EU & US (million euros & US dollars*)

Country	Agric Exports to EUTDC I-IV	Total Exports to EU 2005	%Share EU2005	AgricExports to US	Total Exports to US 2005	%Share US 2005
Angola	16.94	2,623.76	0.6	00	8,314.67	0
Malawi	168.55	172.10	97.9	43.20	65.90	65.6
Mauritius	412.55	1,124.63	36.7	5.98	152.59	3.9
Mozambique	113.91	1,004.91	11.3	5.83	8.35	9.8
Tanzania	268.26	314.48	84.3	0.78	3.80	20.1
Zambia	73.19	185.24	39.5	0.03	0.12	25.0
Zimbabwe	174.10	388.34	44.8	00	00	0
SACU						
Botswana	31.43	2,383.95	1.3	00	30.05	0
Lesotho	0.44	52.79	0.8	00	388.58	0
Namibia	291.67	950.53	30.6	0.01	53.24	0.02
Swaziland	109.92	115.12	95.5	16.20	176.12	9.2
South Africa	1,849.53	16,720.69	11.1	181.87	1,472.35	12.4

Sources: EU: COMEXT http://trade.ec.europa.eu/doclib/docs/2006/april/tradoc_128278.pdf US: http://report web.usitc.gov/africa* US$1: €0.84 average 2005

Glossary

ACP	Africa-Caribbean-Pacific countries ~(ex-colonies of Europe)
BLNS	Botswana, Lesotho, Namibia, Swaziland
CAFTA	Central American Free Trade Agreement.
EPA	Economic partnership agreement
FTA	Free-trade agreement
IPR	Intellectual property rights
LDCs	Least developed countries
NGOs	Non-governmental organisations (civic organisations)
SACU	Southern African Customs Union
SADC	Southern African Development Community
SPS	Special preferences for sugar (EU)
TDCA	EU-South Africa Trade Development and Co-operation Agreement
TIFA	Trade and Investment Framework Agreement
TRIPs	Trade-Related Intellectual Property Rights of the WTO
WTO	World Trade Organisation

Review of African Political Economy No.112:247-266

EU Trade Policy & the Future of Africa's Trade Relationship with the EU

Paul Goodison

Despite the announcement of a 'new trade strategy', EU agricultural trade policy has exhibited considerable consistency over several decades, always conditional on the CAP regime and the course of its reform. A 25-year, heavily subsidised transition, will shortly see European farmers (thanks to income support of up to 50% of their total income), able to enter the world market without export subsidies. Meanwhile the EC expects 'partner' countries in Africa (and the Caribbean and the Pacific) with still underdeveloped infrastructures, and provided with relatively trivial subsidies, to complete a similar process in a decade or so. The economic partnership agreement (EPA) negotiations are based on a shift from the Lomé Convention's non-reciprocity commitment to a basic regime of free trade between the EU and EPA regions, involving liberalisation of trade in goods, trade-related areas and services. Whereas Europe has already effectively integrated, few African regions have yet got very far in regional integration, but the EC is forcing the pace in negotiations so that there is a risk that integration will be with the EU rather than within a country's own region, and on the EU's terms. A 'development dimension' adds an element of window-dressing (or sugaring of the pill). This article considers the development programmes that the EU is promising in order to address infrastructural constraints in the partner countries, and the costs of adjustment to free trade, in particular the loss of state revenues generated from tariffs. The article concludes with an attempt to foresee the likely outcomes and implications of the negotiations, including the undermining of government revenues and the consequent increase in reliance on the private sector for many services, accelerated deindustrialisation, and the inhibiting of first-stage processing of agricultural commodities, the undermining of regional integration, the economic 'recolonisation' of Africa and the harming of efforts to promote national exploitation of economic resources.

The future of Africa and Africans will be determined in large measure by the trade relationship with Europe. Before you dismiss this as a serious over-statement, consider Africa's past: the slave-trade, colonial protectionism, post-colonial hostility to economic nationalism, the imposition of market forces while Europe reinforced its Common Agricultural Policy. Even positive elements, such as the Lomé agreement, centred on trade, but now with the trade provisions of its successor the Cotonou agreement coming to an end at the beginning of 2008, Africa is faced – take it or leave it – with the idea of Economic Partnership Agreements (EPAs), whose core is regional free-trade agreements encompassing policy commitments in a range

ISSN 0305-6244 Print/1740-1720 Online/07/020247-20
DOI: 10.1080/03056240701449646

of trade-related areas and services liberalisation, and these will tie Africa into a dependent, some might say neo-colonial, relationship with Europe.[1] Not even the most self-sufficient peasant is quite independent of the global market, as distortions of it, cemented by such trade agreements, determine the prices of inputs and any surplus sold.

But however important agriculture is to present economies, and however much the difficulties of successful industrialisation have multiplied, it is a counsel of despair to accept that Africa must forever remain solely a provider of cheap raw materials to the developed world (including a future China) – the modern equivalent of hewers of wood and drawers of water. Industrialisation has been a central component of all successful development experiences, and must be central also for Africa, if not now, then in the near future. But there is a real risk that EPAs (along with other developments discussed in this article), could be closing off even the most preliminary moves in this direction, as subsidised exports from Europe destroy local markets and predatory investment asset-strips its infant industries. This is not an argument against trade, rather a warning that Africa needs to determine the conditions under which it trades and the investment it welcomes, instead of allowing Europe to determine them, with its own farmers and companies the main if not only beneficiaries.

This paper is an expansion – in depth and range of issues – of the briefing with a similar title carried in *ROAPE* 111 ahead of key discussion on EPAs under the German Presidency of the EU in the first half of 2007.

In that briefing we discussed the broad approach to the EU's strategy, and we outline it briefly now before moving to a detailed discussion of the main issues in the negotiations, namely policies towards trade in goods, trade in services and other trade-related areas, and the development dimension of EPAs. The danger is that these agreements will *lock* African development into a pattern largely determined by Europe's external trade-policy agenda: as a supplier of cheap commodities, with a glass ceiling on value addition, and as cannon fodder in the battles on 'behind border' issues in the WTO. This could so constrain Africa's development options that the progress made through varying degrees of economic nationalism elsewhere in the developing world remains elusive in Africa.

The Broad Approach of the EU Trade Strategy

We have seen that there has been a continuity in EU trade strategy over some decades, and that CAP reform and trade policy have developed in parallel. This has continued, with appropriate adaptations whether or not talks in the GATT or the WTO were continuing. Throughout, processes of internal reform and market restructuring preceded moves to market liberalisation, although partners in any trade negotiations were usually pressed for reciprocal liberalisation commitments ahead of their own internal reform or market development (though not – until recently – in the case of least developed countries or LDCs). A process of change requiring 35 years in Europe was not often thought to need half that time in much less developed partners, despite in many cases their lack of basic infrastructure, or in the case of regions the immature level of regional integration ahead of free trade with the EU. We thus discussed: the link between internal policy successes and trade policy; 'walking on two legs': a long-standing approach; the sequencing of domestic policy change with market opening; the limitations of the EU's commitment to free trade; 'do what we say, not what we do'.

We concluded that the the lessons from the lengthy time-frame the EU has required for its own internal adjustment to prepare for market opening (not to mention the vast financial outlays required in support of this process), are simply not being taken on board in determining an appropriate content and time-frame for trade liberalisation for African countries under the proposed EPAs between groupings of African countries and the EU. It is this which lies at the heart of the current disputes over the nature and content of EPAs.

The question arises: if the objective of African trade negotiators in the EPA negotiations is in fact (as stated in the ACP mandate) to contribute to the structural economic transformation of African economies through the promotion of greater local value-addition to goods and services for national, regional and international markets, to what extent does the EU's wider trade policy and its concrete manifestation in the EPA negotiations support the attainment of this objective? This is a critical question and one which this paper now seeks to address.

Main Issues in the EPA Negotiations

Background

There are three main clusters of issues of contention in Africa-EU EPA negotiations at this stage in the negotiations, revolving around:

- Trade in goods;
- The approach to trade in services and trade-related areas;
- The so-called 'development dimension'.

However before considering each of these it is necessary to review briefly the nature of the EPA negotiations and their origins. While the EPA negotiations at the 'all-ACP' level were launched in September 2002 and at the regional level with separate ACP regions between September 2003 and July 2004, the roots of EPAs can be traced back to 1995.[2] The first document of note in this regard was the communication from the European Commission (EC) entitled 'Free-trade areas: an appraisal'. In this document the EC was frank about the underlying benefits of its proposed free-trade-area policy. It was stated quite clearly:

> *FTAs are economically beneficial, especially where they help the EU to bolster its presence in the faster growing economies of the world, which is our overriding interest* (EC, 1995:6).

This was not an isolated instance of the identification of Europe's economic interests in concluding free-trade-area agreements with those of the developing countries. The February 1996 Commission staff paper, 'Towards a free-trade area between the EU and South Africa: an assessment' stated quite clearly:

> *the EU has much to gain from an FTA with South Africa. The further opening up of the South African market in the context of such an agreement will create competitive advantages for EU exporters compared to exporters from the USA, Japan and other suppliers of South Africa. The price the EU would have to pay for such an improved position in terms of loss of customs revenues is relatively low, due to the high level of existing duty-free access for South African imports and the relatively modest average level of the remaining tariffs at the EU side* (EC, 1996).

As early as November 1996 this free-trade agreement policy was explicitly being elaborated with reference to future trade relations with the ACP group. The Commission 'Green paper on relations between the EU and the ACP countries on the eve of the 21st century' set out four options for future trade relations, two of which – the *uniform reciprocity* option and *differentiated reciprocity* option – looked towards the conclusion of free-trade-area agreements with ACP countries. Even at this early point of 1996 'the adoption of an agreement on the promotion of foreign investment' (EC, DG VIII, 1996:xiv) was seen as being an integral part of any EPA, which would be concluded with 'different groups of countries' (EC, DG VIII, 1996:xiii) at the sub-regional level, since this would 'significantly streamline negotiations' (EC, DG VIII, 1996:xiv). In 1995 it had even been believed that if a free-trade-area agreement could be negotiated with newly democratic South Africa by March 1996, then the basis would be laid for the rolling-out of reciprocal preferential trade arrangements with the whole of southern Africa in direct succession to the Lomé Convention. However, the South Africa-EU negotiations did not evolve in line with EC expectations and it was to be a further four years before these negotiations were concluded. This effectively closed off the option of an immediate move from non-reciprocal Lomé trade preferences to reciprocal trade preferences under comprehensive trade, development and cooperation agreements.

Once the broad parameters of this policy had been adopted by the EU Council of Ministers, the rhetoric around EU free-trade-area agreements began to change, with the EC's own economic interests and policy agenda being downplayed. In its place a quite different justification was advanced, with the emphasis being placed on the supposed benefits which ACP countries, including those in Africa, would gain from EPAs: support for regional integration; investment promotion; enhanced competitiveness; improved and assured market access.

By the time when the Lomé renegotiations were launched in 1998 the EC approach had formally coalesced around the idea of region-to-region reciprocal preferential trade arrangements as the successor to the non-reciprocal Lomé Convention. ACP governments however were far from enthusiastic about such a radical change and in the course of the Lomé renegotiations ACP leaders succeeded in securing an extension of non-reciprocal trade preferences for a further eight years, alongside a commitment to the initiation in 2002 of negotiations on the establishment of WTO-compatible trading arrangements from 1 January 2008 onwards. For the EC these were always seen as essentially free-trade-area agreements.

The ACP however expected that WTO rules would be modified to support appropriate trading arrangements between geographically non-continuous regions consisting of groupings of countries at very different levels of economic development. Although they failed to alter the EC's focus on regional negotiations, they managed to gain the inclusion of a series of opt-out clauses from the various commitments on EPAs that the EC was seeking. Thus the formal provisions of the Cotonou Agreement state that EPAs will be negotiated with those:

> *ACP countries which consider themselves in a position to do so, at the level they consider appropriate and in accordance with the procedures agreed by the ACP Group, taking into account the regional-integration process within the ACP* (ACP-EU, 2000: Article 37.5).

In this context it was agreed that:

> *The parties will regularly review the progress of the preparations and negotiations and, will in 2006 carry out a formal and comprehensive review of the arrangements planned for all countries* (ACP-EU, 2000: Article 37.4).

It was furthermore stipulated that for ACP countries whose governments determined that they were not in a position to enter into EPAs, examination would be made of :

> *all alternative possibilities, in order to provide these countries with a new framework for trade which is equivalent to their existing situation and in conformity with WTO rules* (ACP-EU, 2000: Article 37.6).

Despite this, no provision has been made in the EU negotiating instructions to the EC for the elaboration of alternative trade arrangements. This area of the commitments entered into under the Cotonou Agreement has been severely neglected, with Commissioner Mandelson, at the European Socialist Party conference on EPAs on 19 October 2006, acknowledging the theoretical existence of alternatives to EPAs, but asserting that he did not believe that 'there is any remotely realistic alternative to EPAs that have the same content and potential' (Mandelson, 2006a). This leaves ACP governments with a narrowing range of options as the EPA negotiations approach their 1 January 2008 deadline. Indeed, in this context the debate is increasingly focusing on 'alternative EPAs' rather than 'alternatives to EPAs'. This provides the necessary background to the current contentious issues in the EPA negotiations.

The Trade-in-goods Dimensions

In broad terms the debate on the provisions of an EPA dealing with trade in goods revolves around four main issues:

1) The *sequencing* of the creation and consolidation of regional markets with their opening;

2) The *extent* of product coverage to be included in tariff-elimination commitments by African countries;

3) The *length* of the transition period during which tariffs should be eliminated in the agreed areas;

4) The *treatment* of 'sensitive products', where special arrangements are required.

These four issues however are closely inter-connected and are of course intimately tied to the financial aspects of the so called development dimension of EPAs (see later section).

Clearly the economic-adjustment challenges facing African economies as a result of EPAs will vary considerably depending on the extent of tariff elimination that they are expected to undertake and the length of the transition period over which they are expected to undertake it. This issue is also seen as critical to ensuring the proper sequencing of regional-market integration and consolidation and regional-market opening towards duty-free trade with the EU, and can best be illustrated with reference to the Eastern and Southern African (ESA) configuration's early draft proposals for an EPA with the EU.

The ESA Approach

These proposals sought to give concrete expression to the concept of 'EPA-light', which was seen to be the key to the proper sequencing of regional-market integration and consolidation with regional-market opening. The 'EPA-light' concept took as its starting point the objective of securing a WTO-compatible basis for ACP trade preferences. It does not buy into the EC case for the growth-and-development-promoting effects of extensive liberalisation per se, recognising first the need to build up the region's capacity to compete by addressing a variety of supply-side constraints. It recognises, however, that at an appropriate juncture market opening can and will play a vital role. From this starting point it seeks to address the issue: what minimal level of reciprocal trade liberalisation is necessary to secure WTO acceptance of a future framework for ACP-EU trade relations which maintains and enhances traditional ACP trade preferences whilst retaining the economic policy space for the creation and consolidation of functioning regional markets and promotes increased investment in the local production of goods and services for national, regional and international markets?

This concept, or variations thereof, gave rise to initial ESA proposals which envisaged limiting the extent of tariff elimination by ESA countries to 60% of current imports from the EU, while securing full duty- and quota-free access to the EU market for ESA exports (100% of current exports to the EU);[3] together this would cover 80% of all trade and hence satisfy WTO criteria for 'substantially all trade', particularly where 12 of the ESA countries concerned were LDCs; extending the time-frame for tariff elimination over 35 years, consisting of a 10-year moratorium on tariff elimination for ESA countries and a 25-year phase-down period. This was felt to provide sufficient time for the development and consolidation of functioning regional markets prior to the opening of the regional market to duty-free trade with the EU.

Little consideration was given at this time to the treatment of 'sensitive products', other than through their complete exclusion from the process of tariff elimination, since it was felt that limiting the product coverage on the ESA side to 60% and allowing a total of 35 years for tariff phase-downs, alongside the provision of EPA-related adjustment support from the EU, would be sufficient to accommodate all regional sensitivities.

However, the EC has proved unwilling to consider a moratorium and such an extended time-frame for tariff elimination across all products (though a 25-year time-frame could be considered for the most sensitive products) and is pressing the ESA countries to abandon the demand for a moratorium on tariff phase-downs and to reduce the number of products excluded from tariff-elimination commitments. This EC resistance has led to a revision of the ESA proposals with revised drafts proposing only a 25-year transition period and the launching of an intensive process of internal consultations to trim down the number of product exclusions. Against this background consideration is now being given to greater use of special arrangements to deal with sensitive products. This currently focuses on two main areas: 1) products which are revenue sensitive and 2) products which are sensitive because of the impact of CAP instruments on production decisions and consequent trade outcomes.

Special Arrangements for Sensitive Products

The issue of losses to government revenue arising from the full implementation of EPAs is of great concern to all ACP countries which depend heavily on import revenues and have a strong import orientation towards the EU. This is particularly the case for LDCs in eastern and southern Africa. Concern about the long-term revenue implications of eliminating tariffs on products which contribute significantly to government revenues is having a profound effect on the level of reciprocity which ESA LDCs are willing to accept within the overall regional tariff-elimination offer to be made to the EU. This is leading to an extensive list of exclusions of tariff lines from the regional tariff-elimination offer. As a result, this is greatly reducing the volume of trade covered by the likely ESA tariff offer, leading some to question whether such EPAs would meet the WTO 'substantially all trade' requirement.

Against this background one option for addressing this problem is to draw up a list of 'revenue sensitive' products on which a tariff-elimination offer is made, as an integral part of the EPA agreement, but where implementation of the tariff phase-down schedule is only activated once successful programmes of revenue diversification have been implemented.

A similar special arrangement could be envisaged for sensitive food-and-agricultural products, benefiting from EU export refunds and other forms of export support. On these agricultural and value-added food products a schedule of tariff-elimination commitments would be included in the EPA agreement, but the implementation of this schedule of tariff-reduction commitments would only begin after the abolition of EU export refunds and the removal by the EU of other forms of public support 'having an equivalent effect'. This would provide ACP countries with at least an extra five-year breathing space (assuming the EU lives up to its Doha commitment to end export subsidies by 2013) and could serve to provide an adequate time-frame for the nurturing of regional food-processing industries if coupled with the 'back-loading' of tariff-elimination offers in these sensitive areas.

This approach is not as radical as it at first appears. There is a precedent for this kind of 'linkage' in the EU tariff-elimination commitments on fisheries products contained in the EU-South Africa Trade, Development and Cooperation Agreement (TDCA).

A further tool which could be included in any EPA to deal with sensitive agricultural and food products would be the establishment of lists of products on which the ESA region retains the right to impose safeguard duties, should a threat of market disruption emerge. To be effective such provisions would need to include mechanisms for the monitoring of trade flows in designated sensitive products and would need to allow for the speedy deployment of pre-emptive safeguard measures should a threat of market disruption emerge. Such provisions would also need to allow neighbouring countries to invoke such safeguard arrangements should a threat to intra-regional trade emerge from increases in EU exports of the designated products.

State of Play

The current EC response consists of trying to limit product exclusions and the length of the transition period, in the belief that liberalisation ultimately will deliver better long-term development gains by facilitating the more efficient use of economic resources. It is not however currently open to the inclusion of 'conditional tariff-elimination offers', despite resorting to such tools in an earlier agreement with South Africa.

Trade-related Areas & Trade in Services

The emphasis on 'behind border' issues which are given such prominence in the new EC trade strategy, have long been seen by the EC as an integral part of EPA negotiations. Indeed the 2002 EC negotiating directive for the EPA negotiations called for:

> *a progressive and reciprocal liberalisation of trade in services aiming at assuring a comparable level of market-access opportunities, consistent with the relevant WTO rules ... taking into account the level of development of the ACP economies concerned* (EC, 2002).

The latter provision implied that any process of reciprocal liberalisation would be progressive and asymmetrical and allow flexibility to accommodate the different levels of development of ACP economies. However, this may simply have been an extension of a common EC rhetorical ploy, with the extent of flexibilities never being clearly elaborated and the spectre of WTO compatibility being routinely taken out of the cupboard to prevent any wandering away from the EC's favoured line.

On trade-related areas the negotiating directive reaffirmed the ECs commitment to include competition policy; protection of intellectual property rights; standardisation and certification; sanitary and phytosanitary (SPS) measures; trade and environment; trade, labour standards, investment; public procurement, and data protection in the negotiations.

The ACP for its part highlighted how trade-related areas such as competition policy, intellectual property rights, standardisation and certification and SPS measures should be addressed under the negotiations. However the emphasis was somewhat different. The emphasis was in line with existing Cotonou commitments on cooperation and dialogue in these areas, *not* on the conclusion of binding agreements, an element which is seen by the EC as critical in getting the 'right policy framework' in place, with a credibility which then attracts foreign investment.

This fundamental difference in emphasis is a constant source of ambiguity, uncertainty and tension in EPA negotiations around these issues. It is likely to be exacerbated by the new trade strategy's emphasis on these issues.

The extent of this basic division in Africa-EU EPA negotiations is illustrated by developments in the SADC-EU EPA negotiations following the Hong Kong WTO Ministerial. In early February 2006 Commissioner Mandelson visited southern Africa and after 'excellent' exchanges with the South African government addressed the South African Institute for International Affairs, where he spoke of the need to 'lock together consistently' the SADC EPA negotiations and the TDCA review, and for South Africa to play a larger role in the former. In this context he spoke of how 'the TDCA review should aim to create new market access, new business, new growth'. This required 'a step-change into services, investment and procurement – the hard-wiring of dynamic modern economies' and a greater focus on 'technical barriers to trade, customs, trade-facilitation and competition' (Mandelson, 2006b). This statement represented a clear call to place these issues at the centre of both the TDCA review and the SADC EPA negotiations.

South Africa responded to this invitation to play a larger role by leading the public presentation of the 'SADC framework for the EPA negotiations'. However this document, while recognising the importance of these issues to economic governance, once again rejected the idea of concluding binding agreements in these areas. It noted that 'there is no compulsion to negotiate the so-called 'new-generation' trade issues under the EPA to meet the requirement of WTO compatability', since 'neither the Cotonou Agreement nor the TDCA contain any obligations in these areas.' It noted that 'some new generation trade issues are currently under negotiation in the WTO (services, IP and environment), while others have been excluded (investment, competition, procurement, labour) ... SADC EPA member states have limited institutional and negotiating capacity' in these areas, while 'new-generation trade issues would pose serious policy challenges as SADC has no common policies in these areas.' It was argued that 'negotiating these subjects under such conditions runs the risk of delivering unbalanced outcomes that may be prejudicial to national development objectives and to prospects for deeper integration in SADC.' Specifically it expressed concern that 'outcomes could result in obligations that go beyond those agreed in the WTO (WTO+) and introduce into the bilateral context, issues that contributed to the failures in Cancun (investment, competition and government procurement) and in Seattle (labour and environment).'

This response highlights the fundamental divergence, for it is precisely the WTO+ outcome which the EC now wishes to secure through bilateral FTA negotiations so as to provide a platform for re-launching these issues within the WTO. Against the background of this wider policy agenda, local concerns over the national ability to engage on these issues are likely to get short shrift from the Commission. This is the case even where a commitment is made to 'engage these issues in an appropriate framework … [focusing] … on technical exchange and cooperation where the EU could assist in the development of SADC institutional, policy and legislative infrastructure.' However it was clearly stated that 'such cooperation arrangements would not extend to negotiations nor involve any substantive obligations' (EC, 2006).

While Commissioner Mandelson insists that 'there is no question of forcing the ACP to accept rules they don't want' (Mandelson, 2006a), he has however expressed his disappointment at the lack of willingness of the SADC to 'talk about these issues'. This somewhat misrepresents the SADC position: they are *not* adverse to talking to the EC, but want to intensify dialogue and cooperation with the EU on these issues. However their focus is on building national and regional policies, regulatory frameworks and institutions *first*, not on negotiating binding commitments in trade-related areas and services liberalisation with what is still the region's main international trading partner. Yet this latter dimension is seen by the Commission as vital. Nominally its importance stems from its impact on investment flows, since it provides assurances on the permanence of policy reforms introduced in these areas. However, it would appear to have far more to do with the EU's own strategy for jobs and growth (as the new trade strategy paper so clearly articulates) than the needs of African countries.

This is the context in which the EC's insistence that 'the EU is only interested in deep free-trade agreements across the full range of sectors' needs to be seen. SADC's pragmatic approach of cooperation and dialogue on building national and regional policies, regulatory frameworks and institutional capacities first, is unlikely to receive a sympathetic response from the EC unless EU member states consolidate their support behind the UK government's position that no obligations be placed on 'ACP countries to negotiate rules on investment, competition and government procurement, unless they specifically request it' (*Financial Times*, 2006).

The Development Dimension of EPAs

There are three distinct aspects of the development dimension in the context of EPAs: 1) the basic structure and content of an EPA which has a profound impact on the scale of the adjustment challenge faced (the extent of product coverage; the time-frame for the elimination of tariffs; the special treatment to be accorded 'sensitive product' areas; how to deal with trade-related areas and trade in services); 2) the development programmes to be set in place to address supply-side constraints on competitive production (e.g. infrastructure and energy constraints) and 3) the financial mechanisms to be set in place to address specific EPA-related adjustment costs.

To date the EC has demonstrated only a partial grasp of the 'structure and content' dimension of EPAs, assuming that since liberalisation is good for growth, the more liberalisation ACP countries can be encouraged to undertake the better. However, this ignores the transitional costs which can arise, costs which can be so high as to negate any long-term benefits. Clearly the longer the time-frame for the introduction of change the easier it will be to manage the process of adjustment. The EC's insensitivity on this point is somewhat surprising, since managing the transition where policy reforms are being implemented is an area in which the EC internally has devoted considerable attention and significantly larger financial resources. This is particularly the case in the agricultural sector, where extensive programmes of public-financed support (currently totalling €55 billion per annum) are deployed to establish the preconditions for liberalisation to take place. These minimise the adjustment costs for farmers and food processors within the EU when liberalisation eventually takes place.

Thus if EPAs are to become tools for economic transformation in Africa then the EC and EU member states will need to pay far greater attention to their structure and content so as to minimise transitional costs to ACP countries and maximise long-term benefits. In October 2006 UK ministers sent a letter to Commissioners Michel and Mandelson calling for ACP countries to be allowed 'as much time as they reasonably need to open their own markets, while providing effective safeguards to prevent unfair competition from subsidised European products undermining African products on their own doorstep.' Unfortunately there is little evidence that other EU member states are taking up this challenge.

The need for development programmes to be set in place to address supply-side constraints on competitive production in ACP countries is now recognised in the EU. The EC has begun to move on this issue, setting in place a range of 'horizontal envelopes' which can be seen to be relevant to addressing some of the supply-side constraints on competitiveness.[4] These EPA-related horizontal envelopes are financed from European Development Fund (EDF) resources and have resulted in over €1 billion being deployed through such instruments since 2000, more than the level of EDF funding deployed through regional indicative programmes (RIPs). Indeed in total all such 'horizontal envelopes' since 2000 have been allocated more than three times the level of funding made available through RIPs. These horizontal facilities are accounting for a growing percentage of EDF spending.

While all these initiatives have been jointly approved by the ACP-EU Council of Ministers, their establishment reflects a strong EC preference for deploying money in support of addressing supply-side constraints and economic-adjustment needs through 'horizontal envelopes' and not through RIPs. Why this is so can be seen if one considers the management of these facilities. Actions financed under these instruments are subject to 'calls for projects'. This leaves the final power over decision-making as to which projects are financed firmly in the hands of the EC and takes it out of the context of the national and regional programming dialogue. This potentially provides enormous scope for the EC to determine spending priorities for support aimed at addressing supply-side constraints, rather than such decisions being in the hands of African government or regional bodies in Africa (see Box below).

With regard to EPA-related adjustment costs, the EC has yet to get to grips with this issue. Indeed the EC is largely in denial as to the existence of these costs, seeing them as purely transitional with the unleashing of market forces seen as eventually more than compensating for any transitional cost in its view. It has however acknowledged that in particular cases certain types of transitional assistance will be needed. Yet Commissioner Mandelson has made it clear there that can be no blank cheque, particularly when the proper foundations for benefiting from EPAs have not been laid. For Commissioner Mandelson 'development aid … is a means to an end – it's a way of translating policy reform into practice', with the adoption of the 'right policy framework' (Mandelson, 2006a) being the critical consideration. This means a policy framework which includes binding agreements on investment protection, competition policy, public procurement, good governance, indeed, all those 'behind border' issues which are being given increasing prominence within the EC's 'new' trade strategy.

This EC analysis of the limited EPA-related adjustment needs stands in distinct contrast to the findings of the analysis of EPA-related adjustment costs financed by the Commonwealth Secretariat (Commonwealth Secretariat, forthcoming). The latter identified four distinct clusters of impacts of EPA and hence areas of EPA-related adjustment support needs, namely: fiscal adjustment, trade facilitation and export diversification, production and employment adjustment, skills development and productivity enhancement.

In each of these four clusters it is held that new support programmes will need to be set in place in order to assist ACP countries to respond to the economic challenges which will arise with the implementation of an EPA agreement.

EDF 'Horizontal Envelope' Financing Since 2000

- Major debt-relief initiatives (HIPC) (€460 million);
- The Global Fund for HIV/AIDS, Malaria and TB (€432.5 million);
- The Africa Security Facility (€250 million);
- The Water Facility (€247 million – with a further allocation of €250 million pending);
- Private-sector-enabling-environment Facility (€20.0 million)
- Micro-Finance Framework Programme (€15 million)
- Malaria Vaccine Trails (€7 million);
- The Energy Facility (€ 250 million);
- Infrastructure Facility (€60 million in grants €260 million in loans)

Two examples can illustrate this broad point. With regard to fiscal adjustment, new systems of taxation will need to be developed to replace any tariff-revenue losses associated with the full implementation of an EPA. This is not a cost-less exercise. Alternative systems of taxation will need to designed and established operationally, new institutions and arrangements for tax-collection will need to be set in place and the staff recruited and trained, with recurrent costs being built into the budgets of the departments concerned. A constant process of improving systems of collection and staff training will need to be set in place to ensure continued efficiency in revenue collection and to close loopholes in revenue collection. All of this will require substantial amounts of financing, an estimated €2.4 billion over ten years for sub-Saharan African countries according to the Commonwealth Secretariat analysis.

With regard to trade facilitation, in one specific area alone – meeting EU food safety standards – entirely new government departments will have to be established in some ACP countries to guarantee food safety compliance while in others, existing departments will need to be upgraded. Even in the EU itself, with its sophisticated government infrastructure, €250 million was set aside for the upgrading of food safety enforcement capacity in EU member states as an integral part of the development of the policy. Meeting this food safety challenge effectively in ACP countries is essential, for any failure in this area could lead to the closure of EU markets to food-and-agricultural exports from the ACP country concerned.

Here again this is not a cost-less exercise. A study by the Technical Centre for Agricultural and Rural Cooperation (CTA) suggests a minimum *initial* requirement across the ACP as a whole of €187 million, simply to establish the appropriate legislative and institutional framework in each ACP country. To this will need to be added the capital costs of upgrading testing facilities, the operational costs of maintaining the entire system and the private-investment needs in upgrading production facilities and practices to EU levels of food safety. To date, the only EC response has been to establish a €30 million facility to support food safety capacity-building in developing countries which will come on-stream in 2007. This is likely to be limited to financing diagnostic studies and limited training programmes, rather than the provision of financial support to concrete programmes of institutional capacity-building for food safety compliance.

Similar needs arise in the areas of production and employment adjustment, skills development and productivity enhancement. Overall, on the basis of existing World Bank-supported programmes in countries of similar sizes facing similar challenges, the Commonwealth Secretariat has estimated that for the four African regions of the ACP, across the four clusters of areas of impact of an EPA, a minimum level of €7,429 million in financial support will be needed over the next ten years (see Table 1 opposite). It is recommended that some 60% of this support should be front-loaded to the first five years of implementation of an EPA (assuming a 12-year implementation period).

These needs cannot be met from existing EDF funds without diverting resources away from other agreed priority areas. In this context the need for a dedicated EPA-related adjustment facility with various windows, administered at the regional level in line with national and regional priorities is overwhelming. While many in the EC baulk at the provision of this level of funding to African countres, such support could easily be mobilised from within existing EU member states' commitments to increase development-assistance flows. There is however a more fundamental institutional problem facing the EU, namely the constraints on the administrative capacity of EC services.

There is a growing appreciation amongst some EU member states that if additional funding is to be provided in support of EPA-related adjustment needs in ACP countries, it cannot be provided through the EDF, the traditional instrument for financing ACP-EU cooperation activities. The EDF is seen as being incapable of delivering effective and timely assistance to what are time-sensitive adjustment processes. Indeed, the EC does not have a good record in this regard. Just how bad can be seen from the experience of EPA-related adjustment support in Botswana, Lesotho, Namibia and Swaziland (BLNS), which are six years into the 12-year implementation of a free-trade-area agreement with the EU as a result of their membership of SACU and the conclusion in 1999 of the EU-South Africa TDCA.

After an impressive early start in trying to get to grips with economic adjustment needs, particularly in the sphere of fiscal adjustment, the EC's track record has proved nothing short of dismal. A review of its 'aid for trade' response to EPA-related adjustment needs in the BLNS undertaken for the Dutch development NGO ICCO, concluded that:

> *the EC's response to date has been piecemeal (addressing some issues not others), inconsistent (issues are addressed in some countries and not others), and not sustained (initiatives discontinued at an early stage of the adjustment process – e.g. fiscal adjustment in Swaziland)* (ICCO, forthcoming)

This review argued that a far more comprehensive approach is needed given the importance of EPA-related adjustments to the future ACP-EU relationship. More specifically it concluded *inter alia* that:

> *there is an institutional impediment to the EC elaborating an effective policy response to EPA-related adjustment needs arising from the dilemma it finds itself in: 'the more the EC acknowledges the EPA-related adjustment challenges which ACP countries will face and hence the EPA-related adjustment needs arising, the more difficult it will be to persuade ACP governments that EPAs are really in their long-term development interests ... a way out of this dilemma urgently needs to be found if EPAs are to be turned into instruments for the structural transformation and development of ACP countries.*

Table 1: Estimated EPA-related Adjustment Costs by African Region (€ millions)

Regions	Fiscal adjustment	Trade facilitation & export diversification	Production & employment adjustment	Skills/prod. enhancement	Total adjustment costs
CEMAC	270	257	153	200	880
ECOWAS	955	712	422	700	2,789
ESA	825	752	415	695	2,687
SADC	340	261	217	255	1,073
Total	1,530	1,982	1,207	1,850	7,429

Source: Milner (2005), 'The European Development Fund and Economic Partnership Agreements', Commonwealth Secretariat, 2006.

This analysis of the BLNS experience of 'aid for trade' support in the sphere of EPA-related adjustment needs, suggests a need for a fundamentally different approach by the EU to addressing this issue in the context of the negotiation and implementation of EPAs. Such an approach would need to draw on expanded EU member states' 'aid for trade' programmes. There would appear to be considerable scope for such financing to meet EPA-related adjustment needs given the collective commitment made by EU member states to provide annually, from 2010, €1 billion in 'aid for trade' assistance to developing countries and the recent EU council conclusions which committed member states to provide 'a substantial share' (EU Council, 2006) of these expanded programmes to ACP countries.

It should be emphasised that the principal constraint on the delivery of the necessary EPA-related adjustment support to ACP countries is not financial, but lies in the administrative-capacity constraints of the EC, which as a result of its procedures is poorly placed to provide time-sensitive EPA-related adjustment support.

Against this background of the unresolved issues in Africa-EU EPA negotiations and the EC's 'new' trade strategy, what is likely to be the outcome of the current EPA negotiations and what will be the implications for Africa's structural economic development? These issues are taken up in the final section.

The EC Trade Strategy & EPAs: Likely Outcomes & Implications

Likely outcomes have been discussed in some detail already in the paper in the last issue of the *Review* (March, 2007, No.111). We will summarise them briefly here before moving to a discussion of the likely implications of the EC strategy.

The central unresolved issue relates to the structure and content of the proposed EPAs. What one could summarise as 'EPA light' – being the absolute minimum in trade in goods required to ensure WTO acceptance – versus what Trade Commissioner Peter Mandelson refers to as 'ambitious bilateral agreements', with some added development finances.[5] Clearly the EC's 'new' trade strategy favours 'ambitious bilateral agreements', which include a range of binding commitments in trade related areas and as much tariff liberalisation within a 10-12-year period as African countries are willing to agree to.

What this will mean in practice will depend on the one hand on how ruthless EC negotiators prove to be and what leverage they are willing to exert on ACP governments to get them to sign on to ambitious EPAs and on the other hand how strong and united ACP negotiators and their principals prove to be in resisting EC pressure and mobilising EU member-state governments to get the EC to back down on its agenda of 'ambitious bilateral agreements' in the context of trade negotiations with Africa.

The EC has two major points of leverage over ACP countries to get them to sign up to 'ambitious' EPAs, namely: 1) the lapsing of the existing non-reciprocal trade preferences on 1 January 2008 and 2) the engineered convergence of the final stages of the EPA negotiations with the programming of 10th EDF aid resources.

The longer the negotiations drag on without any major resolution of the outstanding issues in favour of African positions and demands, the more pressure will mount on governments in key African countries to sign on to the EC version of EPAs. In some non-LDCs there is high dependence on the Cotonou Agreement's tariff preferences. That is to say their exports to the EU are disproportionately concentrated[6] in products where ACP trade preferences provide significant margins and where their withdrawal would have serious commercial implications. For Mauritius this applies to 72.4% of exports to the EU, while for Kenya the figure is 59.0% and for Swaziland it is 91.7%.

This means that as the 1 January 2008 deadline approaches pressure will increase on trade ministers to conclude EPA agreements so as to maintain existing commercial relationships. The EC is aware of this reality and is quietly encouraging private sector operators in these and other countries to take a more active interest in the progress of the negotiations.

The only means of outwitting such manoeuvres is for there to be *close* cooperation between African trade ministers, finance ministers and heads of government to ensure that such unscrupulous tactics cannot be used and for there to be close public scrutiny of the 10th EDF programming process in the coming months to ensure that no such financial leverage is exerted. Some would argue that this is a highly unlikely outcome and that as a consequence Africa-EU EPAs will end up closely resembling the EC's ambitious bilateral agreements, with a few development-assistance sweeteners thrown in. This leads on to the final question: what would it mean if the EC got its way and secured 'ambitious bilateral agreements' under EPAs?

Likely Implications

There is concern about the likely implications of 'ambitious bilateral agreements' in seven main areas:

1) The undermining of government revenues;

2) The promotion of the privatisation of public utilities in ways which reduce access to services and increase costs to citizens;

3) The prospects for accelerated de-industrialisation in some African regions;

4) The inhibiting of the development of increased value added processing and disarticulation of agro-processing activities form local agricultural production;

5) The undermining of the regional benefits of regional economic integration;

6) The promotion of the economic 're-colonisation' of Africa and the implications this could have for efforts to promote the structural economic transformation of African economies;

7) The undermining of national policy tools for the promotion of national exploitation of economic resources and the development of a dynamic and competitive national private sector.

Undermining Government Revenues

There are major concerns in African countries over the impact of EPAs on government revenues. Studies from west Africa suggest that in some countries the revenue losses could be up to 20% of government revenue (see Table 2 below). Across the continent the UNECA has concluded using the WITS/SMART simulation that annual losses to government revenue as a result of the implementation of EPAs could total $1,972 million an amount in excess of annual average EU aid payments under the 8th EDF to the whole of the ACP and almost double the total annual payments under the combined national indicative programmes of African ACP countries.

While some argue that low collection rates lead to an overstating of the revenue effects, the likely effects of trade diversion could largely cancel this out. The need for support for the establishment of effective forms of non-trade-based taxation are increasingly urgent, since revenue reform is inevitably a long-term process in developing countries. Without support to early and effective reform large holes could start emerging in government financing, with consequences for the provision of basic services, from health and education to the provision of public infrastructure.

This is a matter of major concern for African governments. Unfortunately it is not such a matter of concern to the EC which is increasingly looking to the *private* sector to provide a range of services which previously were seen as the exclusive domain of the state.

The Promotion of Privatisation

In the EC's view, improving access to clean water and hence protecting public health is seen as a critical development challenge, as is improving access to financial services, transport and communications infrastructure and low-cost energy provision. The key to this is not public financing but harnessing the resources of the private sector through setting in place the 'right' policy and regulatory framework to attract private investment into the provision of these services. Liberalisation of trade in services is thus seen by the EC as a critical part of the development puzzle.

This is why a significant feature of the EC approach to EPAs is the emphasis being placed on trade in services and trade-related areas. However it should be borne in mind that this focus on 'behind border' issues is seen as being *directly relevant* to opening up economic opportunities in those sectors where EU companies are strong. Opening up markets and securing binding commitments on the treatment of foreign investment is thus seen as of vital importance to the continued growth and development of this increasingly important sector of the EU economy. Indeed it is the central component of the EC's new trade strategy.

It is in this context that the absence of a coherent EC response to the revenue implications of EPAs is viewed with concern. Could the EC really be more

Table 2: Annual Government Revenue Losses by EPA Configuration (US$m)

EPA configuration	ECOWAS	ESA	CEMAC	SADC
Revenue losses	$980.2	$472.9	$365.1	$153.4

Source: *Economic and Welfare Impacts of EU-Africa Economic Partnership Agreements*, Africa Trade Policy Centre, UNECA, Briefing No. 6, May 2005.

concerned with promoting business opportunities for European service providers in electricity, water and sanitation, than the accessibility of such services to citizens in ACP countries? At times this appears to be the case, with the ideology of privatisation often being pursued at the expense of a realistic appraisal of the scope for efficiency gains, given the human-resource constraints on technical and managerial efficiency and the limitations of the local market.

Accelerated Deindustrialisation

Currently concerns over the deindustrialisation effects of EPAs are most acute in west Africa. The October 2003 working draft of the EC financed EPA impact assessment study for west Africa warned of 'potential economic consequences of market access liberalisation' including:

> *the collapse of much of the manufacturing sector, which at the moment constitutes the backbone of the modern economy in the region and is the main employer in urban centres … increased weakness of the financial sector, of insurance companies and services linked to these manufactures. An increase in the informal sector to provide employment, food and services to the urban population with the consequence of non-performing micro enterprises working more on the survival mode than on the development mode* (PriceWaterhouseCoopers, 2003).

In February 2005 the revised sustainability impact assessment (SIA) highlighted that:

> *the countries of west Africa are ill-equipped in many sectors to meet the challenges imposed by such increased competition … there is a risk that local markets could be flooded with imports of processed tomatoes, potatoes and onions, which will threaten local production.*

Similar concerns exist elsewhere in Africa, although given the closer economic integration between west Africa and the EU they are most acute in west Africa.

Impact on Agricultural Value-chain Development

These deindustrialisation concerns are closely linked to fears over the emergence of a 'glass ceiling' for value addition in the agricultural value chain. It is also in west Africa where the first signs of the disarticulation of agro-processing from national agricultural activities have emerged. The expansion of EU tomato-paste exports to Senegal, has served to sever the links between food processors who use tomato paste as an input from domestic and regional tomato production. For a range of Dakar-based food-processing companies it is easier and cheaper to purchase such inputs from Europe than it is to buy them from national or regional suppliers. This has led to the closure of tomato-processing plants in the region and increased price volatility on fresh-tomato markets, since there is no longer an outlet for surplus production at harvest time.

This process of disarticulation of domestic food processing from domestic agricultural products has also been apparent in other regions at certain times under the impact of the deployment of CAP instruments. The early 1990s saw a rapid and large-scale expansion of EU exports of low-quality beef at give-away prices to the South African market (as a result of the levels of export refunds provided). This led for a couple of years to the canned meat market being completely dominated by EU sources of supply, effectively closing this market to locally produced meat. Only changes in EU export-support levels in response to the BSE crisis and the closure of international markets to EU beef, saved the regional beef industry from severe market disruption. Similar problems periodically emerge in the value chain for sugar, with the current round of EU sugar-sector reforms, quadrupling the volume of sugar-containing value-added food products which can be exported using existing export-refund allocations. The February 2005 revised SIA also expressed concerns over the cereals sector where:

> *removing tariff protections in west Africa could increase competition between European wheat products and local cereals, which might involve significant substitution at the consumer level.*

In the meat sector:

> *declining tariffs in the ECOWAS countries could lead to further imports from the EU, with negative effects on the domestic production of poultry and poultry feed in the region.*

Trade flows in the poultry sector were directly attributable to outside pressure to remove import restrictions in the context of claims of the non-trade distorting effects of new CAP supports. EPAs are likely to increase pressures for agricultural-trade liberalisation despite the fact that neither the WTO nor EPA negotiations are getting to grips with the production-distorting and hence trade-distorting effects of new forms of EU agricultural support. The knock-on effects of disruption of individual product markets all point in one direction: a limiting of value-added agricultural processing for national and regional markets.

Impact on Regional Trade

The deindustrialisation effects and the 'glass ceiling' emerging on value addition within the agricultural value chain, both point towards a situation where regional-market integration will primarily benefit external suppliers rather than internal producers. Already in southern Africa EU consumer goods are entering South Africa at reduced duties, losing their EU identity and flowing freely onto regional markets, through the regional retail chains whose central purchasing is carried out in South Africa. Increased regional trade is taking place in the affected products, but often in the form of re-exports and not to the benefit of regional producers. In this context, many of the conventional investment and production benefits attributable to regional-market integration may fail to materialise, unless a proper sequencing is agreed between regional-market integration and consolidation and regional market opening towards the EU. Unfortunately, this is an area not yet fully addressed under EPAs, where the EC persists with the concept of 'open regionalism' as the guiding priority.

Economic Re-colonisation: Threat or Opportunity?

The concerns which arise around the economic 're-colonisation' of Africa which is underway under the twin effects of CAP reform and the EU's free-trade-area policy and its consequences for the structural development of national economic sectors can be illustrated in South Africa by the spate of take-overs which took place in the dairy sector in the middle of the 1990s, in the expectation of the impending conclusion of an EU-South Africa free-trade-area agreement. Within an 18-month period, two-thirds of South Africa's dairy-processing sector had been taken over or was in partnership with European dairy companies, with the major European players Danone and Parmalat actively competing with each other to buy up most of the sector. The experience in each case was however very different.

In the case of Parmalat, the focus was on the integration of the South African operations into Parmalat's international operations. The Bonnivale milk-powder plant was closed down and Parmalat exploited EU CAP supports to import milk powder into South Africa (warehousing it in the former processing plant). The closure of the milk-powder plant increased the price volatility of milk in the Cape since there was no longer a ready outlet for surplus milk. More seriously, Parmalat began to look to using the distribution network which its acquisitions had brought it to distribute imported Parmalat products into the South African retail sector. These activities were cut short however by the financial scandal surrounding the parent company. The pattern of activities initiated following the Parmalat 'investment' inhibited the structural development of the dairy sector in the Cape.

In contrast in the case of Danone, a partnership was launched with the Durban-based Clover Dairy company to develop a range of value-added dairy products to target the growing health-conscious consumer market in South Africa. This expanded the range of diary-products produced in South Africa, increased demand for fresh milk and supported and sustained the dairy price in the KwaZulu-Natal region. This European investment promoted the structural development of the dairy sector in the KZN region of South Africa. Similar issues are raised at the regional level in the sugar sector following the take over of Illovo by Associated British Foods (ABF). Will the extensive knowledge of an integrated food-products company such as ABF be used to promote greater sugar-based value-added processing in southern Africa for national, regional and international markets? Or will the wider ABF corporate strategy seek to lock the Southern Africa sugar sector in as a reliable supplier of low-cost raw sugar to ABF affiliates in Europe, with the value addition taking place in Europe and part of this output being re-exported to the southern Africa region?

Maintaining Policy Space for Structural Development

The recent experience in Southern Africa highlights the need for a distinction to be made between *structural investment* and measures which promote structural economic transformation and *predatory investment* which can inhibit this process. Structural investment promotes greater local value addition within the product and service chain, supporting increased local employment and income growth. Predatory investment makes no contribution to the structural transformation of African economies and simply integrates the sector into the global economic network of the company concerned, with decision-making driven by considerations of narrow corporate profit maximisation rather than the needs of structural economic development.

It is in order to enable Africa governments to be able to deploy policy tools which promote the former and discourage the latter that there is a marked reluctance within the EPA negotiations to go beyond the commitments envisaged under the WTO in trade-related area and services. This is particularly the case since these issues are seen as complex and having far-reaching implications which African governments currently have little institutional capacity to fully comprehend and get to grips with. In Africa there are major concerns that the kind of binding commitments on market-opening in services and a range of agreements in trade-related areas (including on investment protection) which the EC is seeking could seriously compromise the scope for state support to processes of structural economic transformation.

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Endnotes

1. The paper by Thompson in this issue considers the trade relationship with the US, and future issues of *ROAPE* will contain papers on the impact of China. But present statistics, along with history, culture and geography, suggest that, at least for the medium term, the influence of Europe will remain dominant.

2. Indeed in an African context they can be traced back still further to 1993 when the then apartheid government in South Africa sought to negotiate a free-trade-area agreement with the EU, as a means of constraining the policy options of a future ANC government. At this time in informal discussions with the UK government it was acknowledged that such an agreement would have implications for the EU's future trade relations with the whole of the Southern African region.

3. 100% duty-free access for ESA exports to the EU was felt to be wholly consistent with the EC October 2003 proposal to the Article 133 Committee to the effect that upon the entry into force of an EPA signatory ACP countries should all be granted 'EBA-equivalent access' to the EU market.

4. The Water Facility; Private-sector-enabling-environment Facility; Micro-Finance Framework Programme; Energy Facility; Infrastructure Facility; can all be interpreted as addressing EPA-related needs.

5. There are parallels here with efforts to 'save' the Doha Development Round by the elaboration of 'aid for trade' packages rather than by addressing development concerns within the basic structure of the agreement.

6. For the ACP as a whole significant margins of preference are enjoyed on only 25% of their exports to the EU; in the remaining 75% of ACP exports no tariff preferences are enjoyed since these products are zero-rated regardless of the trade regime under which exports take place (World Bank, 2006).

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Review of African Political Economy No.112:267-277

'Fair Trade' with Africa

Michael Barratt Brown

The origin of Africa's current failure to benefit from the expansion of world trade lies in the colonial division of labour, the consequences of which persist in economic structures far more than in other continents. The consequent economic distortions emphasising export of primary products have been preserved by external forces and are now being reinforced by free markets. The 'fair trade' concept seeks to ensure a measure of surplus for some producers that the market – dominated by middle-men and oligopsonistic Western corporations – denies them. A leading force in the movement, TWIN, originated in London in the 1980s, and the movement now has worldwide trade approaching £1 billion, mainly in coffee, cocoa and tea, but also in rice and cotton. African countries have been prime beneficiaries. Although growth of 'fair trade' is extremely high, it is unlikely ever to displace 'free trade' in importance, but it may nevertheless promote a way out of poverty (including dependence on the commodities in question) for many people otherwise trapped in the hangover of colonial power. This may be through gaining increasing control over the commodity chains of which at present they are only the first, fragmented element.

The concept of fairness is deeply embedded in the human consciousness and reproduced in human societies. In the division of land, where some parts are more productive than others, to be fair the land is divided up in many societies into strips whereby each family has a share of good and poor land. In the division of labour, persons or families are free to produce what by natural endowment they are best at, or least bad at, leaving others to produce to meet their other needs. This is seen as a fair basis for trade exchanges. Differences in human endowment are regarded as fair, but differences resulting from the use of force, collusion or deception as unfair. Nevertheless, in the real world's trade exchanges of today such differences are common, having been established by colonial rule, and in Africa in particular they have not been subsequently redressed (Robinson, 1954:459-60).

The Colonial Division of Labour

The pattern of Britain's trade with 'the colonies' was firmly established with the American colonies as early as 1699 by the English commissioner for trade and plantations:

> *It was the intention in settling our plantations in America that the people there should be employed in such things as are not the produce of England to which they belong … the second great justification of colonies was that they could be constrained to buy English manufactures, and the whole trade be carried in English ships* (Lipson, 1934:173).

ISSN 0305-6244 Print/1740-1720 Online/07/020267-11
DOI: 10.1080/03056240701449653

Thus the English would develop their manufacturing industry and draw the raw materials from the colonies, first in America and then in Africa and elsewhere, with the result that countries in these regions would not develop their own industries. In each colony, production of two or three particular commodities was encouraged according to what they were best at producing. In this way a certain division of labour was established, but with a limited range of products for each colony and total dependence on the colonial power for manufactured goods and particularly for the equipment and finance necessary for achieving their own industrial development (UN, 1990:103-113, Table 2).

The colonial division of labour was thus an entirely artificial one. Africa, like India, China or South America, had all the resources necessary for industrial development – iron and other minerals, cotton and hides for clothing and shoes, and many of the skills of iron working, wheel making, gold refining – whence the 'golden guinea'.* North America had the most resources of all the colonies and the settlers, after disposing of the indigenous peoples, were the first to revolt against their colonial status which confined them to raw-material production. In the event, the economic development of the United States, like that of the European continent, Canada, Australia and South Africa, offered important markets for British industry and capital investment. British capitalism required both expanding markets in America and the Dominions and also cheap raw materials from the colonies. Africa's tragedy was that impoverished colonies could not provide rich markets and the share in world trade of agricultural products steadily declined (League of Nations, pre-1945; United Nations, post-1945).

The disadvantages of being allocated to the production of primary products, raw materials for use by manufacturing industry elsewhere, were manifold. First, there was the fact of dependence on at most two or three sources of income which could dry up, as indeed they did when artificial materials began to replace natural materials in the case of textile fibres, rubber and hides. Second, there was the fact that for many years it was easier to increase labour productivity and thereby reduce costs in manufacturing industry than in agriculture. Third, new technology steadily reduced the proportion of raw material used in manufactured goods. Fourth, as incomes rose people did not spend such a large proportion of their income on food, drink and clothing, and spent more on durable manufactured goods, such as electronics, and on services. Finally, industry was more amenable to the development of monopoly positions among a small number of great corporations than was agriculture with its hundreds of millions of small farmers (Kox, 1990, Tables 8 and 9; Barratt Brown & Tiffen, 1992, chapter 4).

Africa's Failure to Industrialise

Why Britain was the first to industrialise is a question that cannot be answered here, but being first gave many advantages which were, however, soon challenged by the US and continental European countries and later by Japan and China (Barratt Brown, 1970). What has to be answered is what held Africa back, even after the African colonies had gained their independence. The first answer must be the small size of each of the one-time colonial territories and their lack of interest in any real attempt at amalgamation of over 50 separate territories, only three of which – Nigeria, Egypt and Ethiopia – had a population even by the 1980s of over 35 million, thereby constituting potential industrial markets. This resistance to combining forces reveals the further cause of failure; that power was generally handed over on independence to a local elite whose wealth and influence were based exactly upon their association with the export to their one-time colonial masters of the several raw materials specific to the territory. This association then gave these new rulers both the opportunity to retain the loyalty of the clientele which kept them in power and the incentive to keep it that way and not encourage the emergence of any other source of power, such as the processing and manufacturing industry. The big importing corporations in the rich countries were only too happy to encourage this by persuading their governments to put tariffs and other taxes on the import of processed materials (Barratt Brown and & Tiffen, 1992, chapter 8).

For a time after the Second World War, the prices of Africa's commodities, which had risen during the war, stayed high and some economic development took place. But by the 1970s world commodity prices, except for oil, began to fall, while the prices of manufactured goods stayed up (Overseas Development Institute, 1988; Barratt Brown & Tiffen, 1992:30 ff). The fall in commodity prices had several causes which have been noted in considering the disadvantages of dependence on raw material production: less extra income spent in the rich countries on goods, and more on services; less material used in manufacture; substitution of natural by artificial products; and to these must be added the entry into world markets of subsidised American and European competing products – not only of food grains but of sugar and vegetable oils. This fall in world prices of the products of the one-time colonies revealed all the disadvantages for any country concentrating on the production of raw materials to be used in industries elsewhere. As they had done between the wars, the terms of trade of exchanging commodities for manufactures turned against all the African countries except for the few which had oil (Overseas Development Institute, 1988). To cover the deficits on their trade, African countries began to borrow from the world's banks, and especially from the international financial institutions, the IMF and World Bank. As their debts grew and interest rates rose, these countries were required by the financial institutions to pay up by increasing their exports. This only led to further surpluses far in excess of demand and thus to a further fall in commodity prices (Mosley, 1991:23).

Before the Second World War the colonial powers had established commodity control schemes to protect the prices of their colonies' products from falling so low as to cause popular unrest. Similarly, there was an attempt after the war to operate international commodity agreements, in particular for coffee and cocoa, by building up international stocks when prices were falling (Rowe, 1936; 1965:154-5). But when prices fell too far these schemes collapsed, except in the case of oil where OPEC was able to hold up oil prices. It was the fall in world coffee prices with the destruction of the International Coffee Agreement in 1989 that first led concerned European groups to consider developing a coffee-trading system which would be fairer (Corea, 1992:27, 35). Coffee farmers were selling their produce below the costs of production. Many were leaving their farms for the towns and abandoning their trees. In the end, prices would recover as supply was reduced, but in the meantime misery and poverty were spreading across a whole continent as the same collapse was occurring in other world prices – especially of agricultural commodities – cocoa, cotton, palm oil, tea, sugar, tobacco, bananas, which in the 1980s made up nearly a half of sub-Saharan Africa's exports (UNCTAD, *Commodity Yearbooks;* Barratt Brown & Tiffen, 1992:170, Table A10).

Africa's problems were compounded by the fact that, even among the hard-hit primary producers in world trade, the share of Africa's staple products in world markets had been declining throughout the 1970s and 1980s. This was most obvious in the case of palm oil where Africa's share dropped from 60% to 20% and of cocoa where it dropped from 75% to 65%, but similar falls occurred also in shares of exports of sisal, coffee and groundnuts (Barratt Brown & Tiffen, 1992:161, chart A5). The workings of the world markets through which, via a thieving middle man – known according to locality as a coyote, jackal or piranha – the farmers had to sell their crops, left them hopelessly confused and totally exploited. Their governments' intervention exercised after independence from colonial rule only added another layer of exploiters who used their position to maintain their political followers (Healey & Robinson, 1992:75). The most obvious need was to establish a more direct connection in the commercial chain between the grower and the consumer. But here stood the giant corporations – Nestlé, General Foods, Cargill, Tate & Lyle, Unilever, R. J. Reynolds – the traders and often also the processors, straddling across the market, controlling between them 85% to 90% of each commodity, fixing output and prices by their manipulation of stocks (Clairmonte & Cavanagh, 1981; Barratt Brown & Tiffen, 1992:194, Table A35).

The 'Fair Trade' Concept

The concept of 'fair trade' emerged in 1985 from a conference on trade and technology organised by the Greater London Council. Representatives came from cooperatives in London and throughout Britain together with those from cooperatives from many developing countries. The aim was to establish a system of direct exchanges of trade and technology to challenge the unfair system widely existing in the world where some countries – including Mozambique, Vietnam, Cuba and Nicaragua – were actually excluded from trade by political boycott. The low prices received by developing countries for many of the commodities they exported and the high prices of much technology they had to import from the developed countries were the main subjects of discussion. These terms of trade were equally the causes of poverty in the developing countries and of unemployment in the developed, whose markets in the developing countries were drying up; a new system was needed by both. A list of principles of 'fair trade' were drawn up and two organisations, Third World Information Network and Twin Trading, were set up to organise future conferences, a newsletter to exchange experiences and to start a system of trade and technology exchange on fair-trade principles (TWIN, 1985).

The original concept of direct exchanges between cooperatives in the First and Third Worlds failed after many efforts because the British cooperatives did not have the technology which the developing country cooperatives needed and could not absorb the large quantities of commodities for which the developing country cooperatives wanted to find markets. In the case of coffee, a Dutch organisation named after the dissident nineteenth-century Dutch merchant in the East Indies, Max Havelaar, had led the way by drawing up a register of democratically organised coffee-growing cooperatives in Africa and the Americas and finding markets for their coffees in Holland and Germany. Twin Trading decided to try to expand the small coffee business it had started importing from Mexican coffee cooperative producers and selling through Oxfam, Traidcraft, Equal Exchange and other such small specialised outlets (Barratt Brown, 2004/05:4). Together with Oxfam, Traidcraft and Equal Exchange, a brand was established called Cafédirect and sales in UK supermarkets were achieved, in the first instance with the Co-op and Safeway in Scotland (Barratt Brown, 2004/05:5).

The idea of a direct supply of coffee from the producer to the consumer was the basis of the first fair trade business. In fact, farmers sell their beans to their cooperative which sells to Twin Trading which sells to Cafédirect which processes the beans and sells to the supermarket, packets of roast and ground coffee for filter or bottles of freeze-dried soluble coffee which are finally sold on to the customer. It is still a long chain and the farmer is still not getting much of the value added to their crop. He, or often she, minds the trees, picks the cherries, grinds off the pulp, washes and dries the beans, sorting out those of poor quality and then bags them; for that they get at best about 10 pence out of a pound paid for the final product in the shops. What does 'fair trade' add? The farmers get a guaranteed price, at least 10% above the world price. They get paid 50% to 60% of the price in advance when the bags are delivered to their co-op where they are hulled and the rest when they are finally sold. The co-op gets help from TWIN with information about prices, with a computer and other equipment and advice on husbandry, and a proportion of the profits from Cafédirect goes to a producers' partnership programme of projects – funds for a clinic, school, co-op truck or other community needs. The rest of the profit goes to capital investment in promoting more sales from current or new producers and to paying a small dividend to Cafédirect's investors (Cafédirect, 2004/05:8-9).

'Fair Trade' in Africa

TWIN started to work in Africa to supply fair trade coffee from cooperatives and associations of cooperatives – two in Tanzania, two in Uganda, one in Cameroon and most recently with one in Rwanda. TWIN also helped with establishing a cocoa cooperative in Ghana and one in Sierra Leone. *Kuapa Kokoo*, the Ghanaian cocoa cooperative, is now the part owner of the Day Chocolate Company, founded in the UK by TWIN, which supplies the chocolate for its own *Divine* brand and for the own-label fair trade chocolate in the Co-op, Tesco's, Sainsbury's, Waitrose and other supermarkets. TWIN has also helped with establishing other fair trade companies in the UK drawing their produce from African cooperatives: an *Ethical Nut Company* selling nuts from Malawi and Zambia and *Agrofair* selling bananas and tropical fruits from Ghana and Burkina Faso. Plans are in progress for supplying fair trade cotton from Mali and a new TWIN enterprise is 'sustainable tourism' providing an alternative income for coffee farmers in Tanzania. Cafédirect has also added Teadirect and Cocodirect to its range, so that all three are available in office and college vending machines (TWIN & Twin Trading, 2004/05:15 ff).

The fair trade coffee and cocoa market only takes a small proportion – around 5% – of the produce from the farmers with which TWIN is working. But the impact of the fair trade market is much greater than that. Cooperatives are helped to get started and to keep going when they are in trouble, provided with accountancy and business planning as well as with husbandry. No organisation is ever abandoned if mistakes are made, but instead, help is provided to solve the problem. The premium price offers an encouragement to improve quality up to gourmet level. The trust this inspires works both ways, and TWIN has never been let down. A visitor to a coffee farm will find the beans for fair trade bagging laid out to dry on mats and not on the bare soil or concrete. In particular, organic production is encouraged by the higher price realised in the market. Most important, the existence of a fair trade market has given many ambitious young farmers the confidence to go to agricultural college and help to run their cooperatives rather than leave the countryside for the towns (author's own visits).

From the consumers point of view, the availability of fair trade products in nearly all the UK supermarkets has provided consumers (who can afford to be discriminating) with a way to express their desire to help the producers in poor countries in a way that is not demeaning and guarantees a real improvement in their lot.

For some years it was the brand name that sold the fair trade product – Cafédirect, Divine and Agrofair. Getting a brand onto the supermarket shelves is a costly business. It is not unusual to have to spend £1 million a year in promotion and advertising to get and to keep a brand product on the shelves. Cafédirect was launched by large posters on railway stations with pictures of an African child and the slogan: 'He gets inoculations and you get excellent coffee' (TWIN & Twin Trading *Annual Reports*). With the establishment of the Fair Trade Foundation in the UK and then internationally of a Fair Trade Labelling Organisation (FLO), with a fair trade mark, the market was much widened to include supermarkets' own label products which carry the mark and can easily be recognised as such, just as organic products can be recognised in the UK by the Soil Association mark (Barratt Brown, 1993:182-3).

The criteria for awarding the fair trade mark are minimal; production by smallholders is preferred but is not always possible, as in the case of tea, where plantations must have wages at ILO standard; a guaranteed price agreed with the producers, at least 10% above the world price; direct supply from the producers avoiding middlemen; at least 50% of the product (by dry weight) must be of fair trade origin (in coffee it must be 100% but can be less where a product like chocolate has other contents (milk and sugar); some payment in advance (Ibid.).

TWIN's partners – Cafédirect, Day Chocolate, Agrofair and the Ethical Nuts Company – also operate a gold standard which includes, not only the fair trade mark criteria, but also:

- Working only with smallholder cooperatives and similar associations;
- Always making payment in advance;
- Financing producer partnership programmes for community and personal development in producer organisations;
- Supporting producers to increase control over the whole supply chain of their products;
- Involving producer representatives in the control and strategic policy-making of the whole organisation and in the case of TWIN, moving towards producer ownership of TWIN and its associated companies;
- Following policies of environmental protection, healthy eating, safe packaging and encouraging wherever possible organic production;
- Working with other fair trade organisations and government bodies to advance the general worldwide success of 'fair trade' (Cafédirect, 2004/05:30-31).

'Fair Trade' Worldwide

While 'fair trade' as a movement was undoubtedly launched in Britain and in the Netherlands in the 1980s, it had spread worldwide within twenty years. A conference at Kilkenny in 1991 under the presidency of Mary Robinson, then the President of Ireland, brought together those involved in 'alternative trade' from the North and the South and established an International Federation for Alternative Trade (IFAT), which drew up agreed principles of 'fair trade' and has subsequently held biennial meetings to spread the message (author's own report of his keynote speech at Kilkenny). All the developed countries of the North have fair trade organisations and fair trade goods for sale generally in their supermarkets. Total sales worldwide were estimated to be some £758 million in value in 2005. The contribution of the UK was the largest of any single market at £195 million (*Guardian Unlimited*, 28 June 2005). These are, of course, minuscule figures out of a world total annual trade in goods of over a thousand times those sums. Even taking only those products in which 'fair trade' operates, the proportion of fairly traded is less than 1%. In the UK coffee market, Cafédirect provides a special case, supplying almost 10% of the coffees sold (Cafédirect, 2004/05).

While the base is still very small, the rate of growth is phenomenal: world sales of fair trade products grew by more than a third in 2005. In the UK, Cafédirect's sales grew in the same year by 14% to some £20 million in a stagnant coffee market (Ibid.). At the same time, Day Chocolate's sales topped £7 million, an increase of 25% over the previous year (Day Chocolate Co., 2004/05). What is most important, more and more of the giant retailers are offering fair trade goods. This does raise some problems: US fair trade enthusiasts complain that Starbucks makes much of the fact that they are a fair trade company while the proportion of fair trade coffees they sell is minimal with no agreed plan for an increased share. The most obvious one was raised when Nestlé announced that they were offering a 'fair-trade' coffee supplied from Ethiopia and it was duly granted the fair trade mark (The *Guardian*, 2006:27). Investigation showed that it really did comply with the fair trade criteria, but this Ethiopian coffee only comprised 0.02% of Nestlé's coffee sales and there was no agreement with the FLO for a minimum proportion of coffee from fair trade sources or for any future increase. More serious, it transpired that when the Body Shop sold out in 2006 to Loréal, Nestlé had a 25% share. Prior to that, TWIN had persuaded the Body Shop to invest in the Day Chocolate Company, so that Nestlé then was due to become a part owner of a leading fair trade company. Fortunately, the Roddicks, owners of the Body Shop, decided to *give* their Day Chocolate shareholding to the Ghanaian farmers' cooperative which was part-owner of Day – a wonderful precedent for any giant international corporation wishing to help poor African farmers (author's personal knowledge)

These stories well illustrate the problems facing the fair trade movement when the giant corporations decide to improve their public image by adopting 'fair trade'. On the one hand, it is a great victory for 'fair trade' when they do. On the other hand, there is an equally great danger of standards being debased in what is only a token gesture. 'Fair trade' has been developed almost entirely with small-scale farmers and their cooperatives and similar associations, and there are difficulties in extending it to plantations, especially when these are owned by large corporations like Tetley. In many parts of Africa, small farms are the typical unit of production and account for a large part of the population. But they have suffered from lack of capital to invest in replacing trees and bushes and improving, or even maintaining, quality. Where plantations exist, especially in the production of tea, cotton and ground nuts, the aim of 'fair trade' is to bring wages and working conditions up to ILO standards. (Cafédirect, 2004/05)

What Difference has 'Fair Trade' Really Made?

By selling their produce at a better price a number of small farmers in Africa and elsewhere have been helped to improve their living standards by their own efforts and without the indignity of charity. But how far has this really improved the bargaining position in world markets of such farmers or increased their share of the value added to their produce after it leaves their farms? The best that can probably be said is that the self-confidence of the farmers involved has been raised, and this has strengthened the capacity of other farmers, and that an alternative model of trading based on *trust* and not on authority, on direct links without market intermediaries, has been tried and has been found to work. What more can be said about the bargaining position and the commercial chain?

Improving the producers' bargaining position requires joint action as the oil producers in OPEC demonstrated. At the launching of Cafédirect, TWIN found funds to bring representatives of all the cooperatives supplying the coffee together in London for a conference. They represented about half a million farming families from 13 different countries, with the largest number in Uganda. They formed an organisation called TWINCAFÉ to combine their efforts, and TWIN agreed to provide a monthly newsletter with detailed reports and commentary on current movements in the world coffee markets for both arabica and robusta coffees (TWIN and Twin Trading, 2004/05:5). At one time, TWINCAFÉ attempted to get the several country coffee producers to agree to withhold stocks, as OPEC does, in order to check falling prices. This attempt failed because of the refusal of two of the largest suppliers, Brazil and Colombia, to collaborate (author's own information).

One of the reasons for Brazil's lack of interest is the large market for coffee in Brazil itself, and one of the aims of 'fair trade' is to increase the producers' involvement in the processing and final preparation of their raw material for consumers, in the first instance in their own country. This has been happening in Peru on the initiative of cooperatives working with TWIN, using some of their fair trade earnings to add value to the coffees they produce. It is often asked why so little chocolate is made in Ghana when so much of the cocoa comes from there. Some difficulties are experienced in making chocolate in hot countries, but the main reasons for the failure to do this are, first, that all the rich countries which consume chocolate in large quantities prefer different mixes of milk and sugar and other ingredients with the cocoa base and, second, that the market is dominated by a few huge companies with whom it is difficult, but not impossible, for a small producer to compete as the Day Chocolate Company (with some Ghanaian ownership) has found out. Côte d'Ivoire accounts for over a third of world exports of cocoa beans and almost a third of world exports of cocoa paste (as well as over 10% for each of cocoa butter and cocoa powder), whereas Ghana which accounts for over a sixth of cocoa-bean exports only manages 5% of cocoa-paste exports. Here is clearly an area where several producer countries could be adding value.

TWIN has been involved in a scheme to process cotton for a fair trade product in Mali and Burkina Faso, where at least the first stages of manufacture can be achieved for making bandages and sanitary towels. Once again, in going beyond the first stages, competition is experienced with giant international companies which have the cost advantage of large-scale production, against which international rules now prevent local producers from protecting their infant industries. (Ormerod, 1994:3 ff.)

One argument that is widely used against 'fair trade', especially with Africa, is that whole export orientation of African economies should be greatly reduced, rather than attempting to make it marginally more fair. Thus, it is argued, that land devoted to export crops should be reduced and converted to growing food so as to reduce the frequent occurrence of famines. This implies a belief that large plantations are stealing land from food production, but the facts do not support this. By the 1990s, land devoted to *export crops* in Africa amounted to 18 million hectares compared with 15 million in 1960, whereas the area under *food production* grew over the same period from 70 million to 113 million hectares (FAO, Yearbooks; Barratt Brown & Tiffen, 1992:24). Most small farmers need to have a cash crop to provide an income to meet the needs which they cannot meet from their own land, and moreover their normal practice is to plant their export crops amongst food crops, coffee or cocoa next to bananas for example. This has the added advantage of preventing the spread of disease and providing a compost from the banana leaves. No chemical fertiliser or pesticides are then required and an organic product can be assured (Harrison, 1987:95).

Export-led Growth: a Conclusion on the Role of 'Fair Trade'

Because the IMF and the World Bank have encouraged African countries to expand their exports, the concept of export-led growth has become discredited. What has gone wrong is not the process, but the concentration on raw materials. All economies in the world – equally in the North and in the South – have been developed through expansion of their foreign trade (Landes, 1998). Africa's tragedy has been that it was prevented from diversifying and industrialising, first by the external pressure of the colonial powers and then by internal pressure of local elites in control of the existing trade, supported by mistaken policies of the IFIs (Davidson, 1992). There is nothing else on which African economies can be built except their natural resources, but these require more value to be added to them by processing. To the extent that 'fair trade' gives producers the opportunity to move along the commercial chain, it can only be advantageous to them and do something to correct the unequal relations in international trade.

Here the policies of the World Trade Organisation (WTO), in seeking to open up markets in Africa to Northern manufactures and even to Northern services, are nothing less than disastrous, as admitted even in World Bank publications (OECD/World Bank, 1993). All the Asian economies that have recently developed have started by using state measures to protect infant industries (Ha Joon Chang, 1993; Barratt Brown, 1995:45). To deny African developing countries this possibility is to hold them back forever. They are, of course, perfectly aware of this and have been opposing WTO proposed measures to open up their markets to the more developed countries' products and services (*The Guardian*, 2006b:21). All that 'fair trade' can do is to encourage African farmers to resist. It is true that fair trade exchanges do not generally involve governments. In fact it has been the withdrawal of the state in developing countries from marketing commodities that permitted local cooperatives to export directly (Barratt Brown, 1995:320-21). Cooperatives have, in some countries, been regarded as dangerous rivals to government authority and some of their leaders have even been jailed for their activities (author's information). This means that the successes of 'fair trade' have not been brought to bear on the wider arguments about foreign trade. NGOs attend WTO meetings, but these NGOs tend to be from developed countries. This is even true of IFAT's representation (IFAT, *Annual Reports*).

There is a further argument adduced against encouraging developing countries seeking export-led growth. This is the food miles argument; that transporting commodities over long distances adds greatly to carbon emissions (Lang & Hines, 1993:126 ff.). This is certainly true of air transport of fruit and vegetables, but is not true of sea transport; less fuel is used per tonne of product on a 1000-mile journey by sea than on a 100 mile journey by truck in the UK. Against this argument, there is great advantage for Africa in developing on the basis of its exports, so long as the producers are able to move up the commercial chain to increase the value added to their primary products. World Bank and OECD studies, such as the OECD study of *New Technologies and Enterprise Development in Africa* based on industrial development in six SADC member states concluded that 'the contribution of expatriate companies was much less important than the upgrading of traditional small-scale activities' (OECD, 1992:11) and supported the conclusion of the World Bank author, Sanjaya Lal: 'The ideal set of incentives [for economic growth] thus combines some competition (of the right sort, ideally from world markets) with protection for the period of learning when costs are high and quality low' (Lal, 1002:112; Barratt Brown, 1995:ch. 11). This is just what 'fair trade' ensures.

The most important role of 'fair trade' for developing countries has thus been to bring together producers in different countries. The best example is the coffee producers who meet internationally through the organisation TWINCAFÉ and specifically in East Africa between the cooperatives working with TWIN in Rwanda, Tanzania and Uganda (TWIN internal reports). Similarly, meetings have been organised between cocoa growers in Ghana, Sierra Leone and, before the troubles, in Côte d'Ivoire. There is, moreover, an annual meeting of all TWIN's producer partners at which there is an exchange of experiences and when representatives are elected to the various company boards (TWIN internal reports). It is regarded as a central element of TWIN's fair trade model that TWIN should be producer-owned. This has to be the ultimate aim of all 'fair trade': that the producers, and not the giant corporations, own the commercial chain for their products.

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Endnote

1.'Golden Guinea': The guinea came into existence in 1663 under King Charles II and brought to Britain from Guinea by the Africa Company. It would have been worth one pound and one shilling (£1.05).

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Review of African Political Economy No.112:279-295

What is the Future for EU-Africa Agricultural Trade After CAP Reform?

Paul Goodison

The EU's common agricultural policy seriously distorted not only EU commodity markets but also many world markets, through the subsidised export of large volumes of commodities – produced at double (or even treble) – the economic cost. This is not contested. Amongst those affected were African farmers who suffered from the depression of world market prices for commodities that they could produce cheaply, such as maize, sugar and beef. With CAP reform, which should soon see all EU-produced commodities trading on the world market without the need for export subsidies, Europe argues that it is now no longer distorting world markets, and so no longer harming African producers. This paper demonstrates how untrue this is. On the one hand, because Europe continues to produce the commodities in question at the same or higher volume (thanks to income support for farmers), the impact on the world market is unchanged. On the other hand, concessions to ACP countries designed to help them under the old regime (such as the 'protocols' which enabled them to earn the inflated European prices for quotas of beef and sugar) are disappearing, and preferences over third countries are eroding as tariffs fall. Other elements of policy related to CAP reform, such as the increasingly strict EU food safety standards, and the raised competitiveness of EU processed foods as the price of European inputs falls (a disguised subsidy), are discussed. The paper concludes with some concrete examples of the impact of this on the South African confectionery industry.

In most of sub-Saharan Africa agriculture accounts for the vast bulk of employment, is the foundation of industrial development, provides most of export earnings and is central to social and economic life. Agriculture is far more important in African economies than is the case in Europe where only around 3% of the population of EU25 countries now gain a livelihood from agriculture. If trade relations with the EU that are supportive of a process of structural economic transformation in sub-Saharan Africa are to be developed, then agriculture must be central.

Yet the external effects of the process of the EU's reform of its Common Agricultural Policy (CAP) overshadow the African commercial agricultural sector and threaten to undermine any agriculture-based process of economic transformation. This is of particular relevance in the current context of the economic partnership agreement (EPA) negotiations in which the European Commission (EC) is seeking to *dismantle* tariff protection around African food and agricultural markets. Now that Europe has enhanced the export-price competitiveness of its food and agricultural sector

ISSN 0305-6244 Print/1740-1720 Online/07/020279-17
DOI: 10.1080/03056240701449679

through shifting the basis of agricultural support from price support to direct aid to farmers, tariff protection of African markets might well be argued to be more necessary rather than less. This basic reality is compounded by the failure of the Doha round to effectively discipline agricultural-sector support in rich countries and consequently its trade consequences.

Precisely why this is the case, when the EC claims that CAP reform is eliminating all forms of trade distortions, is the subject of this paper. However, before beginning this exploration of the external effects of CAP reform, it is necessary to review the current EU-African agricultural-trade situation.

The Africa-EU Agricultural Trade Relationship

Sub-Saharan African agricultural exports account for about a fifth of the region's total exports to the EU (compared to an average of 10% for all developing countries). Agricultural products account for about a quarter of the exports of African ACP countries (excluding South Africa) to the EU. The significance of agricultural exports in total trade varies considerably across the regions of Africa. The region with the highest dependence on agricultural exports is the UEMOA (Union Economique et Monétaire Ouest-africaine – the West African Economic and Monetary Union), where they account for an average of over two-thirds of total exports to the EU.

The second most agriculture-dependent region is the ESA (Eastern and southern African) region with agricultural exports accounting for over half. The ESA region is significant in that it is one with the highest dependence on agricultural exports that are also covered by the CAP (notably sugar, fruit and vegetable and beef exports) and hence it is the region that is most affected by the price-reducing effects of the process of CAP reform.

The regions with the least dependence on agricultural exports in their trade with the EU are the CEMAC (Central African Economic and Monetary Community) and SADC (Southern African Development Community, which excludes the DRC, Malawi, Mauritius, Zambia and Zimbabwe in the EPA negotiations) regions, with agricultural exports accounting for an average of 11.2% and 18.3% of total exports respectively. This is explained by the importance of oil and precious mineral exports in these regions' overall trade with the EU.

Looking at the other side of the coin, EU food and agricultural exports to the sub-Saharan Africa region are of growing importance to the EU. While globally exports of food and agricultural products accounted for only 6% of total EU exports, they

Table 1: Significance of African Agricultural Exports in Trade with the EU

	2004	2005	Ave. 2004/05
Sub-Saharan Africa	22.2%	19.0%	20.5%
ACP Africa	28.9%	23.4%	25.8%
UEMOA	71.7%	63.6%	67.6%
ESA	51.8%	54.4%	53.2%
ACP SADC	20.2%	16.8%	18.3%
CEMAC	11.9%	10.7%	11.2%

accounted for 9.8% of EU exports to sub-Saharan Africa or 14.9% if trade with South Africa is excluded (South Africa accounts for 42% of total EU exports to sub-Saharan Africa, only 2.6% of which are of food and agricultural products).

Exports of food and agricultural products were most important in the UEMOA region, accounting for 20% of total EU exports. Indeed there is a noticeable difference between the importance of these products in total EU exports to the franc zone (18.0% in 2004/2005) and to sub-Saharan Africa as a whole (9.3% in 2004/2005). It may well be that the currency link has an important bearing on trade in food and agricultural products; however, it could rather be the case that the closer economic integration of which the currency link is only a reflection, is the key factor in fostering higher levels of these exports. Whether the currency link or the wider level of closer economic integration is the key factor in fostering higher levels of EU food and agricultural exports is potentially of considerable importance when trying to look at the likely impact of any EPA on Africa-EU agricultural trade. The region where EU food and agricultural product exports are least important is the ESA region.

These products also account for a high percentage of total imports from the EU for African LDCs, only a couple of percentage points below its importance to the franc zone. The trend in EU exports of food and agricultural products overall to LDCs is rather revealing. EU agricultural exports to LDCs are concentrated in the cereals, dairy, livestock and food preparations sectors.

In the past ten years notable increases in EU exports to LDCs have occurred in processed agricultural products (up by 147% in value from 1995 to 2004). Within this category the two largest areas of expansion have been in cigarettes and tobacco products (up 350% in value terms), food preparations (up 129%). In 2004 processed food products accounted for 40% of EU exports of food and agricultural products to LDCs up from 21% in 1995.

The increasing level of EU exports of processed food products to LDCs is a matter of concern, particularly given the importance of agriculture to LDC economies (which accounts for from 30% to 60% of GDP; from 40% to 90% of employment; and 25% to 95% of export earnings). This is particularly the case since with the value of LDC agricultural production declining, it is essential that LDCs are assisted in moving up the agricultural value chain, so that more value is added locally for food and agricultural products destined for national, regional and international markets. Indeed, this issue of moving up the value chain has a much wider relevance. In many

Table 2: Significance of EU Food & Agricultural Exports in Trade with Africa

	2004	2005	Ave. 2004/05
Sub-Saharan Africa	9.8%	8.9%	9.3%
ACP Africa	14.9%	13.4%	14.1%
UEMOA	20.0%	19.0%	19.5%
ESA	10.0%	9.8%	9.9%
ACP SADC	15.4%	13.7%	14.5%
CEMAC	16.7%	14.1%	15.4%
Franc Zone	18.9%	17.2%	18.0%
African LDCs	17.3%	15.3%	16.2%

respects one of the keys to the economic transformation of Africa is fostering a progressive movement up the agricultural value chain, so that more value is added to goods destined for all markets (including the EU). The consequent increases in employment and rural incomes could provide the domestic and regional basis for a much more broadly based process of economic development. Against this background the question arises what will be the impact of CAP reform and the current EPA negotiations on the prospects for African agricultural dependent economies moving up the value chain?

Impact of CAP Reform on the EU's Trade Relationship with Africa

The Areas of Impact

We have seen how important the agricultural sector is to Africa's export relationship with the EU and how important the African market is to the EU's food and agricultural exports. We now consider what impact the process of CAP reform is having on this relationship. The four main impacts are:

1) A reduction in the value of traditional trade preferences enjoyed by African agricultural exporters;

2) The increasing costs of supplying the EU market as a consequence of the establishment of a stricter EU food safety policy, with a consequent squeeze on profitability in the face of declining EU market prices induced by the process of CAP reform;

3 The emergence of a greater market differentiation within the EU which requires a shift from *trading* goods into the EU market to *marketing* goods into particular components of the EU market;

4) An increase in the price competitiveness of EU-produced simple value-added food products (for both the EU and export markets).

We consider these impacts in the following four sections.

CAP-induced Preference Erosion

The impact of CAP reform on the value of traditional trade preferences is best known in the sugar sector. Table 5 sets out the likely income losses arising as a result of the full implementation of EU sugar-reform proposals by 2009/10. While some 13

Table 3: Evolution of the EU-ACP-SSA Trade Balance in Food & Agricultural Products 2000-2005 (€ thousands)

	2000	2001	2002	2003	2004	2005
EU exports	3,152,868	3,602,938	3,695,592	3,670,639	3,324,551	3,389,078
EU imports	6,466,762	6,954,604	7,509,216	7,610,539	7,124,426	7,239,005
EU trade balance	-3,313,894	-3,351,666	-3,813,534	-3,939,900	-3,799,875	-3,849,927
EU trade balance, 2 years	-6,665,560		-7,753,434		-7,649,802	

Table 4: Evolution of the EU-ACP-SSA Trade Balance 2000-2005 (€'000)

	2000	2001	2002	2003	2004	2005
EU exports	21,617,240	23,206,655	22,695,296	22,558,128	22,251,373	25,328,625
EU imports	24,780,366	27,623,452	26,581,557	25,071,476	24,647,812	31,001,229
EU trade balance	-3,163,126	-4,416,797	-3,886,261	-2,513,348	-2,396,439	-5,672,604
EU trade balance, 2 years	-7,579,923		-6,399,609		-8,069,043	

African countries will be affected, the worst direct financial impact is concentrated in Swaziland and Mauritius. While financially Mauritius suffers by far the largest income losses, Swaziland suffers proportionately more severely since a far larger percentage of its total exports to the EU are affected, and the Swazi economy is much more heavily dependent on sugar. The majority of African sugar-exporting countries have income earnings losses of less than 1.5% of the value of their total exports to the EU in 2004 and in the case of LDCs these losses can easily be compensated for by an expansion of exports of sugar to the EU under the EBA ('Everything but Arms', the EU's system of duty-free entry for goods from LDCs) initiative. This is even the case for Malawi, Zambia and Ethiopia, where income earnings losses as a percentage of the value of exports to the EU in 2004 exceed 1.5% (5.07%, 2.22% and 1.67% respectively). We can thus see that the direct impact of CAP reform in the sugar sector in terms of the value of traditional trade preferences is concentrated in a limited number of African countries.

The impacts on the sugar sector however are only the best known of the consequences of preference erosion; income losses are also occurring for beef (see below), and fruit and vegetables.

As a result of CAP reform, earnings on ACP beef exports to the EU have fallen by 20% since 2000, with the rate of quota utilisation emerging under the beef protocol in the period 2001-2004 at 39.6% being the lowest, except for that in the major drought in southern Africa two decades earlier (37.3%). Indeed, since the start of CAP reform in

Table 5: CAP Reform / Sugar Sector

	Annual losses from 2009/10	Total value of exports to EU in 2004	% impact
Mauritius	€107.725m	€1,125.115m	9.57%
Swaziland	€29.383m	€139.299m	21.09%
Zimbabwe	€10.604m	€451.336m	2.35%
Malawi*	€7.968m	€157.048m	5.07%
Zambia*	€3.944m	€177.945m	2.22%
Sudan*	€3.552m	€254.171m	1.40%
Ethiopia*	€3.255m	€194.553m	1.67%
Madagascar*	€2.979m	€841.135m	0.54%
Tanzania*	€2.821m	€674.843m	0.42%
Kenya	€2.663m	€868.949m	0.26%
Côte d'Ivoire	€2.080m	€2,189.452m	0.10%
Congo	€2.080m	€261.707m	0.79%
Mozambique*	€1.793m	€841.135m	0.21%

* LDC benefiting from duty free quota free access under EBA

Knock-on Effects of EU Sugar-sector Reform

The process of EU sugar-sector reform will have a number of additional knock on effects aside from the direct impact on earnings from sugar exports to the EU. It will result in increased competition within regional markets in Africa, as prices in neighbouring markets become more attractive than the EU market. This will lead to both increased official and unofficial trade in sugar, which will exert a downward pressure on domestic sugar prices in the affected markets. For a country such as **Kenya** this is likely to be by far the most important effect of EU sugar-sector reform.This will be compounded by any reduction or elimination of tariffs on imports of sugar-containing products under an EPA. If tariffs are reduced and eventually eliminated on sugar-containing products, industrial producers will feel the squeeze and start seeking rebates on sugar supplied for manufacturing purposes. Since it is difficult to insulate the industrial market for sugar from the domestic consumption market, this will exert a further downward pressure on sugar prices. Even if no tariff elimination takes place on sugar-containing value-added food product exports, the process of EU sugar-sector reform will in and of itself stimulate exports of sugar-containing food products, since it will close the gap between EU and world market prices, reducing the value of the subsidy to be provided per tonne exported and hence allowing, with the same value of total export refunds allowed under WTO rules, the export of a far greater volumes of sugar-containing food products. With higher world market sugar prices this could be as much as six times the volume which could be exported with the same level of export refunds in 2004.EU sugar-sector reform is also prompting, as well as financially assisting, a rapid global expansion of EU sugar companies.

In an African context the most dramatic development in this regard has been the purchase by Associated British Foods (ABF) of a majority share holding in Illovo Sugar. At a stroke, this secured Associated British Food not only 40% of **South Africa's** sugar production, but 30% of **Swaziland**'s sugar production, control of **Malawi**'s sugar industry and 92% of **Zambia**'s sugar industry, as well as a 22% share of the **Mozambican** sugar sector and 45% share of the **Tanzanian** sugar sector. It also served to double the total level of sugar production controlled globally by ABF. What impact this changing pattern of ownership will have on the structural development of the sugar value chain in southern Africa is to date unclear. Associated British Foods is a highly competitive food production and retailing company. Will it use its know-how to exploit the low field costs of sugar production in southern Africa and develop alongside its estates, sugar-based value-added food processing activities to serve national regional and international markets? Or will it lock the southern African region in as a low-cost supplier of raw sugar to its food processing operations in Europe and exploit the trade liberalisation which has taken place under the EU-South Africa TDCA (and which the EC is seeking under EPAs) to expand it exports of European produced sugar-based value-added products to southern and eastern African markets? This is a critical issue in parts of the southern African sugar sector, especially in Swaziland which, in the face of a 36% reduction in the EU sugar price, is seeking to reorient itself towards supplying regional markets for the production of sugar-based value-added food products.

Table 6: Average ACP Beef-quota Utilisation

Years	Average annual quota /t	Average annual utilisation /t	% utilisation of average annual quota
1977-79	18,916	12,037	63.63%
1980-82	30,000	11,199	37.33%
1983-85	32,700	18,827	57.57%
1986-88	38,000	18,252	47.90%
1989-91	41,667	16,686	40.05%
1992-94	49,600	37,782	76.17%
1995-97	52,100	32,632	62.63%
1998-2000	52,100	27,915	53.58%
2001-2004	52,100	20,650	39.64%

the 1992-1995 period, the absolute volume of beef exports under the beef protocol has continued to fall. The decline in the prices of lower-quality cuts of beef under the impact of CAP reform, when combined with a weakening of the euro against the rand, has made exports of these cuts of beef commercially non-viable. This process could even extend to higher-quality beef cuts, should the EU's trade relations with Brazil and Argentina evolve towards the granting of tariff-free access to current beef exports (300,000 tonnes). This would exert a strong downward pressure on EU beef prices. This would not be a problem for EU beef producers who receive direct aid payments to compensate for lower prices through the single farm payment scheme, but it would be potentially disastrous for African beef exporters and could make exporting *all* beef cuts to the EU commercially non-viable (see Table 6 above).

This situation is being compounded by the increasingly strict application of EU food safety standards (see next section). It is far from clear whether in the context of CAP reform and the EU's evolving trade relations with highly-competitive developing-country agricultural exporters, there is now any future for African beef exports to the EU.

However, for African countries the area of greatest concern with regard to the impact of the erosion of the value of preferences (outside of the sugar sector) is the fruit and vegetable sector. This arises from the fact that many African countries have sought to diversify out of dependence on traditional commodities such as coffee, by moving into the production of a range of fruit and vegetable products for export to the EU. In countries such as Kenya, fruit and vegetable exports alongside cut flowers have come to far surpass the value of traditional exports such as coffee and tea in their trade with the EU. In all, some 18 African countries now export fruit and vegetable products to the EU.

There are thus concerns about the price implications of EU plans for the reform of the EU fruit and vegetable regime, along the lines of past patterns of CAP reform in other sectors. If the aim of the impending reform of the EU fruit and vegetable regime is to take these products into the single farm payment scheme (see box opposite), then this is likely to exert a downward pressure on EU fruit and vegetable prices, to the detriment of African fruit and vegetable exporters.[1] With EU prices falling across a range of agricultural products as a direct consequence of the process of CAP reform, the question arises: what will the future value of preferential access be for African food and agricultural exports to the EU market (see Table 7 over)?

Current EC Consultations on Fruit & Vegetable Sector Reform

The recent EC consultation document (EC, 2006) on further fruit and vegetable sector reform noted that to date the sector has been prohibited from receiving direct income support and that 'the exclusion of fruit and vegetable producers from the single payment regime, as well as raising questions of fairness, could also give rise to control problems that would complicate the management of the regime'. It further expressed the view that in the light of recent WTO rulings this exclusion should be re-evaluated. It noted that decoupling may be more attractive for those fruit and vegetable products 'subject to reduction commitments in the WTO' (i.e. where there are 'production aid and aid to producers where the raw product is destined for processing; refunds to ensure competitiveness on export markets; and payments for *ad hoc* withdrawals, in order to reduce excess supply on the market'). In this context one of the three options for further reform put forward was 'the decoupling option: under which fruit and vegetable producers are integrated into the decoupled payment regime'. Given the comments made in this consultation document it looks as if the EC is leaning towards the adoption of this option. Indeed in January 2007 the EC published proposals along these lines.

The Impact of Stricter EU Food Safety Standards

Although food safety has been an important consideration in the EU for several decades, in response to recurrent food crisis in the 1990s the whole policy has been reviewed and been made more systematic. This has included: harmonisation of

Table 7: Main African Exporters & % Share of Extra-EU15 Imports in 2005 (by value)

Fruit		ACP Share
Tamarind/lychee	Madagascar (52%), Mauritius (3%)	55%
Pineapples	Côte d'Ivoire (13%), Ghana (6.6%), Cameroon (0.7%)	24.5%
Passion fruit	Kenya (10.5%), Zimbabwe (5.5%)	17%
Guavas/mangoes	Côte d'Ivoire (6.5%), Senegal (1.7%), Mali (1.6%), Burkina Faso (1.3%)	12.2%
Papayas	Côte d'Ivoire (4.5%), Ghana (4%)	9.5%
Avocadoes	Kenya (7.6%)	7.9%
Oranges	Zimbabwe (3.30%), Swaziland (1.1%)	4.5%
Grapefruit	Swaziland (2.2%), Zimbabwe (1.2%)	4%
Grapes	Namibia (2%)	2 %
Vegetables		
Peas / beans	Kenya (35%), Senegal (4.4%), Zambia (3%),Zimbabwe (2.5%), Ethiopia (2%), Tanzania (2%)	49%
Eggplants	Kenya (26%), Ghana (3%) Cameroon (0.5%)	30.3%
Capsicum/chillies	Ghana (6%), Kenya (4%), Uganda (3%), Zambia (2%), Zimbabwe (1%), Tanzania (0.8%)	19.4%
Sweet maize	Kenya (5%), Zambia (4%), Tanzania (1.3%), Senegal (1.2%)	12%
Tomatoes	Senegal (2.5%)	2.5%
Yams	Ghana (43%), Togo (0.5%)	53.7%
Taro	Niger (38%), Burkina Faso (5%), Ghana (3.5%), Côte d'Ivoire (2.5%), Mali (2%), Togo (1.5%), Cameroon (0.5%)	54.1%
Cassava	Ghana (10%), Cameroon (5%)	15%

regulations across all the countries of the Community; the introduction of traceability and the general application of the precautionary principle; the introduction of a new package of hygiene standards; and to top it all, the introduction of a regulation governing food-and-feed safety control measures, compliance with which is required in order for foodstuffs to be placed on the EU market. One major consequence of these higher EU food safety standards has been to increase the costs of placing food on the EU market. While the EU standards and hence the costs are applied equally to EU production and third-country production, they have a differential impact. Many of these food safety measures involve high fixed costs and require high volumes of throughput to reduce unit costs. While large-scale European producers can afford to carry these costs, African producers which generally operate on a much smaller scale, can find the unit cost onerous.

What is more, as an integral part of the reform process in the EU, agriculture ministers have insisted that financial assistance be extended to European food and agricultural enterprises to help them meet these stricter food safety standards without loss of competitiveness. Substantial levels of EU funding have duly been made available both directly in the form of dedicated food safety related financial instruments and indirectly through rural development programmes and direct aid payments to farmers.

African producers have no such access to publicly financed support programmes and need to meet the costs of compliance with EU food safety standards from the market price obtained for their products when exported to the EU. These costs are not insignificant: studies undertaken for the CTA[2] have suggested that 'sanitary and phytosanitary (SPS) measures can represent between 2% and 10% of a company's export turnover'. In the case of the Namibian beef sector, it is estimated that the costs of meeting EU food safety standards are now equivalent to between 8% and 10% of the value of beef exports to the EU.

With the application of the new EU food-and-feed control regulation since 1 January 2006, new responsibilities have been laid on African governments to ensure that all food products for export to the EU meet EU food safety standards. If the concerned government department cannot verify full compliance with EU food safety standards, then the EU market may be closed to food products from that country. This is placing new budgetary burdens on African governments as they have to establish or strengthen their national food safety control capacity. It is by no means certain that in the coming years African governments will be able to meet this challenge in a cost-effective manner.

With EU prices for a range of products falling and private-sector operators in Africa also having to make substantial new investments to meet EU food safety standards, it is by no means clear whether in the long term the commercial benefits will outweigh the immediate costs across a range of traditional export sectors. These commercial considerations could lead to an effective closure of the EU market to a range of traditional African agricultural exports.

It needs to be borne in mind that stricter EU food safety standards are an integral part of the CAP reform process. They form part of an effort by EU policy makers to shift EU food and agricultural production to serving quality markets, not just in Europe but across the globe. It has been recognised that EU producers cannot compete head-on with low-cost agricultural producers in advanced developing countries, hence the emphasis is being placed on differentiating EU products from imported products (see later section for how this relates to general market developments in the EU). Food safety, animal welfare, environmental standards – all form part of this quality differentiation policy of the EU and all of these developments pose new challenges for traditional patterns of African food and gricultural exports to the EU.

Responding to Increased Market Differentiation

Traditionally, African exporters have largely traded undifferentiated bulk commodities into the EU market. This posed no problems when EU agricultural policy was based on high market prices. Provided they met minimum standards, African exports could attract high prices, regardless of broader quality considerations. Price differentials existed based on quality considerations but these were not so significant. With the process of CAP reform leading to a dramatic decline in floor prices for a range of commodities, quality considerations have however taken on more and more commercial significance.

Within the EU market there are now not only price differentials based on quality considerations but also divergent price trends between general commodities and 'quality' products. The prices of quality products are rising while those of undifferentiated commodities are stagnating or declining.

African food and agricultural-product exports are facing an increasingly critical challenge, namely shifting their patterns of production away from serving undifferentiated markets within the EU towards serving 'quality' markets in the EU. This does not mean producing caviar and champagne; rather, it means responding to the growing differentiation within the EU market for food and agricultural products.

According to the United States Department of Agriculture (USDA) there are now two distinct components to the EU market: 'necessity purchases' and 'luxury purchases'. 'Necessity purchases' are those for which purchase decisions are made exclusively on the basis of price considerations. For 'luxury purchases' in contrast purchase decisions are not based primarily on price, but on some perceived 'quality' attributes of the product. It might be organic, or artisanly produced, or it might be a 'fair trade' product, or have some particular geographical designation of origin to which a particular value is attributed. Whatever the reason, the consumer is willing to pay more, often substantially more, for the 'luxury purchase' product compared to the 'necessity purchase' product. Shifting EU food and agricultural production into serving this 'luxury purchase' component of the market is a central tenet of agricultural reform in the EU as it progresses into the 21st century. The EU's ambition in serving this 'luxury purchase' component of the market is not just restricted to the EU. The aim is to serve this component of the market globally, with EU trade policy being designed to break down barriers and respect EU standards, so that the commercial value of these quality aspects can be realised throughout the globe. Ultimately the opposite side of this particular coin is an increased EU openness to the imports of agricultural raw materials and food products serving the 'necessity purchase' component of the EU market.

This increased differentiation within the EU market, fuelled as a conscious policy choice by the process of CAP reform, is transforming the context of Africa-EU agricultural trade. If African producers and traders are to maintain a commercially profitable trade with Europe – which sustains a thriving rural economy – then increasingly the transition will need to be made from serving the 'necessity purchase' component of the EU market to increasingly serving the 'luxury purchase' component of the EU market. If this can be achieved then opportunities for the structural transformation of African economies will arise. However, making this transition will by no means be a simple proposition, since it requires a strong human resource input and considerable highly selective investments in picking winners and shifting to new 'winners' when the field becomes crowded. African exporters will need to either develop the capacity to differentiate their products on quality grounds and market them into particular 'niches' within the EU, or move up the value chain by adding value to basic agricultural products before export, so as to reduce their vulnerability to declining basic commodity prices, if they are to continue to export profitably to the EU.

Considerable assistance will be needed in helping African producers get to grips with the range of options open to them in developing products which serve the 'luxury purchase' component of the EU market, and there is potentially a major role for targeted 'aid for trade' support in this area. However, since it will encourage patterns of production which directly compete in areas into which the EU is seeking to take its own food and agricultural production, the EU is unlikely to be a willing source of support in this area. Nevertheless, it is essential that African producers get to grips with this challenge if there is to be any future in trading into the EU market.

CAP Reform, Enhanced Export Price Competitiveness & Regional-market Development

Under the process of CAP reform the shift from price support to direct aid payments allows prices of EU-produced agricultural commodities to fall without undermining farm incomes and production. By making raw materials cheaper, it expands domestic use of agricultural raw materials in the processing industry, expanding price-competitive production for both EU and international markets. This is an explicit objective of the whole process of CAP reform.

For the EC this is seen as simply removing past distortions created by the old CAP policy which placed EU food and agricultural producers at a disadvantage in global markets and necessitated the use of trade-distorting export refunds. By removing these old distortions, it sees CAP reform as contributing to the elimination of trade distortions in global trade. The reality unfortunately is quite different: the provision of direct aid payments to EU farmers has in many sectors sustained EU production levels above those which would arise at the prices offered EU farmers in the absence of direct aid payments. Since in the absence of these payments EU production would be lower, then either EU prices would have to be higher or imports would have to be increased in order to establish a market equilibrium. Direct aid payments effectively shift the level of production at which a market equilibrium is established at any given price level. These production effects of direct aid payments have important trade consequences. In July 2002, the then EU Agriculture Commissioner Franz Fischler acknowledged in a speech in Japan that 'direct aid payments still stimulate the quantity' although he maintained that they are less trade-distorting than previous forms of support. He went further, acknowledging that as a result of CAP reforms 'European products have become more competitive [and that consequently] over the last decade, our exports of processed products have more than doubled in value, while raw-product exports increased by less than a half. And there is a high potential for further growth in this sector' (Fischler, 2002).

This 'high potential for further growth' largely arises from the fact that the process of CAP reform allows EU food and agricultural exporters to increasingly escape the confines of WTO disciplines on export refunds. These constrained the level of exports which could occur, since without such a subsidy EU exports were not price competitive. By reducing and eliminating the gap between EU and world market prices, CAP reform has allowed EU food and agricultural products to be exported without any need for export refunds, thereby removing the constraint. Where such WTO constraints have been reduced or removed, either directly or indirectly (e.g. for poultry meat), EU exports have risen phenomenally (in the case of poultry meat up by 137% between 1991 and 2003). In some of these simple processed food products, as we shall see, Africa has become a major market for these expanded EU exports (see Table 8 below).

It would thus appear that the elimination of the need for export refunds, far from reducing EU exports may in fact fuel an expansion of them, since the enhanced price competitiveness arising from the implementation of CAP reforms has led to the elimination of export refunds. Thus given appropriate sequencing with the process of CAP reform, the elimination of export refunds does not remove trade distortions, it simply reflects a shift in the basis of the trade distortion.

Recent analysis of the EU cereals regime (commissioned by the EC itself) suggests that direct aid payments maintain production levels far higher than the post-reform market prices would warrant and consequently help maintain lower domestic prices. Further analysis suggests that since direct aid payments in the cereals sector sustain production at higher levels but lower prices than would otherwise be the case, there are cross-subsidisation effects. While this can reduce and even remove the need for export refunds (as in the poultry-meat sector), this does not mean that no export subsidisation is being provided – it is merely being provided in a less direct way. Analysis by the Solidarité Association (France) argues that in the beef sector for example, even if export subsidies are eliminated 'considerable dumping could be maintained', since in 2002 'domestic subsidies to the exported bovine meat were almost twice as large (93.8% more) as the export refunds'.[3] Furthermore, 'prices of EU bovine meat are no longer prices of a "market economy" since they are much below their "normal value" which would prevail "in the ordinary course of trade"'.

This provides a clear indication of the broad direction in which CAP reform is taking EU trade in food and agricultural products. It is supporting the expansion of exports through enhancing its price competitiveness and shifting patterns of exports away from basic agricultural products to value-added food products. As the process of

Table 8: The Expansion of EU Poultry Exports

Year	EU poultry exports (tonnes)	Year	EU poultry exports (tonnes)
1991	478,000	1998	1,032,000
1992	519,000	1999	1,022,000
1993	663,000	2000	1,010,000
1994	683,000	2001	964,000
1995	849,000	2002	1,133,000
1996	856,000	2003	969,000
1997	927,000	2004	1,029,000

CAP reform is rolled out to more and more sectors, the cumulative effect on the price competitiveness of EU value-added food products will be greatly enhanced (all other factors being equal), further fuelling the expansion of EU exports of value-added food products. This is particularly the case for simple value-added food products, where the price of the agricultural raw materials is proportionally far more important to the price of the final product than for more sophisticated value-added food products. Unfortunately, it is precisely these simple value-added food products that have been the starting point for agriculture-based industrial development. This reality needs to be taken on board in conducting EPA negotiations in the light of the African objective of structurally developing their food-and-agriculture sector through regional market integration. If the new forms of direct aid payments provide a high level of indirect export subsidisation, then moves towards free trade via tariff elimination will generate some perverse trade outcomes, so long as these other impediments (high levels of direct public payments to EU farmers) to free and fair trade remain. These outcomes could serve to undermine the development of regional production for emerging regional markets for food and agricultural products, particularly simple value-added food products. This could then have serious implications for efforts in Africa to promote investment in value-added production within key agricultural product chains based on emerging regional markets.

CAP Reform & EU Exports: Some Concrete Examples

As previously indicated CAP-induced price reductions reduce raw material costs of EU food and drink manufacturers. This allows EU food processors to fully exploit economies of scale, improving EU export-price competitiveness (particularly for simple value-added food products) and stimulating EU exports. In some agricultural-product chains the process of CAP reform has already seen a major expansion of EU exports of simple value-added food products to ACP markets, with ACP markets taking on a growing significance to EU exporters. With CAP reform being most advanced in the cereals sector the effects have been most marked in simple cereal-based value-added products and in products which use cereals as an input (e.g. poultry). According to a composite table on the DG Agriculture website covering the period from 1995 to 2004, over this period EU exports of 'preparations of cereals' to ACP countries rose in value terms by 182%, with the ACP now taking nearly 1 in 10 EU exports of these products in 2004 compared to just over 1 in 20 in 1995.[4]

Similarly, since 1995 EU exports of poultry meat (see over) to ACP markets have risen 113% in volume terms, with ACP markets now taking nearly 1 in 4 EU exports of poultry meat compared to slightly more than 1 in 8 exports in 1995. This expansion of EU exports was largely concentrated in the west African and central African markets, with severe disruptions of local markets and production occurring in the poultry sectors in Cameroon and Ghana. In addition, in west Africa exports of EU tomato paste has begun to break the link between local food-process-

Table 9: Trends in EU Exports of CN19 'Preparations of Cereals' 1995-2004 (value, million euros)

Year	To ACP	To World	%ACP
1995	127	2,387	5.32%
1996	152	2,712	5.61%
1997	202	3,022	6.68%
1998	228	2,948	7.73%
1999	233	2,830	8.23%
2000	285	3,242	8.79%
2001	373	3,700	10.08%
2002	356	3,659	9.73%
2003	347	3,568	6.92%
2004	358	3,682	9.72%

Source: http://ec.europa.eu/agriculture/agrista/tradestats/eur15ch/Page_075.htm ing industries and their agricultural hinterland, with some industries on the coast now increasingly sourcing a range of inputs from Europe rather than locally or regionally.

There are fears that the closer economic integration between the EU and Africa which EPAs are intended to foster could lead to a replication of the agricultural trade patterns which characterise EU-west Africa trade (particularly in the franc zone) elsewhere in Africa. It is not lost on African trade negotiators that the upsurge in poultry exports to Ghana was directly linked to tariff elimination processes entered into in the context of structural adjustment programmes agreed with multilateral institutions (see Table 10 below).

There would appear to be some grounds for these fears if one considers recent developments in the SACU sugar sector following the conclusion of the EU-South Africa TDCA. This agreement committed South Africa to the progressive elimination of tariffs on a range of sugar-containing value-added food products. Tariffs were to be halved by 2008 and completely eliminated by 2012 (see Table 11 opposite).

This is transforming the basis of investment decisions in the sweet-and-chocolate sector in SACU (see Table 11). Following the signing of the EU-South Africa free trade area agreement, Cadbury South Africa, which had established chocolate production in South Africa over 60 years previously, announced that it no longer considered itself primarily a manufacturer of chocolates and sweets but rather as a trader in chocolates and sweets which has some local manufacturing capacity. Other companies and entrepreneurs followed suit. The owner of South Africa's largest independent chocolate manufacturer, Beacon Sweets, sold out to Tiger Brands – a major South African food conglomerate – and established a sweet and chocolate importing business (Galloway). Galloway rapidly emerged as a major player in the SACU sweet and chocolate sector. A sweets and chocolates company in Swaziland also closed down. There appears to have been a recognition that, in an increasingly liberalised trading environment, the economics of local sweet and chocolate production have been transformed.

Trade with the EU of course was not the only factor in the dramatic 25% decline in sweets and chocolates production in the SACU between 1997 and 1999. The upsurge in sweets and chocolate imports came from a variety of sources: quality branded products were imported from the EU; individually wrapped sweets for sale through the hawker trade were imported from Brazil, while non-branded quality sweets and chocolates were imported from 'export platforms', such as the United Arab Emirates. What was apparent was that global sourcing for food-product inputs, in a context of agricultural market distortions, was a key factor in these trade flows and the transformation of the investment context for sweets and chocolate production in the SACU. It is this factor which ironically means that if you want to be a competitive producer of value-added food products, and you do not have access to

Table 10: Trends in EU Exports of Poultry Meat (1,000 tonnes)

Year	To ACP	To world	% to ACP
1995	115	840	13.69
1996	101	824	12.26
1997	133	938	14.18
1998	158	1,018	15.52
1999	191	1,040	18.36
2000	223	1,069	20.86
2001	215	1,018	21.12
2002	245	1,169	20.95
2003	268	986	27.18
2004	245	1,037	23.63

Sources: EU exports to ACP countries and the world by value and volume can be found at http://ec.europa.eu/agriculture/agrista/tradestats/index_sem.htm public subsidies, then it is better not to have an agricultural base on which you build your production, but it is better to source all your inputs globally at world market prices. This is the ultimate logic of the globalisation process to which the EU has been responding through the process of agricultural reform.

Table 11: South African Tariff-elimination Commitments for Sweets & Chocolates under the TDCA

Tariff Line	Tariff 2000	Tariff 2008	Tariff 2012
18062010	27.5%	13.5%	0
18061000	20.0%	10.0%	0
18062010	27.5%	13.5%	0
19053006	25.0%	12.5%	0
18062090	20.0%	10.0%	0

However, it is a logic that the EU itself creates as a result of its changing domestic agricultural policies and associated policy instruments – notably the shift over to direct aid payments to farmers. The EU approach to agricultural reform thus has serious implications for African food and agricultural production. Indeed, it could well serve to lock African agricultural production into an externally oriented system of production where prices received are either stagnant or declining.

Conclusion

These external affects of the process of CAP reform would appear to have very real implications for the Africa-EU trade negotiations. If EPAs are to support the structural development of African food and agricultural product sectors, it would appear to be important to maintain a tariff regime that encourages investment in value addition based on agricultural production, rather than dismantling tariff protection in an indiscriminate manner and leaving markets open to the perverse effects of the consequences of new forms of agricultural support in OECD countries.

Recognising this, African negotiators will need to take as their starting point the fact that new forms of CAP support enhance EU export-price competitiveness through the indirect provision of export subsidies. They should therefore aim to retain tariff protection in the affected food 'product chains', until such time as this basic distortion to free trade has been eliminated or competitiveness in supplying regional markets for the affected value-added food products has been developed sufficiently to warrant a progressive dismantling of tariff protection.

The importance of thinking in terms of 'product chains' cannot be under-estimated. As the South African experience illustrates, maintaining protection for basic agricultural products (in the foregoing case sugar), while opening up associated value-added products to duty-free access (e.g. sweets and chocolates), is a recipe for undermining the competitive position of local value-added processing companies on national and regional markets. This can undermine regional efforts to move up the value chain and wider efforts in Africa to foster a process of structural transformation based on moving up agricultural value chains.

This situation is compounded by the accelerating process of preference erosion, which could well create a situation in which at the very time African countries are granting duty-free access to EU food and agricultural exports (trade preferences not extended to other WTO members), the value of the trade preferences that African exporters have traditionally enjoyed on the EU market will be disappearing, as EU prices are brought down to world market price levels.

Addressing the Issue of Preference Erosion Under EPAs: the Outlines of a Response Strategy

In formulating a response to the process of preference erosion which is underway in ACP trade, *six concrete areas for action* can be identified, three of which relate to trade measures and three of which relate to aid interventions in support of trade adjustments. Specifically on the **trade** side, the kind of measures required include:

- The early removal of all remaining tariff and quota restrictions on ACP food and agricultural exports to the EU, so that full advantage can be taken of what margins of preference remain for as long as they remain;

- Cooperation on administrative arrangements to reduce transaction costs on exports to Europe, particularly for small ACP suppliers and countries undertaking diversification; the establishment of clear time-bound procedures for the resolution of SPS disputes, including the establishment of arbitration arrangements in case of non-resolution of the SPS dispute within the agreed time-frame.

On the **development assistance** side, the specific kind of measures required include:

- The establishment of 'aid for trade' packages to assist in production adjustments to meet 'quality' standards, improve marketing and facilitate movement up the value chain;

- The establishment of aid instruments to support diversification out of the affected sectors (involving the provision of both technical and financial support);

- The provision of support to social adjustments in affected sectors and communities to reduce the transition costs and support the maintenance of an investment friendly environment.

In each of these areas detailed measures and appropriate modalities for their implementation, on a region-specific basis will need to be worked out.

It is this impending disappearance of the price differential between the EU and world market prices for basic agricultural products which makes it *imperative* that African producers increasingly shift to servicing value-added and 'quality' conscious components of the EU and regional markets. EPAs potentially offer an opportunity for Europe to assist African producers in making this transition by setting in place a comprehensive programme of aid-and-trade measures to address the problem of preference erosion. Unfortunately, there is no evidence that the EC is contemplating using the EPA process in this creative way, despite its recognition of the importance of addressing these issues in the context of the EU's relationship with north Africa (Fischer Boel, 2006). In this context, prospects do not look good for the future of Africa's agricultural trade relations with the EU.

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Endnotes

1. For example, if processing aids are withdrawn and direct aid payment to EU farmers are increased, EU processors could be expected to offer lower prices for the fruit and vegetable raw materials used in order to maintain their overall competitiveness. Equally, if fruit and vegetable products were integrated into the single farm payments scheme and the current prohibition lifted on other farmers who receive the single farm payment entering into fruit and vegetable production, then if there were no downward price adjustment in the sector, new farmers would be likely to enter fruit and vegetable production, thereby exerting a downward pressure on EU market prices. In addition, upon reform of the fruit and vegetable regime, moves towards liberalisation of the fruit and vegetable trade would become more likely, with any reduction in duties charged on less preferred suppliers (e.g. GSP beneficiaries) exerting a downward pressure on prices. Equally, any improved access granted to competitive developing country suppliers under new 'ambitious bilateral agreements' would also be likely to exert a downward pressure on EU fruit and vegetable prices. Actual developments will vary from market to market of course depending on the particular dynamic within that market.

2. Technical Centre for Agricultural and Rural Cooperation, a joint EU-ACP institution based in the Netherlands.

3. This analysis can be found at http://www.tradeobservatory.org/library.cfm?refid=80706, with a summary contained in the CTA agritrade monthly review for July 2006, which can be found at http://agritrade.cta.int/

4. Figures contained in tables 3.7.2 and 3.7.12 of the EC annual reports on the 'Agricultural Situation in the EU' confirm the trend indicated in this composite table. This source however also shows a similar increase in EU exports of 'products of the milling industry' (CN11) which increased 80% between 1996 and 2004 with the ACP's share of these exports increasing from 1 in 8 of these exports to 1 in 5. However no similar trend is reported in DG Agriculture's composite table which has the initial base level of exports in 1996 at €387 million compared to €201 million in table 3.7.12 of the relevant EC Annual Report on the 'Agricultural Situation in the EU'. There is, however, a consensus on the current level of exports of 'products of the milling industry', which both sets of tables reveal as at around 1 in 5 of total EU exports of 'products of the milling industry'. The uncertainty which this discrepancy in the figures gives rise to thus relates solely to the initial level of EU exports of these products to ACP countries in 1996 and not the current high level of EU exports of these products to ACP countries.

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Review of African Political Economy No.112:297-311

The European Union & the Commodity Debate: From Trade to Aid

Jan Orbie

This article departs from the renewed interest in commodity market regulation and assesses the position of the European Union (EU) on supply-management in tropical commodities. After sketching the resurgence of the commodity debate on the international trade front, the second section recapitulates the thesis that Europe's trade relations shifted from innovative and interventionist arrangements in the 1970s, to a neo-liberal outlook by the end of the 1990s. Based on this historical account, we examine whether the EU's role has changed during the commodity debate since 2003-2004. The analysis makes clear that, although EU policy-makers and institutions have addressed the issue, supply-management schemes are not considered. Without challenging the mainstream approach to commodity trade, Europe's initiatives with regard to 1) export stabilisation, 2) commodity protocols and 3) market access rather show an evolution 'from trade to aid'. The article concludes with a number of explanations for this recent shift.

The commodity issue is back on the international trade agenda. This article assesses the role of the European Union (EU) – a world power in the trade and development nexus – in this evolution. What is the EU position in the renewed debate on supply-management in tropical products? In particular, what can we learn from Europe's evolving trade policy vis-à-vis the former colonies of the ACP group from Africa, the Caribbean and the Pacific? Does the EU play an innovative role in the commodity debate, or do Europe's trade policies reflect the mainstream neoliberal approach to commodity trade?[1]

The 'commodity issue' is broadly defined as the (re)establishment of interventionist trade arrangements that manage the supply of tropical commodities in international trade. Their main objective is to guarantee stable and remunerative prices, for example using buffer stocks (e.g. International Cocoa Agreements) or allocating production quotas (e.g. International Sugar Agreement). Commodity regimes are usually advanced by producing countries (e.g. the OPEC oil cartel; India, Malaysia and Thailand on rubber export), possibly in cooperation with consuming countries (e.g. the International Coffee Agreement). Corporations can also engage in supply-management, as is the case in the diamond market (De Beers).

This article mainly focuses on the EU's evolving trade policy towards the former colonies of Africa. It first sketches the resurgence of the commodity debate on the international trade front. The second section then recapitulates the thesis that Europe's trade relations shifted from innovative and interventionist arrangements in the 1970s, to a neo-liberal outlook by the end of the 1990s. Based on this historical account, the third section examines whether the EU's role has changed during the

ISSN 0305-6244 Print/1740-1720 Online/07/020297-15
DOI: 10.1080/03056240701449695

commodity debate since 2003-2004. The analysis of EU documents and discourse and of the EU-ACP trade reforms makes clear that, although EU policy-makers and institutions have addressed the issue, supply-management schemes are not considered. Without fundamentally challenging the mainstream approach to trade in commodities, Europe's initiatives with regard to 1) export stabilisation, 2) commodity protocols and 3) market access rather show an evolution 'from trade to aid' which does not challenge the pervasive neoliberalism in contemporary trade politics. The article concludes with a number of explanations for this shift.

The Rise, Decline, & Re-emergence of Interventionism Commodity Trade

Although most commodity arrangements were established in the 1970s, following third world country demands for a New International Economic Order (NIEO), their origin can be traced back to the post-war period of 'embedded liberalism'. Indeed, the architects of the ill-fated International Trade Organisation and the original proposals for the Bretton Woods institutions envisaged interventionist North-South commodity schemes. From an ideological perspective, the NIEO demands can thus be seen as the globalisation of embedded liberalism (Sneyd, 2003; Helleiner, 2006). But because of ideological shifts in the North and fading 'commodity power' in the South, NIEO proposals sank into oblivion during the 1980s. The debt crisis spurred developing countries to adopt structural adjustment programmes (SAPs) as a condition for loans by the World Bank and the International Monetary Fund. Inspired by neo-liberal thinking, these envisaged the privatisation or dismantling of state-controlled marketing boards, and emphasised the liberalisation of trade in commodities. Technical shortcomings, free rider problems among developing countries, and withdrawal of financial support from consuming countries also contributed to the effective erosion of the commodity organisations' interventionist capacity.

Today the institutions created during the NIEO period occupy themselves only with the collection, analysis and dissemination of information and statistics (e.g. the International Cocoa Agreement), and the (co)financing of development projects (e.g. the Common Fund). Although commodity agreements may be allowed under rules of the World Trade Organisation (WTO), its approach to trade in tropical products is largely inspired by neo-liberal thinking. This 'mainstream' approach emphasises liberalisation of market access, elimination of trade-distorting subsidies, compensatory finance and support for diversification, market-based price risk management instruments (e.g. futures, options and swaps), and fair trade labelling (see e.g. Gibbon, 2004:11-20; Green, 2005:97).

In recent years, however, the commodity issue has resurfaced, largely because the neoliberal trade model, dealt with in the next section, has failed to address the underlying problems with Africa's trading relations (see the Goodison & Thompson articles in this issue). Several actors want the value of the supply-management schemes for commodities to be reconsidered. In 2002, Kenya, Uganda, Tanzania and some NGOs joined forces within the WTO, which led to a 'non-paper' about the crisis of primary commodities (WTO, 2003). This document is

> *of great historical significance […] because, for the first time in two decades, it puts the issue of the commodity crisis on the agenda of one of the most important trade negotiating forums and makes a clear and radical recommendation for supply management* (Robbins, 2003:119-21).

The same is true for an UNCTAD study in 2003,[2] which noted that markets have not provided, and are unlikely to provide, the necessary solutions to instability and secular decline in commodity prices. Hence, what is required is action at the international level to mitigate the adverse effects of market failure by devising and supporting new international initiatives on commodities [...] despite criticisms advanced by some observers, many of the schemes advanced in the past to deal with the commodity problematic have some merit (UNCTAD, 2003a:55).

UNCTAD subsequently created an Eminent Person's Group on this topic. Their recommendations point to 'measures to reduce the supplies put on the market' such as producer-consumer schemes or joint measures by producers. They also call for a favourable interpretation of WTO rules in this regard (UNCTAD, 2003b:6, 13). At the UNCTAD XI summit (2004), an International Task Force on Commodities was established. The 2005 UNDP *Human Development Report* suggests – in contrast with previous issues – that supply-management may be a better solution than leaving commodity trade to the forces of the world market (UNDP, 2005:142).

Since 2003 the advantages of international commodity arrangements were also highlighted by the group of least developed countries (LDCs; see UNCTAD, 2004:3), NGOs (cf. Oxfam's Coffee Rescue Plan, 2002; Khor, 2005:31; Green, 2005), academics (cf. Sneyd, 2003; Lines, 2004) and other observers (cf. Robbins, 2003). Even the WTO Hong Kong Declaration (2005:10) hints at supply-management solutions. However, this text only mentions the commodity issue in a footnote – saying that there is no consensus in this area. This illustrates, unsurprisingly, that the idea of commodity regulation faces much resistance.[3]

Ever since President Reagan stopped the NIEO negotiations at the UNCTAD Conference in 1981, the US has resisted calls for interventionist commodity schemes. There are two additional obstacles that limit their political feasibility, compared with the 1970s. First, the most powerful developing countries such as Brazil, Argentina and India perceive themselves as now having more interest in trade liberalisation than in interventionism compared with net importing developing countries (cf. DFID, 2004:19). The dominance of the G-20 may well explain why, in contrast to the NIEO period, the increased assertiveness of developing countries is not accompanied by alternatives to trade liberalisation.[4] Second, there is the increased power of oligopolistic gatekeepers such as supermarkets, which have a large capacity to influence commodity prices (UNDP, 2005:142-3; Gibbon, 2004:5-11).

The EU has been a pivotal actor in the shaping of Africa's trade regimes with the rest of the world. Since its establishment in the 1950s, it has been involved in a series of comprehensive trade and aid schemes. This is particularly the case for the preferential relationship with its former colonies of the ACP – which consists of 48 countries from sub-Saharan Africa, 16 from the Caribbean and 15 from the Pacific. Moreover, Europe tends to present itself as a leading and benevolent actor vis-à-vis the South. In the past decade, EU trade policy has shifted to a more values-based discourse, questioning the merits of the market for delivering development objectives. The EU was instrumental in calling the WTO negotiations a 'Development Round', highlighting its profile as a force for 'harnessing globalisation' – the favourite motto of former Trade Commissioner Pascal Lamy (cf. Van den Hoven, 2006).

In 2004 Oxfam congratulated the EU for being the first to address the commodity issue (Oxfam, 2004:4). But what exactly does this European involvement consist of? Does the EU promote the (re)consideration of interventionist trade schemes? And what does the evolving relationship with the ACP – the traditional 'playground' of Europe's trade and development policy – tell us about the EU's position in the commodity debate?

From Lomé to Cotonou: Abandoning the NIEO Model

The abandonment of controlled and preferential trade, which was embedded within Lomé, is also the history of the rise of liberalised trade relations. There are two tales about the Lomé regime. The first one goes back to Galtung's work of the early 1970s (Galtung, 1973). It considers the Lomé agreements as neo-colonial instruments, or 'old policies with new means'. Galtung distinguishes three aspects in Europe's structural power towards Africa: exploitation (unequal gains following interaction), fragmentation (a *divide et impera* policy of the centre towards the periphery) and penetration (the influence of the centre on the periphery's elite). The Lomé regime is functional in the exploitation of ACP countries, perpetuating African commodity dependency while continuing to protect Europe's agricultural products.

But this is only one side of the picture. Another line of approach sees the Lomé trade and aid relationship as a model for North-South relations. In the beginning of the 1970s Lomé was indeed seen as a kind of 'mini-NIEO' (Hveem, 1980:88-9); as the best available and most comprehensive (but still imperfect) application of the demands for a NIEO. In recent years several scholars (e.g. Raffer, 1999; Arts and Dickson, 2004; Gibb, 2000; Hurt, 2003; Ravenhill, 2004) have reconsidered the Lomé I trade regime as a remarkable (albeit imperfect[5]) model, usually comparing it with the Cotonou reforms. From a regulation perspective, Gibb (2000:476-7) considers the Lomé regime as the international dimension of the Fordist regulation system. It constituted an international development model based on intervention and economic and social protection. Gibb stresses that Lomé was initially considered as a 'radical and progressive' agreement, a system of collective negotiation on the international scene with the intention of reducing the 'anarchic tendencies of unregulated markets'.

Three aspects of this Lomé model deserve particular attention. In each aspect, the new Cotonou agreement (signed in 2000) has replaced the rather interventionist approach to commodities with more neo-liberally-inspired alternatives. First, the EU wanted to abolish the **export stabilisation schemes** STABEX and SYSMIN. Since ACP states wanted to maintain these instruments (European Commission, 2005:1), the compromise established a more modest 'FLEX' scheme. STABEX was designed to remedy the harmful effects of the instability of export earnings. It provided compensatory financing to offset short-term fluctuations in ACP earnings derived from exports of commodities. The system mostly benefited African countries such as Côte d'Ivoire, Senegal, and Cameroon. Despite its shortcomings (slow disbursement, insufficient resources, limited redistributive impact etc.), and in the absence of other adequate instruments, 'STABEX has helped the ACP countries and their populations by paying (at least partial) compensation for losses of export earnings' (Koehler, 1997). The abovementioned UNCTAD study also suggests that STABEX worked well under Lomé I, but that from the 1980s the EC did not provide sufficient means (UNCTAD, 2003a:37). In any case, the abolition of STABEX illustrates the paradigmatic shift in Europe's approach to international trade and development.

Cotonou no longer has a section on commodities. However, Annex II foresees the so-called FLEX system, to compensate for 'losses of export earnings as a result of short-term fluctuations'. Compared with STABEX it is much more restricted in terms of eligibility requirements and financial resources. ACP countries have to suffer a 10 per cent loss in overall export earnings (two per cent in the case of LDCs) *and* a 10 per cent worsening of the programmed budget deficit. The latter criterion implies that the link with commodity prices is considerably loosened (Page and Hewitt, 2001:39). It has been criticised for hindering countries to pursue counter-cyclical fiscal policy to help sustain growth (Griffith-Jones and Gottschalk, 2005:12).

Because of the high threshold, the amount of disbursements has been low: $12 million a year on average in 2000-03 to just six of the 51 countries that applied (UNDP, 2005:142). FLEX also has an upper limit for every ACP country, based on historical vulnerability – which may not always be a good forecaster of current vulnerability. For example, Guyana was eligible for FLEX funds in 2000 and 2001, but when it applied again in 2003, it did not receive the resources as these had already been exhausted – although it met the criteria (Griffith-Jones and Gottschalk, 2005:11-12, 18).

Second, also the **commodity protocols** are being reformed. A number of products from ACP countries (sugar, bananas, veal, rum and beef) used to get relatively stable and high prices on the European market. For many ACP states the protocols have generated foreign exchange and employment. Although they are sometimes criticised for perpetuating commodity dependence, they have also encouraged export diversification (e.g. from sugar to clothing and services in Mauritius) (Green, 2005:100). Beneficiaries of the EU-ACP protocols increasingly have to adapt to the mechanisms of the world market. Some European member states wanted to use the opportunity of the post-Lomé reform negotiations to dismantle them. Although this did not happen, these protocols have been undermined during interlinked processes of internal EU agricultural reform and external WTO trade negotiations. Dickson's analysis of the banana protocol concludes that EU preferences are decisive: 'trade liberalisation is now firmly entrenched on the European development agenda precisely because the EU has made WTO compatibility such a key factor in new negotiations' (Dickson, 2004:53-8).

Sugar is a topical example. Between 1973 and 1975 the debate on the Sugar Protocol was 'one of the most hotly debated and, in the end, cliff-hanging components of the entire negotiations leading to Lomé' (Gruhn, 1976:256). The protocol states that the Community undertakes for an indefinite period to import, at guaranteed prices, specific quantities of ACP sugar. ACP countries vainly hoped to extend this 'model' arrangement to other commodities during subsequent Lomé reforms. But just like the other plans for commodity arrangements in the 1970s, this never happened. In recent years the EU-ACP sugar arrangement came under attack from many corners. However, contrary to widespread beliefs, the WTO verdict regarding EU sugar export subsidies does not undermine the protocol; it even underlines that Europe's internal sugar reform should not undermine its commitments towards ACP countries (WTO, 2004:200). But the cut in European sugar prices and the lowering of import duties will negatively affect on the income of ACP sugar producers, in particular Mauritius and the Caribbean countries. Therefore the EU-ACP Sugar Protocol seems to meet the same fate as other International Commodity Agreements: although officially they continue to exist, their capacity to regulate commodity markets is effectively being abolished.

Third, Europe successfully insisted to end **non-reciprocal trade preferences**, so that ACP countries will have to open their markets for European exports. The idea of non-reciprocity also stemmed from the NIEO analysis about worsening terms of trade in North-South relations. Although sensitive EU products were excluded, Lomé provided relatively generous preferences, giving African exporters a competitive advantage to Latin American and Asian competitors. The Cotonou Agreement envisages the establishment of reciprocal free trade agreements (Economic Partnership Agreements or EPAs) between the EU and six ACP regions. Europe's demand for reciprocity arises from the difficulties in negotiating WTO waivers, but it also relates to export interests and ideological considerations. As part of the package to launch a new WTO round in Doha in 2001, the waiver for Lomé preferences was extended until 2008. After this date, the EU and ACP should establish WTO compatible EPAs. Apart from fears about competition from EU industry and service sectors, ACP countries are concerned about decreased tariff revenues, and they are wary about the development-friendliness of the 'WTO-plus' provisions (including services, investment, competition, labour standards etc.) which the EU wants to incorporate in EPAs.

The EU argues that EPAs will stimulate regional integration between developing countries. In Africa, EPAs would encourage regionalisation among the members of the ESA (Eastern and Southern African) countries, the SADC (Southern African Development Community), ECOWAS (Economic Community of West Africa) and a group of Central African countries. Yet, critics state that South-South integration should precede rather than coincide with North-South liberalisation. EPAs may even 'throw in disarray long-standing regional integration plans and initiatives' (Goodison, 2005a:173; see also Stevens, 2006).

At first glance, the much-discussed **'Everything But Arms'** initiative seems to contradict these three trends. Since 2001 this EU regulation grants completely free market access for all LDC products on the European market. EU trade policy discourse has continually emphasised the relevance of EBA as a sign of Europe's development-friendliness through trade. The Commission's communication on commodities (see below) also points to the generosity of EBA. Nevertheless, sensitive products (sugar, rice, and bananas) face transition periods until 2006-09. Europe's rules of origin are also remarkably restrictive, implying that only about half of the LDC products that are theoretically eligible for duty-free access actually receive this treatment. And although EBA grants non-reciprocity to the LDC group, on further consideration, this appears to be the exception that proves the rule (cf. Orbie, 2007). Non-reciprocity is henceforth effectively limited to the least developed. In order to receive substantial market access reductions to the European market, more advanced developing countries should negotiate bilateral and reciprocal free trade agreements with the EU rather than export under the 'normal' GSP system.[6] Even African LDCs may, in the end, feel obliged to participate in reciprocal trade schemes instead of their non-reciprocal treatment under EBA (cf. Babarinde and Faber, 2004). For example, Southern African LDCs such as Lesotho, Mozambique, Angola and Tanzania will probably form part of the EU-SADC EPA, and Eastern African LDCs such as Zambia, Democratic Republic of Congo and Zimbabwe are negotiating reciprocity under the EU-ESA EPA. Pressure from the EU partly explains why these African LDCs part with their non-reciprocal treatment. Furthermore, these countries want to avoid undermining regional integration projects and prevent their own exclusion from this process. They also hope to benefit from trade-related aspects of

EPAs, such as simplified rules of origins, as well as flanking measures providing financial and technical assistance (see below on 'Aid for Trade').

Finally, EBA proved to be instrumental in the reform of the Lomé trade regime. Distinguishing between LDC ACPs and non-LDC ACPS, it facilitated the weakening of the ACP group as a distinctive political entity on the international scene. This reflects the diminished economic and political importance of the ACP – and in particular the African members – for EU trade relations since the 1990s, with the end of the Cold War and Africa's strategic importance, the emergence of trade partners in Asia and Latin America, and the EU's focus on the near abroad through enlargement and neighbourhood policies. EBA also played a catalysing role in reforming the EU-ACP Sugar Protocol: increased pressure from LDC sugar exports hampered the sustainability of Europe's relatively high and stable sugar prices. The ensuing European sugar market reform has, in turn, reduced the attractiveness of European markets for LDC sugar exporters. In recent years EBA beneficiaries have even called for an amendment of EBA: most LDCs prefer the continuation of relatively fixed and high prices – de facto joining the EU-ACP sugar commodity agreement – rather than free access to the European market at world prices. Somewhat ironically, the EU has argued that such an amendment of EBA would hurt its international credibility (Orbie, 2007).

In short, the NIEO legacy of the EU-ACP trade relationship, including an interventionist approach to commodity trade, was abandoned. The 'spirit of Lomé' had already evaporated with the Lomé II negotiations in 1978-79 (Brown, 2000:373), and by the end of the 1980s the neo-liberal doctrine of the SAPs also left its stamp on Lomé IV (Raffer, 1999:128, 134). But the neo-liberal hegemony manifested itself more radically in the second half of the 1990s. It should be noticed that the post-Lomé reforms were not simply driven by the necessity of WTO compatibility, as often claimed by EU policy-makers. As Stevens (1999:9) stated, 'the WTO is at the centre of these [post-Lomé] negotiations because the EU has placed it there'. Hurt (2003) convincingly argues that the EU's changed trade policy orientation towards the South was inspired by shifts in ideological preferences with EU political elites. Changing economic interests and geographical priorities – away from the former colonies in Africa – also played a role (see also Gibb, 2000; Ravenhill, 2004).

The European Union & the New Commodity Debate

These changes to Europe's trade regime were agreed between 1995 (Commission Green Paper on Lomé reform) and 2000 (signing of Cotonou). The evolution from interventionism to neo-liberalism is well-illustrated in the literature, and fits in with Arts and Dickson's thesis that EU development policy 'has shifted away from making substantive and innovative attempts to contribute to the North-South dialogue […] to follow global trends much more than before' (Arts and Dickson, 2004:2-3). But this was before the re-emergence of the commodity debate. Therefore we now address two questions that have not been covered by academic research: How has the EU reacted to the renewed interest for more interventionist commodity mechanisms? And to what extent, if at all, has this led to an adjustment of the neo-liberal shift in the EU-ACP relationship in the direction of more interventionist trade policy options?

European Positions on Trade: Moderate Gestures, Little Action

European policy-makers played a stimulating role in the commodity debate. During the Africa-France Summit of February 2003, French President Chirac was the first to end what he called the 'conspiracy of silence' on commodity issues. The above-mentioned UNCTAD study on commodities was even announced as an echo of Chirac's words.[7] European contributions to the commodity debate did not remain limited to France. In December 2003 the Council approved the Commission's suggestion to elaborate on the commodities issue and to produce an EU action plan. In 2004 the Commission issued a communication and an Action Plan entitled 'Addressing commodity dependence as a priority'. After concluding that some commodity dependent developing countries have been devastated by falling prices, the document identifies two objectives: improving income for producers and reducing vulnerability at producer and macro-levels. Then several challenges are outlined: addressing commodity chains as a strategic priority; coping with price decline; managing commodity risks and accessing finance; diversifying around traditional commodities; successfully integrating in international trade; enhancing sustainable corporate practices and investments. Each time the Commission indicates how the EU could play a role (European Commission, 2004). These initiatives were subsequently adopted by the Council of Ministers and reiterated in the EU Strategy for Africa (2005).

In addition, the Commission for Africa (2005:273), launched by UK Prime Minister Blair, advocated 'an integrated and comprehensive international approach […] to deal with the commodities problem', including the establishment of a price 'shock' facility. However, it adds that 'past forms of cooperation involving international price stabilisation need to be avoided'. This statement by the Commission for Africa clearly witnesses the resurgence of the commodity debate, but it equally shows the reluctance to engage in more interventionist commodity schemes. This is also the tenor of the Commission and Council documents: a closer look at the EU initiatives reveals that these are, quoting Agence Europe (2004:7), 'far from revolutionary'. The action plan basically boils down to an analysis of the challenges that developing countries are facing and to an enumeration of the instruments that the EU could use. Its emphasis is on supporting diversification, using market-based risk instruments, and increasing supply capacity. At one point the document states:

> *Experience has taught us that it is not feasible to address structural market imbalances for agricultural commodities through international market intervention. Key conditions for success are not met, and appear unlikely to materialise in the near future. [Commodity dependent developing countries] need other ways to cope with the declining prices* (European Commission, 2004:8).

Nevertheless, compared with the preceding Commission staff working paper of August 2003 (European Commission, 2003), this document is more concrete on two subjects. First, while the working paper explicitly excluded the specifics of individual commodities, the cotton issue is highlighted in the final communication. Second, whereas the first paper dwelled on the earlier STABEX mechanism and hardly contains a reference to FLEX, the final document does not mention a word about STABEX but it spends a separate section on the improvement of FLEX. These changes again reflect the increased relevance of the commodity issue in 2003-2004, partly inspired by the breakdown of the WTO summit in Cancún.

The focus on cotton (and not for example on export subsidies in sugar and dairy products, or on the coffee market) is not surprising, since the main scapegoat in this dossier is the US. The EU is only a minor actor in the international cotton markets. Four West African cotton producing countries (Benin, Burkina Faso, Chad and Mali) managed to make the issue of US cotton export subsidies a symbolic topic within the WTO. In 2004 they won a landmark case before the dispute settlement mechanism (initiated by Brazil). Europe's cotton proposal – the *EU-Africa Partnership on Cotton* – turns out to be a call for the liberalisation of market access and for the abolition of subsidies. It also proposes to partly decouple domestic support to EU producers, reducing trade-distorting effects. In addition, the EU calls for market-based insurance schemes, and it plans to allocate more trade related technical assistance to help African cotton producers. Much of the emphasis lays on national commodity strategies.

Although these measures are certainly helpful for African cotton producers, they seem more symbolic than substantive. Oxfam castigates Europe's lack of political will in considering supply-management solutions:

> *If the EU wishes to be taken seriously in not just 'raising the profile' of the commodities crisis but seeking to resolve it, it should push for a full review of appropriate supply management methods for those markets …* (Oxfam, 2004:10).[8]

The Commodity Issue in Ongoing EU-ACP Trade Reforms

What about the EU-ACP trade relations after the conclusion of the Cotonou Agreement? Reverting to the three trade topics in the post-Lomé trade reform, some interesting evolutions can be noticed. First, with regard to the **compensation of short-term fluctuations in export earnings**, a modification of the FLEX system was put through. The Commission proposed a number of changes to make the eligibility criteria more flexible. It suggested including land-locked countries and island states to the LDC clause (two per cent loss export earnings instead of 10 per cent) and scrapping the public deficit criterion. The Commission calculated that, had these criteria been applied between 2000-02, ACP countries would have received €255 million through the FLEX system, or six times more than the amount actually disbursed (DFID, 2004:14). But even if this prediction proves correct, the €255 million figure still amounts to only a third of the STABEX disbursements one decade before. In addition, the modified FLEX is more restrictive than the original Commission proposal. At the insistence of member states such as the UK, the amended FLEX reintroduces the second criterion about worsening public deficit, albeit limited to a two per cent instead of a 10 per cent threshold (Gibbon, 2004:12-13). The reform increased the accessibility to FLEX for the application year 2003: out of the 17 eligible countries, seven would not have qualified under the previous system. However, four others (Guyana, Mauritius, Solomon Islands, and Vanuatu) did not receive FLEX assistance because the resources were exhausted when they became eligible (European Commission, 2005:5-6). In 2005 FLEX was further adjusted, adding the 'post-conflict and post natural disaster' ACP states to the two per cent criterion. Another review is planned to improve the speed of delivery and the anti-cyclical impact of the FLEX mechanism.

Apart from FLEX, other instruments are envisaged (European Commission, 2006). The EU is planning to launch an 'All-ACP Commodity Support Programme', financed from the EDF (European Development Fund). This international capacity building programme for agricultural commodities has a budget of €45 million, of which €15 million is set aside for the cotton sector. The EU also contributes €25 million to the new Global Index Insurance Facility under preparation by the World

Bank. This market-based insurance scheme allows insurance coverage for indexable price risks related to weather, disaster and commodities in developing countries. Under the Aid for Trade agenda of the WTO, Europe intends to increase its annual trade-related assistance by 2010 to €1 billion by the member states and €1 billion by the Community (for comparison, in 2001-04 the average annual amount was €300 million by member states and €800 million by the EC). This fits in with Europe's commitment to step up its aid figures and reach the Millennium Development Goals (MDGs).

The renewed commodity debate has not led to amendments of Europe's **commodity protocols**. The agreement to replace Europe's complex arrangements for trade in bananas with a tariff-only import-regime by January 2006 was implemented. Traditional West African (e.g. Cameroon and Côte d'Ivoire) suppliers argue that their banana exports to the EU have drastically decreased in favour of Latin American countries. Europe's sugar reform proposals were elaborated since 2003, in parallel with the commodity debate. But as explained above, this reform considerably reduces the viability of the Sugar Protocol as a commodity agreement. It also remains unclear how, if at all, the commodity protocols will feature in an EPA.[9]

However, both the banana and the sugar reform proposals include aid schemes for affected ACP countries. In 1999 a special fund for assistance to traditional ACP suppliers was established to help them to 'adjust to the new market conditions' and to improve their competitiveness. Funded projects aim at increasing productivity, improving quality, establishing producers' organisations and developing marketing strategies. More recently, a similar facility was established for the Sugar Protocol countries affected by the sugar reform.

Third, the EU continues to insist on **reciprocal market access**. In 2002-03 negotiations with a view to EPAs have started with six ACP regions. Although the ultimate objective remains to establish WTO compatible EPAs, and thus liberalisation of substantially all trade, the EU is likely to make some concessions in the direction of 'EPA Light' schemes. These would involve more flexibility (asymmetric liberalisation, longer transition periods) in the ACP tariff elimination commitments. Moreover, since 2005 the Commission has placed growing emphasis on 'flanking measures' through development aid (Goodison, 2005b:299). The Commission first claimed that it cannot grant aid additional to the EDF, because this is a member state competence, and because this is not foreseen in the Cotonou Agreement and in the Council's negotiation mandate for EPAs. In October 2006 the Council ultimately agreed that member states will provide bilateral funds on top of the EDF.

Intra-European divergences in trade dossiers also emerge. The Blair government played an important role in bringing Africa to the attention of the international donor community, e.g. at the G8 Gleneagles Summit in July 2005. The UK is also fairly critical towards reciprocal EPA liberalisation. A number of other countries support the British scepticism on this issue, but the new EU member states[10] join the European Commission's (especially DG Trade's) goal of full liberalisation (Goodison, 2005b:299). However, the UK shares the Commission's opposition against supply-management in commodity trade. France has been much more proactive in this respect – although its interventionist rhetoric about commodity trade with Africa may be 'cynically opportunistic' (Kroslak, 2004:73). The French government criticised the absence of 'genuine cooperation' between the EU member states and the Commission and the lack of 'effective collaboration' with the international commodity organisations.[11] Together with the Commission, France launched a comparative study on the role of the various international commodity bodies (European Commission, 2006:25).

The commodity issue is thus likely to remain on the EU agenda. But for now there is nothing to indicate that ambitious EU suggestions for regulating commodity trade are in the pipeline. The only evolution that we can distil from the above-mentioned initiatives is an increased emphasis on development aid which does nothing to challenge neoliberal trade mechanisms.

From Trade to Aid

The EU has recognised the seriousness of the commodity crisis and it has played a notable role in the renewed debate on this topic. This is most obviously illustrated by Chirac's call to end the 'conspiracy of silence' during the Africa-France Summit and by the Action Plan proposed by the European Commission. The EU has also taken a number of specific initiatives since 2004, such as the improvement of FLEX, the *EU-Africa Partnership on Cotton*, compensation funds for ACP banana and sugar producers, and 'Aid for Trade' budgets in the reformed WTO and EPA regimes. But to date the EU has not supported suggestions to reconsider supply-management mechanisms in commodity trade. Europe's approach to the commodity debate is largely characterised by the same spirit that spurred the neo-liberal reform of Lomé. It does not substantially derive from its commitments for a more WTO compatible and less interventionist trade regime vis-à-vis the third world, as outlined during the second half of the 1990s. Instead the EU clings to the mainstream agenda to commodities.

Should we then conclude that Europe's initiatives are old wine in new bottles? Yes and no. One new and noticeable characteristic of the EU's position on commodities is the increased emphasis on aid. Whereas the post-Lomé reforms showed a shift from interventionist to neo-liberal policies, Europe's more recent trade initiatives seem to add more aid provisions to this evolution. Table 1 sketches this recent evolution from trade to aid. Nonetheless, it should be noted that the bigger emphasis on development assistance does not imply a reconsideration of arrangements that manage the supply of tropical commodities in international trade. In contrast with the Lomé regime and NIEO thinking, EU aid initiatives are uncoupled from trade mechanisms.

How might one explain this evolution 'from trade to aid' in EU policies? For one thing, it basically reflects the emergence of the so-called Post-Washington Consen-

Table 1: Commodities in the EU-ACP Relationship: From Trade to Aid

	Lomé 'mini-NIEO' 1975	Cotonou 'WTO compatibility' 1995-2000	New commodity debate: EU reforms? 2000+
Export stabilisation	STABEX/SYSMIN	FLEX	New FLEX; capacity building programme
Commodity agreements	Commodity protocols (e.g. sugar, bananas)	Liberalisation erosion	Compensation banana/sugar (aid funds)
Market access	Non-reciprocal market access	Reciprocal EPAs	Flexibility, flanking measures Aid for Trade

sus (PWC) at the international level. In contrast with the neo-liberal inspired recipes that took root in the 1980s, the PWC emphasises the importance of domestic institutions in fostering market-based development. On the international level it argues that developed countries should double their aid budgets in order to achieve the MDGs; and it also advocates the dismantling of high tariff barriers and export subsidies in Northern agricultural markets. However, the merits of market enhancing measures are not fundamentally questioned and interventionist trade policies are not considered a viable alternative.

Just like other developed countries, the EU has no interest in this latter option. The rationale underlying the post-Lomé reform is still valid today: the EU has aggressively constructed trade relations with developing countries within a neo-liberal trade framework. The emergence of a group of powerful export-oriented developing countries such as India, South Africa and Brazil has only reinforced this option. In the process of multilateral and bilateral trade negotiations, the EU basically opens its agricultural markets in exchange for G-20 concessions in services and non-agricultural products. From this perspective, the EU and the G-20 share a commitment to reciprocal (albeit hard-fought) market opening, as well as mutual reluctance towards interventionist supply-management mechanisms on a global scale.

In other words, the shift to development aid is complementary to – rather than a substitution for – the pursuit of neo-liberal trade mechanisms. In line with the broader evolution towards a Post-Washington Consensus, it responds to the growing contestation of neo-liberal globalisation by civil society groups in the North and developing country governments. Ambitious aid pledges increase the legitimacy of developed countries, and in recent years the EU has been particularly apt to play a leading role in the international campaign to reach the MDGs.[12] But at the same time the EU's 'Aid for Trade' concessions, the modifications of FLEX and the banana/sugar compensations can be seen as side-payments during bilateral (EU-ACP) and multilateral (WTO) trade negotiations. Similarly, the *EU-Africa European Partnership on Cotton* constitutes a symbolic but low-cost legitimacy enhancing device.

Finally, it should be noted that the European Commission has a stake in increased aid budgets. In contrast with trade policy, the EU's competence over development policy is shared with the member states. The EU claims to be the largest international aid donor, but in fact most 'European' aid disbursements stem from the 27 member states. As a 'regulatory state' (Majone, 1994), the EU largely occupies itself with market enhancing and standard-setting rather than redistributive activities. To a large extent, this is also true for EU development policy.[13] For example, as explained above, the Commission could not give in to ACP demands for more development aid additional to EDF budgets. Side-payments in external trade negotiations, which involve increased channelling of aid funds through the EU system, provide a convenient way for the Commission to enhance its budgetary power through the backdoor.[14]

This is not to downplay the relevance of development aid: as part of a more comprehensive trade and aid mechanisms, more development assistance may be helpful. Neither do we disregard the importance of trade in EU policies vis-à-vis the South – quite the contrary. The point is that the EU's proposed aid mechanisms in the context of the commodity debate have served as side-payments to legitimise an essentially neo-liberal trade agenda in the WTO and in EU-ACP relations, rather than buttressing an interventionist scheme that manages the supply of tropical commodities. It is doubtful that an approach which continues to rely on the forces of free trade will be sufficient to address the current commodity crisis.

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Endnotes

1. Throughout this article, the terms 'European Union' (EU) or 'Europe' are used interchangeably. The term 'European Community' (EC) is only used when emphasising the historical (pre-Maastricht era) or legal (article 133 of EC Treaty) dimension.

2. Over the past 20 years, the commodity issue had been gradually downgraded on the UNCTAD agenda (Murphy, 2004:3).

3. In fact, even the stance of the abovementioned UN institutions and development NGOs tends to be ambiguous, at times reflecting the mainstream agenda to commodities. On the Task Force on Commodities, see Khor (2005:31); on Oxfam, see Robbins (2003:112).

4. As explained by Narlikar (2006), developing countries are striving for longer implementation periods and more technical assistance in the WTO framework, rather than suggesting an 'epistemic alternative' à la NIEO. However, her explanation does not elaborate on different interests between G-20 versus other developing countries, but rather on institutional learning and adaptation based on developing countries' previous experiences.

5. For a critical analysis of commodity arrangements since the 1970s, including European policies such as STABEX, the Lomé protocols and preferences, see Page and Hewitt (2003).

6 Indeed, in recent years the EU has concluded such accords with Chile, Mexico, and South Africa; it is currently negotiating agreements with Mercosur, the Southern Mediterranean Countries, and the Gulf Cooperation Council; and more recently it has suggested starting free trade negotiations with Russia, India, ASEAN, and South Korea. These initiatives further increase the tariff erosion that African countries face vis-à-vis more advanced competitors in Latin America and Asia.

7. The press release stated: 'Unctad study on African development prospects echoes President Chirac's call for ending "conspiracy of silence" on commodities' (UNCTAD/PRESS/PR/2004/003, 26 February 2004).

8. A 2006 European Parliament report by F. Schmidt (Greens) advocates interventionist solutions for international commodity markets. It calls on the Commission to devise measures to attain stable, equitable and remunerative prices for primary products of developing countries (EP A6-0207/2006.

9. As stand-alone agreements annexed to the Cotonou Agreement, the protocols do not have to be explicitly integrated into an EPA. If they are 'imported' into an EPA, provisions will have to be made to accommodate the different interests of ACP countries within one region, and their differential access to the EU market, in particular for LDC ACP countries. Obviously, the future of the commodity protocols as such would be called into question, and a reviewed framework could be envisaged (Bilal, 2007).

10. In 2004 the EU-15 were joined by ten new member states: Poland, Hungary, Czech Republic, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Cyprus and Malta. In 2007, Bulgaria and Romania acceded to the EU.

11. See the statement by France annexed to the minutes of the Council of Ministers, 5 April 2006.

12. These attempts to increase development aid budgets correspond with the EU's search for a distinctive 'civilian' or 'normative' role on the world scene. For a critical evaluation, see e.g. Orbie and Versluys (2007); for example, it remains to be seen whether Aid for Trade commitments amount to more than a recycling of previous EU aid pledges.

13. The EDF, in itself a side-payment during the Treaty of Rome negotiations in 1957, is a major exception to Europe's nature as a regulatory state. Other well-known exceptions are Common Agricultural Policy and the Structural Funds.

14. For instance, the Commission wants to open FLEX to additional member states contributions, on top of the current EDF funding.

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Review of African Political Economy No.112:313-331

'Like Worms in the Entrails of a Natural Man': A Conceptual Analysis of Warlords

Anthony Vinci

Warlords are increasingly significant actors in domestic and international politics. Yet, our understanding of them is often one-sided – based on either the 'greed' or 'grievance' approach. This paper seeks to mend this deficiency through a detailed and holistic conceptual analysis of warlords, which integrates political, economic, military, and social aspects of warlord organisations. It begins with an overview of past efforts to define and analyse warlords and then explores the features of warlord organisation. Borrowing from theoretical accounts of states by authors such as Weber and Schmitt, the paper examines the relationship between the warlord and his fighters, the warlord organisation as a political community, the nature of warlord governance and command, as well as motivational and logistical factors in perpetuating the warlord organisation.

> *Another infirmity of a Commonwealth is the immoderate greatness of a town, when it is able to furnish out of its own circuit the number and expense of a great army; as also the great number of corporations, which are as it were many lesser Commonwealths in the bowels of a greater, like worms in the entrails of a natural man* (Thomas Hobbes, Leviathan, Chapter XXIX).

Warlords have been taking on new prominence in both domestic and international politics. Warlordism is not a new phenomenon, having taken hold during the break-up of empires ranging from Rome to the Qing dynasty. Recently, however, warlords have re-emerged with vigour in regions from West Africa to Central Asia. For example, the notorious warlord Charles Taylor came to not only rule over most of Liberia and Sierra Leone, but even had himself elected President in 1997. Warlords have dominated Somali politics since the collapse of the state in 1991. At the same time, even Great Powers have been forced to relate with warlords, for example, the United States aligned with several warlords in its war against the Taliban in Afghanistan.

Yet, it is hard to say exactly what we mean by 'warlord'. Part of the difficulty is that the term is used to describe many unlike individuals and military organisations, as Paul Jackson points out:

> *[that] at the beginning of the twenty-first century, the label warlord has come be used very broadly to cover a wide range of clan and political leaders who use armed civilians to impose power* (Jackson, 2003:134).

At the same time, the pejorative connotation of the word 'warlord' has led journalists and academics alike to use the term to demonise men from Rashid Dostum to Mobutu Sese Seko to Saddam Hussein.

ISSN 0305-6244 Print/1740-1720 Online/07/020313-19
DOI: 10.1080/03056240701449711

If we are to accurately analyse contemporary politics, particularly in failed states, a detailed conception of warlord is necessary. By simply calling the leader of any armed group a warlord, we not only loose analytical thoroughness, but also potentially lose effectiveness in our responses to these actors. For instance, insurgencies rely on popular support whereas warlords do not. If an intervention is not able to clearly define which armed groups are reliant on popular support, then attempts to deal with a warlord in terms of his relations to civilians, such as clan elders, may be of little~~r~~ help in negotiations and only serve to prolong the conflict.

Moreover, much of our understanding about warlords is one-sided; for instance, it only focuses on their economic interactions or is based on assumptions about identity, such as their savagery arises from 'ancient hatreds' (e.g. Berdal and Malone 2000, Kaplan 1994, Reno, 1998). Yet it is often held that warlord organisations are akin to corporations in that they are simply a means of making a profit for the warlord and his entourage. But it is not clear why warlords are so concerned with profit or how their concern with economic gains differs from that of an insurgency or nation-state. Similarly, the barbaric nature of warlord warfare is often noted, yet, there is little understanding of why warlords are so savage, except to note that they may have an ethnic grievance or are just plain 'evil'.

Such 'greed' or 'grievance' analyses are helpful in understanding aspects of warlordism, but limit our understanding of warlords by limiting the analysis to facets of otherwise complex organisations. Social organisations, such as tribes, nation-states or insurgent groups, are multifaceted in that they have political, social, economic, and military aspects. This paper begins with the assumption that warlords and their organisations are also multifaceted.

Therefore, it is necessary to examine warlord organisations holistically, in a similar manner to the way in which nation-states have been examined. In particular, it is necessary to investigate their social structure and internal 'micro-politics'. This is not to say that the economic or identity aspects should be ignored, but rather they should be incorporated into a more holistic analysis – as they are in the analysis of nation-states.

This paper will provide such an analysis. It will describe and examine the features surrounding the concept of warlord. Of course, the danger of such an analysis is that it is not derived from any single theory, but rather bases its description on multiple theories. Moreover, this approach does not necessarily provide a model of the dynamics of warlord formation or the destruction of warlord organisations. Rather, it assumes that they already exist. Nevertheless, this conceptualization approach mirrors our approach to the examination of states and, moreover, it will provide the basis for future research into warlords which may address issues of warlord organisation formation.

The paper is organised around defining warlords and in doing this, the political, military, economic, and social structures which underlie warlord organisations will be examined. The paper will begin with an overview of the contemporary warlord debate through examining some of the definitions of warlord which have been put forth. These include those used by analysts of the Chinese warlord period and more recently by Africanists. After tracing this definitional history, the paper will move on to look at more modern definitions and the economic, barbarism, and grievance factors of warlordism that must be taken into account.

The paper will then explore the structure of the warlord organisation. This will involve looking at the warlord as an individual, warlord organisations as political community, the nature of warlord governance and command, as well as the warlord's means of motivation and logistics. The aspects of warlord organisations will be examined using concepts borrowed from the analysis of nation-states, such as political community and Max Weber's notions about authority. Recombining these features of warlords will lead to an inclusive definition of the term. Finally, some implications of defining warlords in this manner and having a more conceptual understanding of their organisational structure will be examined.

The Warlord Debate

In the modern age, the term warlord has been used to describe competing provincial military and political leaders during the period after the fall of the Qing dynasty in 1911 and up to either 1927, when Chiang Kai Shek was able to restore some form of order, or the beginning of the Anti-Japanese war in 1937. The term is a translation of the Chinese *junfa* which, like the English term warlord, has a pejorative association. The word 'warlord' itself is possibly derived from the literal translation of *Kriegsherr*, a formal title of German Kaisers (Darch, 1989). As opposed to an earlier term, *dujun*, which simply meant 'supervisor of military affairs', *junfa* connotes military activity without an aim or purpose – an important distinction still applied today (Rich, 1999). The word warlord was used as a translation by foreign correspondents in their sensational descriptions of the violent tactics used by the *junfa*.

James Sheridan gave a formal academic definition of warlord in his seminal work on the subject of Chinese warlords in *Chinese Warlord: The Career of Feng Yu-hsiang* (1966). He defines a warlord as an actor who 'exercised effective governmental control over a fairly well-defined region by means of a military organisation that obeyed no higher authority than himself' (1966:1). Many later authors have continued to rely on Sheridan's definition.

The staying power of Sheridan's definition is due to its simplicity and applicability. In essence, it demands only two features of a warlord actor. The first is that the actor must exercise control via military power. The second is that the actor is the highest level of a hierarchy. Sheridan's definition was most notably taken up by Africanists in the 1980s, who began applying the concept to African military actors.

African Warlords

The 1989 special issue of the *Review of African Political Economy* (16, 45/46), which focused on 'Warlords and Problems of Democracy', is considered to be a milestone in the warlord debate. The literature these authors were referring to was pioneered by historians like Sheridan in the 1960s and took on growing detail in the 1980s with authors such as Diana Lary's analysis of soldiers in the warlord period (Lary, 1985).

In particular, authors such as Roy May and Roger Charlton applied the concept of warlord to military actors in the protracted conflict in Chad during the 1980s (1989). According to Charlton and May, the Chadian state developed an internal militarism through two related processes:

> *a process of de-institutionalization and organisational decay at the level of the central government. Second, it involve[ed] a concomitant and progressive growth of regionalism, ultimately emerging as a regionalization of the whole political process* (1989:17).

This was combined with a 'reliance on force of arms to settle political disputes and to determine policy' (1989:17). From this, Charlton and May drew a parallel with Chinese warlord politics between 1916 and 1928.

In both cases, these warlords 'relied upon their personal politico-military skills to establish first, their control over a regional power-base and second, [drew] upon the economic resources of their fiefdoms, to expand, by force if necessary, their domain of effective power' (1989:17). Put more simply, a warlord had two necessary characteristics, 'a private army and an area under his control' (1989:17). From these foundations, the term warlord, and its basic definition, was used to describe numerous political actors throughout sub-Saharan Africa and later the Balkans, Middle East, and Central Asia by both academics and the media.

Contemporary Debate

Since the 1980s there has been a continued interest in warlords. In particular, the Sierra Leonean and Liberian wars in West Africa, clan fighting in Somalia and Afghanistan, and a scattering of other potential candidates including the Democratic Republic of Congo (DRC) and Chechnya have been put forward as examples of conflicts involving warlords. In order to analyse these conflicts theorists have returned to the earlier writings of the Chinese historians as well as of the Africanists of the 1980s in pursuit of an accurate definition and conceptualisation of warlord.

In their analyses, most theorists have kept intact the central tenets of the definitions used by the Chinese historians and the Africanists. In particular, Sheridan's definition is echoed in more recent analyses. For example, Antonio Giustozzi defines a warlord as a 'particular type of ruler, whose basic characteristics are his independence of any higher authority and his control of a "private army", which responds to him personally' in his analysis of Afghan warlords (2003:2). Jackson notes that:

> *the term warlord has been used … to describe a man who is in control of a particular group or area and who does not answer directly to a higher authority – although they may defer to stronger warlords* (2003:134).

This traditional definition of warlord is still widely used because it is a clear, empirical description of warlords. Some actors in Somalia or Afghanistan do in fact have private militaries and do not answer to a higher authority. This is a fundamental feature of being a warlord and sets the warlord organisation apart from many other forms of political organisation.

Beyond these basic features, two supplementary factors have been noted by commentators on warlords. The first are the economic issues wrapped up in warlord organisations. The second feature is warlords' notorious barbarism.

Economic Factors

Theorists often note the self-serving nature of warlords and warlord organisations. Patrick Chabal and Jean-Pascal Daloz note that warlords are 'quite literally, businessmen of war, that is, they relied on violence as the main instrument of their economic activity' (1999:85). Another author notes that the *raison d'etre* of warlordism should be the 'pursuit of narrow, commercial self-interest' (Robinson, 2001:123).

The economic rationale for warfare is nothing new, even Aristotle mentions the use of war fighting for economic gain. In his *Politics* he remarks, 'it also follows that the art of war is in some sense … a natural mode of acquisition' (1958:21). Warlords, however, are thought to make economic exploitation their primary justification for warfare. These accusations are not unfounded. It has been reported that Taylor made hundreds of millions if not billions during his time as a warlord in Liberia. William Reno takes this position to be the essential feature of warlordism and bases his theory of warlordism on their exploitation of economic markets (Reno, 1998). Whether or not it is the defining feature, clearly economic profit is of central importance to warlords and must be taken into account in an analysis.

Barbarism & Grievance

Warlords are almost synonymous with barbarism, savagery, and 'senseless' acts of violence. Numerous authors have reflected on the almost unimaginable suffering that warlords have caused, usually for seemingly pointless reasons. For example, Ralph Peters refers to

> *erratic primitives of shifting allegiance, habituated to violence, with no stake in civil order … [who are] as brutal as ever and distinctly better-armed* (Peters, 1994:16).

Combined with this savage outlook, warlords are generally held to be weak, generally ad hoc organisations, with no interest in forming an orderly state. For instance, Christopher Clapham describes 'warlord insurgencies' as being:

> *distinguished by personal leadership, generally weak organisational structures, and still weaker ideological motivation. In those cases where they managed to overthrow incumbent regimes, they generally proved unable to establish effective governments in their place* (1996:212).

In other words, warlords are a purely destructive force. In fact, our notion of barbarism goes back to the Greeks who felt that what 'rendered a people barbarous was their unwillingness to make anything of themselves. They left no mark on history' (Coker, 2002:1992). While states may commit ample atrocities and be otherwise savagely violent, what sets warlords apart is the uselessness of their violence, for at the very least the state can argue that it committed evil for some greater good.

Often, the explanation for warlord's barbaric behaviour is that they have grievances against specific social groups, based on ethnicity or other identity, and are 'lashing out'. For example, the Revolutionary United Front (RUF) and its constituency of *lumpen proletariat*, may be seen as a revolt against the established professional class in Sierra Leone which had failed them (Abdullah & Muana, 1997).

No analysis of warlords can fail to incorporate an explanation of the savagery of the warlord. However, simply noting that warlords are 'evil' or 'psychotic' is of little analytical value (see Keen, 1998, 2000). At the same time, identity-based grievances are insufficient explanations of warlord behaviour since they often attack their own communities and in general do not seem to be driven by singular ideological concerns of any sort. Thus, it is necessary to explain the role and relationship of barbarism and identity issues with warlords within a broader, more holistic view.

Warlord Conceptualisation

Having looked at some of the different definitions of warlord, we can begin to put together an inclusive definition and explore some of the concepts which underlie the idea of a warlord. Many different concepts have come up in the definitions which others have used, even if they are not noted by name. In addition, there are some underlying concepts which theorists have taken for granted. The following section will explore some of these concepts, including the warlord as an individual, notions of political community, autonomy, and independence. Other issues which must be addressed in regard to warlords include military, motivational, and logistical aspects.

The Warlord vs. Warlord Organisation

A warlord is a man, but we should not analyse the nature of the warlord as only an individual. Warlords include men like Dostum, Taylor, and Mohammed Farah Aidid. They do not act alone, but are instead the highest authority over organisations. While in practice it might not be possible to replace a warlord because he is the central link in the chain of authority, in theory he is replaceable.

There are examples of warlord replacement as well as counter-examples. For instance, Aidid was replaced upon his death in 1996 by his son Hussein Aidid. On the other hand, the União Nacional pela Independência Total de Angola (UNITA) collapsed soon after Jonas Savimbi's death in 2002. The explanation is that in warlord organisations, as with other military organisations, the leader's death weakens the organisation significantly. In some cases, this weakness is enough to cause the complete collapse of the organisation, and in others it is not.

These 'warlord organisations' are an emergent entity made up of the sum of its individuals and these individuals combine together into a cohesive unit, which can, for theoretical purpose, be treated as a single actor. In this sense the warlord organisation – which itself is an 'armed group' – exists as a separate, definable entity.

Even though the term warlord is usually applied to a single individual, it more rightly refers to a cohesive group. This is the same way that we treat a state run by a dictator as a single group even though we refer to the individual dictator as the instigator of policy. Accordingly, we should treat the warlord as in fact being part of a 'warlord organisation', but we may continue the common practice of referring to the entire organisation as simply 'warlord'.

Political Community

This begs the question, what is the warlord organisation and how is it defined? It is often assumed that authority is territorially based and, by extension, that a definition of warlord should be based on control of a fixed territory. This assumption is made because we define the state in reference to a fixed territory with distinct boundaries. But, as Jeffrey Herbst has shown, territorial control is not always as important as authority over people (Herbst, 2000). While Herbst was referring to Africa, sovereignty as authority over people can also apply to other areas and other groups. For example, we assume it in reference to nomadic tribes in Central Asia throughout history.

Unlike the state, the population that is under the warlord's authority is not based on territory, but is instead based on membership and specific inclusion. With the state, membership is defined by being born within a specified territory, or otherwise attaching oneself to the territorial state. The warlord organisation, on the other hand, is made up of those who are specifically initiated. In effect, this usually means those that have undergone some sort of recruitment process and are part of the patronage system. For example, a person may join and become a paid member of the Somali warlord Mohammed Qanyare's militia. However, initiation into membership can be achieved in other ways, such as forceful conscription. For instance, a child who is forced to fight for the RUF becomes a member of the organisation. This process of initiation and inclusion also differentiates those in the warlord organisation from other forms of compulsive inclusion, such as being part of a family, clan, or ethnic group.

Members are included into a clearly delineated organisation, which is in essence, a political community. Political community is defined by a definite in-group and out-group distinction (see Simmel, 1955). This boundary determines – to use Carl Schmitt's terminology (1996) – that friends are those also under the authority of the warlord and the enemy is, usually, everyone else. For the state, this 'friend/enemy' distinction is based on fixed territorial boundaries or, for a nomadic tribe, it is based on ethnicity and familial relation etc. But, for the warlord, this boundary is based on inclusion and retention into the warlord organisation.

As with the state, this 'friend/enemy' distinction must be continually redefined and reinforced. For example, in Liberia, it has been noted that '[a]s the overall threat to a faction decreased, as it did in some area after Cotonou [a multifaceted agreement between the factions, including cease-fires], cohesion reduced' (Alao, Mackinlay, & Olonisakin, 1999:47). As with states, the paramount way to (re)create the friend-enemy distinction is through war. This helps to explain the warlord's continual need for conflict; without it, his organisation might simply dissolve. As Weber notes, '[t]he charisma of the warlord rises and falls with its efficacy and also with the demand for it; the warlord becomes a permanent figure when there is a chronic state of war' (1978:1142).

The warlord community is separate, but related to existent political communities, such as clans or states. Often warlords arise out of a sub-national political community which has a defined border. The most common examples of this are clans, as occurs in Somalia or Afghanistan. The leaders of such armed groups, which are by definition militias – since they are the non-professional armed extension of civilian community – are more rightly called warleaders. However, the warlord becomes a warlord in the sense that he breaks away from a dependency on the clan (see Vinci, 2006b). Though he may continue to use the rhetoric of clan, he must base his motivation on other factors, discussed below. This firm line between warlord organisations and clan militia is an important distinction to make because it better reflects reality and is starkly evident in the fact that many warlords do not arise out of clans or other political communities – though they may attempt to adopt such rhetoric anyway or otherwise use such a relationship instrumentally.

Accordingly, we should call the political community which the warlord controls a fiefdom. The term fiefdom refers to a specific piece of territory, which warlords may more or less temporarily control. There is no doubt that warlords sometimes control territory and the people on that territory. But there is also a second meaning of the word which is more apt for this discussion. This is that the word can be used in the sense that it is an *organisation which is controlled by a dominant person or group*. It is more rightly in this sense that the warlord has a fiefdom over which he is the highest authority.

This notion of membership rather than territorial control aligns with empirical observations of warlords. For example, in Somalia, Qanyare has had control over specific pieces of territory, including, for instance, Dayinle airport. But, it is not that we associate Qanyare's authority with a specific piece of territory, even if he has controlled it for a long period of time. Rather, it is Qanyare's authority over his private militia which is important. A defeat in one place and victory in another will cause Qanyare and his group of fighters to move, but he would still have authority over the group and be no less a warlord. In the same way, for the fighters in Qanyare's militia, their loyalty is not to a territory, but to the organisation, and by extension, Qanyare himself. The men do not answer to any government or authority other than him or their assigned superior.

Understanding this peculiar nature of the warlord political community allows us to better understand the common warlord practice of killing or looting from local populations. It may seem to an outsider that a warlord organisation made up of individuals from the same ethnic group, religion or community of the local population would not want to prey on these people because they are 'the same people'. Therefore, when warlords kill this local population, they are often considered to be savage. The reason being that we typically think of killing within our own political community as savage and murderous, whereas we can justify the killing of our political community's 'enemies'.

But this is not how the situation should be understood. The individuals within the warlord organisation have their own separate political community and see the local residents that they prey on as enemies. To members of the warlord political community it is acceptable to kill those outside of the political community in the same way as it is seen as acceptable for citizens from one nation to kill citizens from another nation during wartime, even if they are of a similar ethnic or religious background.

This allows us to understand a seemingly paradoxical organisation like the Lord's Resistance Army (LRA). The LRA is made up solely of Acholi people from northern Uganda and southern Sudan. Yet, the LRA also preys extensively upon the Acholi people – torturing, abducting, and looting from them on a regular basis. To some this may seem contradictory as they would assume that the LRA would not want to alienate the people that they have sprung from and should represent them against the southern ethnic groups, which the LRA professes to actually be fighting. However, when we keep in mind that the LRA personnel have defined themselves separately from the Acholi people, it becomes possible to see their actions as logical. They have their own political community and it is not based on ethnicity, but on initiation and indoctrination. Therefore, to the LRA the Acholi people are as much outsiders as any other political community would be and therefore violence against them is as acceptable as against any other political community in a conflict.

This is only one of the ways in which a warlord political community differs from civil political communities. A related point is that due to the nature of the warlord political community, the idea of 'public goods', i.e. those which cannot exclude individuals, is completely alien. Only those initiated into the warlord political community are able to obtain goods from the organisation and these goods are in themselves the glue which holds the organisation together. This is what separates the warlord from the state, which does provide public goods to those within its territory. For, unlike the state, the warlord 'does not primarily direct the peaceful struggle of man with nature, but the violent struggle of one community against another' (Weber, 1978:1141, 42). But, the warlord organisation is nonetheless a political community and political communities are dominated in the Weberian sense of the members of the community not just being ruled by force, but of also having an interest in obedience.

Warlord Governance & Command

The warlord's authority over a population implies the existence of governance. However, warlord governance is extremely different from that found in a state or even a guerrilla insurgency. In a state there is a clear citizen base and a military is formed out of this citizen base. Even in a guerrilla insurgency there is a clear base of the people who continue on with their lives while they may be governed by the insurgents or otherwise contribute to the rebel's fight.

The warlord organisation, on the other hand, 'veers toward a total combination of military and political means' (Rich, 1999:6). All members of the warlord political community are part of a military organisation, and even the economy is fundamentally wrapped up with the military. This is pure praetorism – i.e. the intervention of the military into political life and breakdown of civilian/military relations.

Consequently, the warlord's praetorian governance structure is the same as its command, control, and communication structure. In the warlord organisation, political organisation is the same as military organisation, and to command the military is to govern. In order to bring about such domination, the warlord organisation must have: a leadership, hierarchical control structure, set of tactics and strategies to carry out, and method for effectively communicating orders.

The leadership of a warlord organisation, and in particular, the warlord himself, can set the rules of governance. For instance, Joseph Kony, the leader of the LRA, has instituted an entire quasi-religious governance and command institution. However, there are certain roots to authority which a warlord may potentially use.

In order to effectively govern a political organisation, the warlord may obtain authority from charismatic, patrimonial, or rational (legal) sources, just as states can (Weber, 1958, 1978). Though Weber admits that authority can come simply from force, this is an unreliable form of authority and therefore the leader must legitimise his authority in some manner. Charismatic power originates in an individual. Patrimonial power derives from direct exchange from the top of an organisation down the hierarchy. Finally, bureaucratic power is instilled in the organisational structure itself. In general, the warlord organisation is a non-bureaucratic form of organisation (Reno, 1998). Rather, the warlord relies on patrimonial and charismatic sources of authority. For the warlord organisation, patronage usually comes in the form of looted goods or other monetary inducements which flow down from the highest levels of the organisation to the lowest fighters in the warlord organisation. The patronage creates a bond between the warlord and the fighters in the political community. This patronage is the incentive which allows the warlord to retain pre-eminent control over the fighters, for it is a mirror of patriarchal domination. As Weber notes,

> *[u]nder patriarchal domination the legitimacy of the master's orders is guaranteed by personal subjection … The master wields his power without restraint, at his own discretion and, above all, unencumbered by rules …* (1978:1006-07).

This unrestrained power, which is gained from direct, personal connections with the warlord, creates a hierarchy of power which can be observed in all warlord organisations, even seemingly unorganised groups. This reliance on patronage for governance is the major factor in the warlord's ever-present need for economic exploitation (a point will be addressed in more detail below).

The reliance on patronage also helps to explain why the warlord as an individual is so central to the organisation. The warlord will almost always attempt to monopolise the economic connections which dominate the warlord organisation's economic system (Reno, 1998). In so doing, the warlord as an individual becomes a necessary link in the chain of organisational control. While Reno stresses the economic repercussions of the warlord's centrality to the organisation, here the 'political' repercussions – in the sense of politics being about determining who gets what, when, and how (Lasswell, 1936) – should also be stressed. And, in this sense, patronage is what defines the internal politics of the warlord organisation.

Charismatic power is also important for the warlord. For example, the LRA is governed by the mystic Kony, who 'uses … spiritualism to maintain control, starting with his overall vision of liberation and destruction and continuing with individual spirits that "guide" specific military tactics' (Refugee Law Project, 1004:13). Or, for instance, in Liberia 'success and influence depended more on a commander's power in his own right as a dominating personality in the faction hierarchy than on his capabilities as a military leader' (Alao, Mackinlay & Olonisakin, 1999:47). This too helps to explain the prominence of the warlord as an individual in the warlord organisation, for it is in him that charismatic authority resides.

Warlords have their own personalised organisational systems for maintaining a hierarchy of domination with corresponding discipline and communication. In general, these systems will be much less efficient than in conventional militaries. Often discipline is low and based on force and abuse. Communication is basic, though satellite phones and other high-tech equipment is regularly used by warlords who obtain it as easily as any other group can through globalised trade networks. Another factor, which Reno has argued, is that warlord organisations lack a structured bureaucracy in the way which most states have (1998). This will also serve to make the warlord organisation significantly less efficient, though not necessarily less effective, than states. Nonetheless, even though warlord organisations are often characterised as nearly chaotic organisations, there is always a system for controlling fighters in place.

With the ability to direct troops in place, a warlord must develop a strategy and set of tactics with which to determine what direction to go in, so to speak. The strategies can be borrowed, such as the guerrilla strategies developed by Che Guevara or the military doctrine of a state's army, or made up by the armed group itself, as the 'Holy Spirit Tactics' of Alice Lakwena's Holy Spirit Movement (see Guevara, 1961; Behrand, 1999). In some cases, they seem to fight with essentially no strategy and few tactics other than random shooting, as is often said about warlords of the Liberian and Ugandan conflicts. However, even in these instances, there is in fact a rational set of tactics and strategies (see De Waal, 1997).

With a set of strategies and tactics in place, a warlord must then teach these to the fighters in the organisation. Since such strategic doctrine is, in effect, the praetorian organisation's government, or constitution, by indoctrinating new troops, the warlord reproduces and reinforces the organisation over time. Even the most simple and barbaric warlord still institutes some form of training and indoctrination for the fighters. For example, the LRA gave extensive combat training to its soldiers. One returned fighter noted:

> *In Sudan they gave us training for three weeks. … I was also trained to shoot, and how to put together guns and handle the weapons – antipersonnel mines, antitank mines, SMG, LMF, PKM, mortars* (interview with 'Sarah', a returned LRA fighter, reported in HRW, 1997).

At the same time, new fighters in the LRA are given spiritual education and indoctrinated into the organisation with formal mystical processes such as spreading shea butter on their bodies (see HRW, 1997 and Refugee Law Project, 2004). The warlord organisation, therefore, should be seen as a structured, cohesively organised, singular actor. There is a political community and the warlord has the organisational reach to command and direct the organisation as he wishes. The organisation can thereby act as a whole.

Autonomy

Warlords and warlord organisations are completely autonomous from the state. This feature is reiterated in most of the earlier definitions of warlord. The warlord's autonomy makes it the highest authority and this authority extends to both the warlord organisation's internal and external relations.

The warlord's authority over its internal affairs seems paradoxical since almost all the Earth's territory is regulated by one state or another and states are by definition the highest authority over entities within their territory. At the base of the state's authority is its monopolisation over the legitimate use of force (Weber, 1958). Through a process of cooption and force, the nation-state has generally been able to make itself the most powerful actor within its territory (see Tilly, 1995). This authority assumedly extends to non-state actors. For instance, while Microsoft operates multinationally, it is still regulated by US law and is therefore not completely autonomous.

Warlords, however, are not subject to regulation by states because, in some instances, the state 'fails' and a non-state actor may become powerful enough, relative to the state, to rival its authority. The state 'fails' as it looses control over the population within its territory. Eventually, the state's authority and, lacking that, control, are weakened to the point where another actor can exert its own control. In such instances, the warlord can wrestle away its own autonomy.

Military Force

Warlords are able to rival the state because they have the military ability to do so. As noted, the warlord organisation is praetorian in nature – it is in effect an army. The nature of the warlord military force depends on the particular warlord. Examples range from conventional forces split into companies and platoons and using assault rifles and artillery to irregular units of child soldiers using machetes or 'technicals'. The military force may not necessarily be enough to topple a state, but it is certainly enough to scratch out some territorial control for a temporary period at least. This military force can not only be used against the state to make them autonomous, but it also used internally to serve as the reservoir of power that allows the warlord to maintain authority.

In particular, the warlord will turn to asymmetric means in order to assure its autonomy. The warlord necessarily exists inside a state and states in general, even ones which are failed, tend to have powerful military capabilities. In contrast, warlords are much smaller organisations and they cannot co-opt society or use international backing in the way that states do. This makes warlords relatively weak. In order to overcome this asymmetry, warlords must turn to asymmetric ways of warfare.

Asymmetric warfare denotes a mismatch between the capabilities of belligerents involved, where at least one of the sides changes its tactics or strategies to exploit the asymmetry. The usual type of asymmetric warfare we refer to is that practiced by guerrillas, however, warlords cannot rely on the civilian population in the way that guerrillas can. Also, unlike terrorists, which also practice a brand of asymmetric warfare, warlords cannot hope to hide in a society.

Therefore, warlords must turn to their own breed of asymmetric warfare, what we might call the *warlord way of warfare*. This type of warfare is an extremely violent and savage one. It generally involves attacking civilians rather than military targets, using 'destabilisation' tactics (De Waal, 1997), such as through committing conspicuous atrocities, and relying on the use of fear as a force multiplication strategy (Vinci, 2005). Yet, it is a highly effective form of asymmetric warfare which allows the warlord to fight extremely protracted conflicts with much more powerful states. This need to turn to brutal forms of warfare helps to explain why warlords are barbaric.

This military ability allows the warlord to remain the highest authority over its external relations. Since the warlord has the military ability to rival the state it can demand its own, autonomous foreign relations for the simple reason that the state cannot stop it from doing so. Thus, warlords interact with the international environment directly rather than having their interactions regulated by a state. For example, Taylor made business deals with various foreign companies, while some Somali warlords have aligned themselves with Ethiopia or other neighbouring states.

Self-Perpetuating Organisations

The warlord organisation is not autonomous for a temporary period, rather, it exists continuously. Put another way, the organisation perpetuates itself. As with states, defence against the state or other aggressors is part and parcel of this self-perpetuation.

Civil political communities, such as states and tribes, are not only separate from other political communities, but are also self-perpetuating organisations. These organisations have people which reproduce at a rate which is at least the level at which people die. They also have a governance structure to rule and direct the members of the organisation and the ability to teach new generations the same rules and norms as previous generations. Moreover, they have economic systems which can provide food and other basic necessities with which to survive.

Like other political communities, the members of the warlord political community can perpetuate itself. In order to be such a self-perpetuating organisation, the warlord must be able to accomplish some very similar objectives to that of civil political communities. In practice this means meeting several requirements (see Vinci, 2006). As has already been demonstrated, warlords have a leadership structure and the ability to indoctrinate new people. They must also have the ability to recruit new members, at least at the rate necessary to sustain its ranks and the economic ability to provide for the survival of its members and to procure a military ability with which to defend the organisation.

Warlord Motivation & Logistics

One of the most difficult problems for a warlord to solve is how to motivate troops to fight for him. Communitarian loyalty, such as to an ethnicity, clan, or ideology very often are used to motivate troops to fight in armed groups. The foundation of warlord organisations are often based on some form of communitarian loyalty for motivation. For example, in Somalia, most warlords had some sort of connection with clans and clan-based loyalty-dominated motivation.

However, warlords generally move away from communitarian forms of loyalty, as their true motivations are connected to the initiation-based warlord organisation, rather than to an external political community. This has disadvantages for the warlord in that it makes it more difficult for him to convince fighters to remain loyal. Nevertheless, it is advantageous to the warlord because it means that no outside authority can usurp his authority.

In cases where they do maintain a pretence of communitarian ideals, they do so cynically, and with an instrumental focus. For instance, in regard to rise of warlord organisations in Liberia, Eboe Hutchful and Kwesi Aning note that:

> *[t]he leaders of these factions claimed to have built their armies to defend their own ethnic groups against attacks from other armed factions. Ethnicity, however, was employed simply as a façade to camouflage political ambitions and aspirations to maintain power within a small circle of Liberia's elites* (2004:209).

Instead of relying on communitarian loyalty, warlords generally move toward an economic incentive or more generally patronage based system of motivation. In particular, looting becomes the most viable form of remediation. For example, the NPFL had few if any ideological benefits but it could pay its fighters well in loot. As has been reported:

> *Most [fighters] did not receive a cash salary – their food and essential survival needs were 'found' from local sources. Looting captured houses was seen as a legitimate reward for months, sometimes years, of extreme hardship* (Alao, Mackinlay & Olonisakin, 1999:46).

Economic incentives are so valuable because they can motivate fighters continually and with no need for constantly reinforced ideological teachings or other processes that might interfere with the warlord's autonomy. Warlords need only offer fighters the opportunity to loot or other economic incentives because this is a convenient way for him to initially motivate people to fight and to retain loyalty, especially in the impoverished areas where warlordism tends to arise.

Although not necessarily a primary means of motivation, the warlord is also likely to turn to coercion as a reinforcement of motivation and as a means to incorporate new members. Brutal violence is an easy way to indoctrinate troops and enforce loyalty. Other forms of psychological manipulation may be used to recruit new members, including offering addictive drugs.

At the same time, warlordism may become a self-fulfilling prophesy as the security they create forces individuals to think in terms of self-help, and in instances join the warlord organisation. This is especially relevent for young men who may only be able to turn to enlistment with the warlord to find any security. As Coker notes, there has been the growth of a 'neo-feudal security regime in which the only protection against violence is membership of gangs, clans, or allegiance to personal warlords or leaders with their respective feudal affiliations and ties'(Coker, 2001:115). Ultimately, it is often the case that it is safer to be part of a warlord organisation than it is to be a civilian (see Keen, 1998).

More generally, appeasing a warlord may be the only way to remove his threat. For example, when Taylor ran for President of Liberia in 1997, his (unofficial) campaign slogan was: 'You killed my ma; you killed my pa; I'll vote for you.' It has been noted that 'the overwhelming vote for Taylor was in reality a vote for the only leader who could deliver peace' (Alao, Mackinlay & Olonisakin, 1999:119).

The reliance on patronage only adds to the warlords pressing economic needs. Weapons are also extremely important as are the necesssities of basic food and clothing. In order to meet these economic needs, the warlord must exploit resources, since he cannot easily turn to taxation in the way that more legitimate political actors can. While warlords can turn to external supporters, they are careful about the loss of independence and are notoriously disloyal when their interests change. Instead of being seen as dependents, external suppliers tend to supply warlords when their interests converge rather than when they hope to change the warlord's interests.

Thus, we observe the high prevalence of looting by warlords. This aspect of warlord organisations is explained to some degree by Clapham, who notes,

> *since it was difficult for insurgents to develop regular structures of production, the export of goods from insurgent-held areas was liable to degenerate into a once-for-all sale of anything that could be carried away ...* (1996:233).

Here Clapham is commenting on all forms of insurgency (in Africa), but it is clear that this applies more to warlords than to other types of armed groups. The reason for this is that most other types of armed groups have some form of connection with the community that will prevent them from too much excess in their looting, warlords do not have such a connection. Nor do they care much about saving the infrastructure of a state that they will never control.

Warlords can take what they loot and exchange it in the 'transborder shadow economy' for goods that they may need (Duffield, 2001). In particular, they can obtain the small arms and other tools of war which they need to perpetuate their conflict (see Cooper, 1999). For this reason, as Mark Duffield notes, 'today's successful warlords may act locally but they think globally' (2001:175).

The implication of this analysis is that while it is true that these funds do benefit a warlord or his followers, this is not necessarily to say that this is the reason why warlords exist. Seen from another perspective, economic exploitation serves as a way of perpetuating the warlord organisation, just as national economies and taxes perpetuate states. For example, Taylor was able to perpetuate his warlord enterprise through various informal economic deals with international corporations and even states. Somali warlords use the land that they control for economic purposes; for example, airports are privatised and run by individual clans and 'transportation taxes' are an important source of income. The profit from such economic exploitation is then turned around to fund the necessary patronage and logistics which a warlord needs to perpetuate the organisation.

Parasitical Nature

The warlord's independence is an odd and complicated one since the warlord is parasitic off what we may call the 'host state'. It is in this sense that warlords are, as Hobbes remarks, 'like worms in the entrails of natural man' (Hobbes, 1998:221). The warlord for this reason is absolutely illegitimate, for, they have no rightful reason to expect to receive any gains, since they provide nothing, but force others to give without legitimate authority.

It is this parasitical nature of warlord political communities that fundamentally separates it from the state, tribe, or other form of self-sustainable political community. The warlord taps into the people and economic resources of a state, and siphons off what is necessary. It would not be possible for a warlord to exist as an entity without a state of some sort. If such a situation were to occur, the warlord organisation would necessarily have to transform its organisational structure into one that was a de facto state of some sort, which had the organisational structure to rule over a larger, self-sustaining political community. This, in fact, does occur if, for instance, the warlord conquers a state completely, as Taylor did. However, usually the warlord does not do this and simply continues a parasitic existence.

Though the warlord is parasitic, it is nonetheless an independent organisation and truly separate from the state. The warlord is not dependent on the state's public goods, or any other state or entity. The warlord organisation simply loots what it wants. Nor does the warlord organisation need defence from outside actors. Rather, the warlord organisation provides for its own security. When a warlord does make alliances with other states, he is sure to maintain his decision-making authority; as is illustrated by the high rate of warlords cheating on, or otherwise backing out of alliances.

The warlord is also independent from society. The warlord organisation is its own political community and is therefore separate from civilian society. It may exploit local civilians, just as the warlord may exploit any group; however, it is not dependent on local civilians for goodwill. This differentiates him from national resistance movements or traditional guerrillas, which must rely on the support of local civilian communities. The differentiation is important, since by aligning with society, the warlord may have to provide concessions, whereas by looting from society, the warlord does not lose any decision-making authority.

It is the warlord's independence from society which separates it from other types of autonomous and independent armed groups. Some insurgents come to control large swathes of territory as well as large populations. These insurgents, however, usually depend on society. Using standard guerrilla doctrine, they base their power in the ability align themselves with society and use its resources to combat the government. This is how, for example, Yoweri Museveni's National Resistance Movement (NRM) was able to maintain itself, even without turning to significant external support (see Kasfir, 2002). This alignment allows the guerrilla to make the organisation independent from the state, but in turn it limits the guerrillas' independence from society. However, this is acceptable to the guerrilla organisation because they are not attempting to separate themselves from society, but rather they are trying to take power over society from the government or to secede from the state. The warlord does not turn to society for support, nor does he then turn to an external state sponsor; instead, the warlord organisation is an independent, though parasitic, entity.

Proposed Definition

To summarise, warlords are truly different organisations from western liberal nation-state tribes, or other political communities which we are used to thinking about. Nevertheless, the warlord heads a self-perpetuating political community, which is based on membership and inclusion, rather than territorial connection. The warlord is autonomous from the state and, furthermore, independent from all other actors. In order to perpetuate the organisation and remain autonomous, the warlord uses economic or other exploitation as well as military power. Although this conceptual analysis of warlord has brought out many complex ideas, it is possible to simplify the definition into a form which includes the most important concepts and which reflects, though also builds upon, previous definitions.

Thus, a warlord can be defined as the leader of an armed group that uses military power and economic exploitation to maintain fiefdoms which are autonomous and independent from the state and society.

Conclusion

The broad implication of this analysis is that in order to effectively analyse armed groups it is necessary to take a more intensive, conceptual approach. The normative associations of warlord, or any other type of armed group, only confuse the matter. The organisations should not be seen as single-minded, economically motivated machines. Rather, there is a is a complex set of forces which combine to define the warlord, or any other armed group, ranging from international forces, the dynamics of political communities, to basic principles of human nature. In other words, a similar approach must be used to analyse warlords as is used to analyse any other type of human association. In particular, we might draw parallels with the analysis of nation-states. From this conceptualisation, there arise theoretical, comparative, and policy implications.

Conceptualising warlords in depth provides some theoretical benefits. One of the problems with understanding warlord organisations is that they are such a radically different phenomenon from other types of political organisation. This makes it difficult to integrate them into broader theories. Many of the concepts used in this conceptualisation are derived from or applicable to nation-states and other forms of political organisation. From this it is possible to see the foundation for a cross-fertilisation of ideas about warlords and about other types of political organisation. For instance, while the nature of a warlord political community was only briefly discussed in this paper, there is significant literature on this subject and much of it might be applied to warlords. Similarly, warlords were found to be autonomous and independent from the state. Such autonomy is one of the foundational features of the concept of sovereignty and therefore there may exist the possibility of sharing insights concerning sovereignty with analyses of warlords; or even a wholesale integration of warlords into international relations theory.

It is also possible to operationalise this definition to test whether an actor is a warlord. First we must ask whether he has a political community over which he is the highest authority. Is this fiefdom autonomous; i.e. does the group have the military power to do what it wants? We can ask if the group is independent; i.e. does he have the ability to obtain the personnel and equipment and can he direct this force effectively and cohesively enough to retain decision making authority.

In this way, warlords can be differentiated from seemingly similar actors. For instance, some guerrilla insurgencies can in some cases appear very similar to warlords, since they may rely on significant levels of economic exploitation or use highly violent tactics. However, it is possible to tell them apart based on their relationship with society. Warlords are fundamentally separated from society, whereas true insurgencies rely on civilian society for support. Thus, for example, it is better to classify the LRA as a warlord organisation than an insurgency. While it may use the rhetoric of fighting the Ugandan government for political reasons, its complete divorce from the Acholi community of northern Uganda clearly demonstrates its warlord nature.

Such subtle classification can be extremely helpful not just in analysis, but also in response. Going back to the LRA example, the Ugandan government has implemented the standard counterinsurgency policy of 'protected hamlets' in northern Uganda. However, this policy – which has effectively cleared most of the northern Ugandan countryside of civilians – has not seemed to weaken the LRA substantially. The reason is clear in light of the warlord conceptual analysis. The LRA is independent from society, except in a purely predatory manner. The implication is that separating it from society will not weaken it in the same way as it might weaken an insurgency which 'can neither exist nor flourish if it separates itself from [the masses'] sympathies and co-operation' (Mao, 1961, reprinted in Campbell, 1967:260).

In general, beyond these theoretical and comparative insights, a deeper understanding of warlords and warlordism has many real benefits for policy and, especially, for conflict prevention. Warlords are poorly understood political organisations and often lead to real questions about how and why they act as they do. For instance, it is not clear why some warlords in Afghanistan were willing to give up their weapons and join a national-level government while others were not. This is part of larger issue of the inexplicability of the prolonged nature of warlord fighting which often seems 'senseless' or 'pointless'. Even when the warlords do end their fighting, it is often difficult to demobilise their fighters and, oftentimes, the warlord will simply start another war in another place.

Some of these questions become clearer based on the provided conceptualisation. For instance, the enclosed political community of the warlord organisation helps to explain why it is so difficult to get warlords to (re)integrate into a state or society. Their need to use economic exploitation for both motivational and logistical reasons – in effect their very existence as an organisation – demands continual conflict. This rational basis for prolonged war has been noted by analysts such as Keen (1998, 2000), but the particular social and political structures which cause this need have been only generally analysed. The next step in the process is to develop specific 'counterwarlord' strategies which are based in a precise understanding of what a warlord is and how a warlord organisation functions, in the same way that counterinsurgency strategies have been developed based on precise understandings of insurgency. In this way, it may be possible to finally alleviate the scourge of warlordism.

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*Review of African Political Economy No.112:*333-352

The Burundi Peace Negotiations: An African Experience of Peace-making

Patricia Daley

Contemporary peace negotiations in Africa reflect perceived changes in the nature of warfare in the post-Cold War, neo-liberal era. 'New wars' are characterised as predominantly civil warfare that is non-ideological, fuelled by identity-politics and driven by greed or grievance. Neo-liberal approaches to conflict resolution involve a multiplicity of state and non-state actors, both protagonists and mediators, and promote universally-applicable solutions, such as power-sharing and the extension of market-based economic systems. These have had limited success in Africa because they have been unable to transform the social system within which violence and inequalities are embedded. Through an examination of the Burundi peace process, particularly, the Arusha peace negotiations – their origins, actors, debates, agreements and recommendations – this article highlights the discursive practices of neo-liberal peace-making and exposes its inherent limitations in creating any meaningful transformation of the political space. It is argued here that peace negotiations can be perceived as political struggles, beyond that envisaged between the belligerents, due to the prevalence of a multitude of supporting actors seeking to promote vested interests. Consequently, the resulting peace agreement is not necessarily consensual or reflective of a compromise for the sake of peace; it marks, essentially, a temporary stalemate in the power play between international, regional and local actors and their competing visions of peace. This explains why the 'liberal' peace that is attained through these manoeuvrings is one that appears to uphold the sovereignty of the state, but is not transformative with regards to the security of the people.

In August 2005, the former rebel leader, Pierre Nkurunziza, was installed as the president of a newly-elected Hutu majority government in the central African state of Burundi. This marked the culmination of almost nine years of a formal peace process that followed a trajectory of peace negotiations, peace and ceasefire agreements, a transitional government and democratic elections (*Irinnews.org*, 2002a & b; Reyntjens, 2005). Yet, it is an uneasy peace as ceasefire agreements were not reached with all warring factions and low-intensity violence and a culture of impunity pervades Burundi society.

Since independence from Belgian colonial rule in 1962, Burundi has been highly unstable with six governments between 1962 and 1966, the abolition of the monarchy (1966), four successful coup d'états (1965, 1976, 1987 & 1994), and the assassination of its first democratically-elected president, Melchoir Ndadaye, in

ISSN 0305-6244 Print/1740-1720 Online/07/020333-20
DOI: 10.1080/03056240701449729

October 1993. Like their neighbours in Rwanda, the people of Burundi have been subjected to episodes of genocidal violence; an estimated 200,000 people were killed in 1972 and a further 20,000 in August 1988, and since Ndadaye's assassination in 1993, warfare waged by the military and government-backed militias against rebel groups and their supporters has killed some 200,000 people and forced over 350,000 into exile (ICG, 1998; Arusha Peace and Reconciliation Agreement for Burundi, 2000).

The Burundi peace negotiations originated essentially from a regional thrust for peace and has been represented as a successful attempt by Africans at regional peace-making (Bentley & Southall, 2005; Mpangala et al. 2004). Peace negotiations started in 1996 and culminated in the signing of the Arusha Peace and Reconciliation Agreement in August 2000. Rebuffed by the rebels and signed reluctantly by the political parties, it became a peace agreement without a cessation of hostilities. Fighting continued even after the 2005 elections, as it took a further year before a ceasefire agreement was signed with the last remaining rebel faction.

Scholars have long challenged the appropriateness of the western-derived peace imposed on Africa, and more recently, have criticized the promotion of a 'liberal peace', structured by hegemonic neo-liberal political economic practices (Mafeje, 1995; Hansen, 1987; Richards, 2005; Willett, 2005). Using the Burundi peace negotiations as an example, this article examines the prevailing concept of peace that informs contemporary conflict resolution in Africa, especially the ways in which it has been structured by neo-liberalism and the relationship between peace-making and protracted wars. Also of importance is how different interest groups (local, regional and international) shape the outcome and, in essence, define the peace appropriate to Africa, such that accords can be signed whilst fighting continues; in effect normalizing extreme forms of violence.

This article draws on research conducted since 1998 with Burundi politicians in Belgium, Tanzania and Burundi, and with members of the facilitation team from the Mwalimu Nyerere Foundation. Archival data from the Arusha negotiations were gathered at the Foundation and from newspapers, news websites and reports of international NGOs.

The article argues for peace negotiations to be seen, not primarily as attempts to end warfare and promote social justice, but as arenas of political struggles, beyond that envisaged between the belligerents, due to the prevalence of a multitude of supporting actors seeking to promote vested interests. The resulting peace agreement is not necessarily consensual or reflective of a compromise for the sake of peace; it marks, essentially, a temporary stalemate between the manoeuvrings of international, regional and local actors. The Burundi peace process represents struggles between different competing visions of peace; the neo-liberal one supported by western donors, and that of regional actors, seeking to establish a new mode of politics on the continent. Unable to incorporate the perspectives of civil society and without international political clout and financial resources, regional actors conceded to the imposition of a 'liberal peace', which, while promoting ethnic equity through power-sharing among the elites and democratic elections, leaves the extant social system in tact and is not conditional on the cessation of direct violence.

The Peace Problematic in Africa

War and peace are complex terms. Their meanings depend largely on how we conceptualise violence. War refers to the use of violence to settle political differences, in effect, the struggle for state power. Galtung (1969) distinguishes between 'direct violence' (fighting) and 'structural violence' (indirect forms of violence stemming from exposure to conditions of poverty and powerlessness). He argues that 'negative' and 'positive' peace result from the ending of direct and structural violence respectively, even though the latter is difficult to achieve, being reliant on efforts to end social injustice. Useful as it may be in articulating the brutality of poverty, this dichotomy has become less so in our quest to make sense of the persistence of direct violence after peace agreements have been signed and democratic elections have been held to resolve political differences. 'Negative peace' seems far from being achieved in many post-conflict countries in Africa. Recently, scholars of African warfare have questioned this dichotomy of war and peace. Richards (2005:4-5), for example, asks us to see war and peace as existing along a continuum, defining war as a 'long-term struggle organised for political ends'. Thus, he contends we can understand why 'peace can often be more violent and 'dangerous' than war'. However, history has shown that states can achieve 'negative peace' and can go some way to address social injustice. Why not contemporary Africa? Steans (1998:106-7) refers us to classic realist thought in which 'hegemonic states dominate international institutions and by doing so 'manage' international security', thus, ensuring that war and peace have different meanings in hegemonic and weak states.

During the Cold War, proxy wars fought on the continent of Africa helped to maintain the peace in Europe and North America. In post-colonial Africa, 'peaceful' states could include dictatorial, militaristic or one-party regimes. Indeed, the formula for a peaceful society in Africa seems to involve the tolerance of higher levels of direct and structural violence. The end of the Cold War and the rise of economic liberalism produced new explanations for warfare and new frameworks for peace. Conflict resolution models tend to employ the popular discourse that represents African wars as essentially primordial, often arising from age-old innate and irrational enmities and, even when the interpretations attempt to avoid ethnic reductionism, they draw on two prevailing academic discourses. The first links ethnicity with notions of greed or grievance harboured by conflicting parties (Berdal & Malone, 2000). And the second represents war in the post-Cold war period as 'new', non-ideological and fuelled by the avariciousness of tribal 'warlords', aiming to capture state resources for private gain (Kaldor, 2001). 'New wars' are presented as being of greater complexity and in need of multifaceted solutions. Such approaches interpret war and peace as confined within the boundaries of the nation-state, thus failing to consider the ways in which global geo-politics and market-based economic systems influence regional and local politics and exacerbate the conditions for war. Post-Cold War transformations in conflict resolution under neo-liberalism are well-documented (Duffield, 2001; Clapham, 1998; Richards, 2005; Tull & Mehler, 2005). These include an increased role for non-state actors in the negotiation process, a proliferation of mediators, and power-sharing, instead of winner-takes-all elections.

Power-sharing means dividing the institutions of governance between political parties and rebel movements, in the context of a new constitution and democratic elections. Theoretically, it is appealing as the lack of equity among groups is seen as a significant factor in African conflicts and it also reflects the sidelining of state sovereignty inherent under neo-liberalism (Bangura, 1994; Clapham, 1998; Tull & Mehler, 2005). Power-sharing can satisfy greed and grievance while still retaining 'democratic principles and procedures', making it 'compatible with democracy while diminishing its most destabilising side effects' (Spears (2000:105). Indeed, many political parties, especially the weaker ones, prefer to gain constitutionally-protected political advantage through negotiations before committing themselves to the electorate (Bangura, 1994). Tull & Mehler (2005) note that power-sharing agreements, by enabling rebel leaders to gain state power, can lead to the reproduction of 'insurgent violence', as rebellion becomes the means to gain political leverage and international acceptance, thus making access to political power difficult for those who champion non-violence. Power-sharing can legitimise and normalise violence as part of the political discourse. Theoretically, multi-partyism and democratic elections should lead to greater representation and accountability, but experience suggests that, in the context of neo-liberalism, they are easily manipulated by the elite, and can lead to xenophobia and sectarian violence.

The proliferation of non-state organisations and consultants as mediators has turned peace into a veritable industry. In addition to the UN, the African Union and western governments, numerous international, regional and local NGOs have been active in formulating and promoting peace initiatives. The nature of the peace problematic is such that the motivations of individual actors beg investigation, especially since the proliferation of mediators seems to protract warfare rather than lead to swift resolutions. As Clapham (1998:209) notes, with respect to the Rwandan war of the 1990s,

> *mediators are not merely bystanders … but participants, whose involvement weakens or strengthens the position of different internal parties, and may … strengthen the position of those domestic factions which are most adamantly opposed to the negotiated settlement.*

Despite the inflated assumptions about the commitment of the belligerents to the peace process, explanations for the failure of peace agreements focus either on the lack of political will on the part of the signatories or claim that the 'spoilers' see war as more profitable than peace, rather than a peace process that privileges aggression and denies agency to those most affected by warfare. Peace-making, in spite of the incorporation of a host of actors – the political elite, warring factions and external mediators – exclude the people, who are represented as victims of rapacious elites and warlords, and whose well-being is assigned to international humanitarian and development agencies.

The goal of the 'liberal peace' is to enforce rapid modernisation of African societies. This is to be accomplished by 'transform[ing] the dysfunctional and war-affected societies that it encounters on its borders into cooperative, representative and, especially, stable entities', and involves 'reconstructing social networks, strengthening civil and representative institutions, promoting the rule of law, and security sector reform in the context of a functioning market economy' (Duffield 2000:11). Ultimately, the 'liberal peace' necessitates the entrenchment of neo-liberal political economic practices, which, hitherto, have undermined state sovereignty, focusing as they do on non-state actors; the market for economic development and personal liberation; civil society and/or external ('non-territorial') actors for humanitarian and welfare intervention, and multipartyism for diffusing political tensions and mediating competition.

Richards (2005) contends that 'liberal peace' takes wars out of their social contexts, and argues that instead of conflict resolution, one should focus on conflict transformation which would re-socialise war and re-direct 'the social energies deployed in war to problem-solving ventures on a co-operative basis' (Richard, 2005:18). As radical as it may seem, Richard's project is based on advocating a more participatory vision of peace which could fit well with neo-liberal conceptualisation of civil society. The importance of collective responsibility for long-term peace is indisputable. Peace must rest with the return of agency to the people affected. But the shortcomings of Richards' analysis lie with his focus on peace as resting primarily within the capacities of local communities.

The 'liberal peace' envisages a process of 'creative destruction' commonly known as post-war reconstruction, which has become a major policy arena for development agencies, multinational corporations, non-governmental organisations (NGOs) and private military contractors; two key policy areas are demobilisation and reconciliation. However, without the space for alternative and progressive conceptualisations of peace, demilitarisation and reconstruction often result in a shift in the nature of direct violence, from military combat to low-intensity violence (human rights violations, including sexual violence) on a generalised scale (Amnesty International, 2004). Consequently, post-war reconstruction has had limited success in Africa because it tends to reinforce the social system within which violence and inequalities are embedded (Mafeje, 1995; Spears, 2002; Tull & Mehler, 2005). Rather than, as Duffield (2001:11) claims, 'liberal peace reflect[ing] a radical development agenda of social transformation', it constitutes, instead, a form of 'negative peace' that normalises extreme violence.

In sum, the liberalisation of peace-making has resulted in the proliferation of mediators, the inclusion of non-state actors, the sharing of power between belligerents, the privileging of violence as a mechanism for political inclusion, and what amounts to the de-politicisation of warfare (Clapham, 1998; Tull & Mehler, 2005; Richards, 2005). Thus, the dominant conflict resolution model, in spite of its liberalisation, upholds a non-transformative concept of peace.

The situation in Burundi epitomises the inconclusiveness of neo-liberal peace-making. A detailed examination of the Burundi peace negotiations and subsequent events (1996-2005) enables us to identify, more specifically, the inherent limitations in neo-liberal conflict resolution. This is achieved by constructing a narrative of the peace process that examines the impetus for peace, the key issues that stalled the talks and the contributions of a multiplicity of actors: regional states, mediators, especially the leadership (Julius Nyerere and Nelson Mandela), the protagonists (Burundi government, political parties, rebel movements, and their negotiating positions) and western donors, multilateral organisations, peace consultants, international NGOs and civil society organisations, especially women in light of UN Security Council Resolution 1325. The actualities of peace-making are investigated through a focus on the key issues debated and the tenets of the peace accord. Implementation of the accord, post-Arusha, reveals the temporality as well as the contradictory outcomes of the 'liberal peace', that whilst appearing to open the political space for marginalised ethnic elites and women, for example, it eschews genuine public participation and institutionalizes violence as mode of political contestation.

The Burundi Peace Process: A Regional Thrust for Peace

The Burundi peace negotiations, spearheaded by Tanzania, arose from a regional initiative by neighbouring states concerned about the protracted nature of the conflict and its destabilising impact on the region. This initiative was given impetus through the actions of the US-based Carter Center which sponsored the first two preliminary meetings on Burundi and the region. It took four years from the beginning of the talks (April, 1996) before the peace agreement was reached (August, 2000) – aspects of which are still being implemented by the democratically-elected government that took office in August 2005.

Warfare in Burundi is commonly represented by the media and by the international community as an age-old ethnic conflict between the majority Hutu and minority Tutsi ethnic groups – the latter having dominated the state, almost uninterrupted, since independence from Belgian colonialism in 1962. Alternative explanations, while recognizing that violence manifests itself largely along ethnic lines, focus either on the prevalence of ethnic inequalities in a *rentier* and neo-patrimonial state or on the failure of the postcolonial state to transcend discriminatory colonial practices based on racial and social hierarchies (Ngaruko & Nkurunziza, 2000; Daley, 2006). The first two perspectives provide the underlying discourse of the peace negotiations and provided the foundations for the neo-liberal governance and economic reforms outlined in the peace agreement. However, the process of negotiations and the implementation of reforms reflect the tensions between neo-liberalism and ethnic-based ideologies, and attempts to chart a new mode of politics in the region. These tensions highlight the *competing perspectives* on peace arising from the contradictions inherent in neo-liberalism, as its simultaneously opens and narrows the political space.

The anti-state critique at the foundation of neo-liberalism manifests itself in the promotion of a multiplicity of actors in peace-making. In the case of the Burundi peace negotiations, states retained key roles in the procedures. Financial support for the talks came from international donors (the UN, EU, US, Canada etc.), regional states (Uganda, Tanzania, Kenya, Zaire [DRC] and later South Africa) acted as overseers, supporting the mediatory roles of Julius Nyerere (April 1996-October 1999) and Nelson Mandela (1999-2000).[1] Regional states sought to define the nature of the peace process and to exert influence on the agreement. After regional summits in June and July 1996, they issued communiqués advocating a negotiated settlement to the crisis in Burundi and national reconciliation. They called for an arms embargo and the denial of visas to those opposed to peace. The Tutsi officers' coup of 25 July 1996 that returned Pierre Buyoya, a former Tutsi President and coup-leader, to power was condemned and regional states called for the immediate restoration of the National Assembly and the lifting of the ban on political parties.

There were two mechanisms that regional states sought to use to exert influence over the peace process. The first was the proposal for the establishment of a regional peace-keeping force, which, although requested by the interim Burundian (Hutu) President, Sylvestre Ntibantunganya, and his Tutsi Prime Minister, Antoine Nduwayo, met with considerable opposition from the military and the Tutsi-dominated parties (*Daily News*, 19 January 1996, Bunting et al. 1999). Protests by members of the Tutsi political class and their supporters threw the country into the chaos that culminated in the July 1996 *coup d'etat*.

Opposition to the regional peace-keeping force, especially one which involved troops from neighbouring states, arose partly from intermittent proposals by a variety of actors for the incorporation of Burundi into a neighbouring state (Tanzania) in order to provide a geographic solution to the problem of ethnicity. It was mainly for this reason that many Burundians, Hutus and Tutsis, as well as external observers, questioned the motivations behind the involvement of the Tanzanian state in the peace negotiations and accused them of bias. In fact, Nyerere, who was close to the first elected leader of Burundi, Prince Louis Rwagasore (the Prince was part of the decolonisation movement), was opposed to coups, and was sympathetic to the plight of the Burundian Hutu refugees who sought asylum in Tanzania in large numbers after the 1972 genocide, and after 1993. Given the narrow political base of the military leadership of Burundi under Buyoya, any attempt to foster peace and negotiations was interpreted as support for the rebels. The convergence of neo-liberal peace and neo-liberal democracy undermined elements in Tanzanian society who used xenophobic attacks on the refugees to bolster their political ambitions.

The second mechanism by which regional states sought to exert pressure on the Burundi regime was regional sanctions. The economic embargo that was in place from October 1996 to January 1999 was not effective, in the sense that it was difficult to seal road, rail and air links to land-locked Burundi. Consequently, there was widespread violations and profiteering by regional elites (*The East African*, 11 March 1998). Furthermore, the lack of support from western governments meant that goods and weapons continued to be transported via daily flights to and from Belgium, France and other EU countries. Despite its ineffectiveness, opposition to the sanctions were such that regional states were forced to ease them twice to enable the importation of essential goods, including fuel, medicine, foodstuffs, educational and agricultural goods.

The Burundi military regime launched an international campaign against the sanctions, arguing that it was the poorest of the poor who suffered most from sanctions. The government's 'diplomacy', which was according to Bunting et al. (1999: not numbered), 'dynamic, aggressive and effective', had the support of the international community. The World Bank, the UN, Western countries and international NGOs, such as the International Crisis Group and Action Aid, were very critical of the regional initiative (*Irinnew.org*, 16 December 1998; ICG, 1998; Mthembu Slater, 1998). The French ambassador to Tanzania, Jacques Migozzi, was reported to have said 'the blockade does not resemble those placed against Iraq and Libya. This was decided by heads of state in the region. They lack global status' (Baraka & Mfinange, 1998). France's objection to the embargo seems to rest on the fact that it was a purely African initiative, but also sanctions undermined neo-liberal free market ideology and affected French and Belgian businesses.

International donors sought to punish the peace-makers by withdrawing their financial support. The European Union, for example, called for an audit of monies spent on the talks and reduced their financial support Tanzania. Nyerere criticised the neo-liberal approach to peace, when he argues:

> *We have to balance the significance of their financial contribution, the power of the governments and multilateral organisations they represent and the amount of damage the pursuit of their own parochial interests can cause to the process. This should be measured against the need for the funding, diplomatic relations with the countries and the institutions they represent and the overall peace process* (Burundi Peace Negotiations, 1998:14-15).

The financial shortfall was filled by regional governments and the OAU. Almost in retaliation against regional stubbornness, several western countries increased 'humanitarian' aid to Burundi. In sum, sanctions marked an important step in the move by African states to find regional solutions to their problems and, in spite of near universal external opposition, they worked, in that they eventually brought the Burundi government to the negotiations table.

However, it was the influence of South Africa, through its mediator, Nelson Mandela, that forced the peace agreement. After Nyerere's death, the Burundi government, along with international peace advisers and the US, supported a South African mediation headed by Mandela (*Irinnews.org*, 19 October 1999). An African mediator, with limited knowledge of Burundi politics, was also preferable to the military wing of the Burundi's political elite, which argued that 'a South African mediation would correct 'a number of weaknesses observed in the methodology and management' (*Irinnews.org*, 19 October 1999).

Coming from a regional superpower, Mandela was considered to have brought 'a lot of clout' to the negotiations, as South Africa 'had the military capacity to support any agreement' (interview with member of facilitation team, 2005). One manifestation of the clout that Mandela brought was that numerous presidents, including the then US President Clinton, went to the signing. However, the limited regional knowledge of the South African Ministry of Foreign Affairs enabled the Burundi military elite to turn the negotiations to their advantage. The South Africans made concessions to the Buyoya regime without consideration of their full consequences.

The Actors in the Drama of Liberal Peace

The peace industry in Africa has set up an array of donors and peace consultants. Those with vested interests in the region, such as the former colonial power, Belgium, and francophone countries– France, Switzerland & Canada; major donors such as the US, the European Union and the UK sent special envoys or supplied facilitators to play leading roles on committees. Non-governmental organisations, such as the London-based International Alert, Washington-based Search for a Common Ground, Rome-based *Comunità di Sant'Egidio,* and South Africa's ACCORD, became active participants in the peace process.

While the western media criticised the regional states, this same media directed little criticism to the activities of western observers – as representatives of donor countries and multilateral blocks – who attempted to steer the negotiations to suit their interests. According to the reports by the Tanzanian Facilitation team, the special envoys from outside the region 'displayed a tendency to want to dominate and control the process', holding alternative 'secret' peace talks concurrently in Europe (Burundi Peace Negotiations, 1998). These were meant to undermine the Tanzanian initiative, but their impacts were greater in Burundi, where they led to an intensification of the violence, as those members of the political elite who were not invited to the talks felt marginalised and were worried about exclusion from any peace pact. These alternative talks also conveyed international legitimacy on the Burundi regime and the president's refusal to accept regional mediation. As well as institutions, individual international 'consultants' also tried to influence the peace process; some provided advice to the belligerents and colluded in attempts to shift the talks away from Tanzania's control.

Political Parties, Ethnicity & Governance Reform

In line with neo-liberal governance reforms, all political parties were invited to the negotiation table – those that fought the 1993 elections and those formed after the elections. Giving them equality of status led to a proliferation of parties and may well have contributed to factionalism within the rebel movements. Many parties lacked a recognised constituency and had not tested their legitimacy with the disenfranchised Burundi population. A similar situation existed in the Rwandan peace talks of the early 1990s where, according to Clapham (1998:205), any protagonist 'who could muster evident support … had to be admitted … on terms of broad equality with existing regimes' and were given a status 'that only very inadequately reflected their popular support or military strength'.

In all, there were 84 delegates from the Burundi political parties, the government and National Assembly. The key political parties to the negotiations were *Front Pour la Démocratie au Burundi* (FRODEBU), which won the democratic elections of June 1993, whose President was assassinated, and whose dominance of a temporary coalition was overthrown by the July 1996 coup; *Union Pour le Progrès National* (UPRONA), the ruling party, aligned to the coup leaders, and *Conseil National Pour le Défense de la Démocratie (*CNDD), a breakaway party from FRODEBU. Representatives of the military participated as part of UPRONA or the government delegation and as consultants to one of the committees. Those rebels, PALIPEHUTU-FNL (*Parti Pour la Libération Du Peuple Hutu /Forces National de Libération*) and CNDD-FDD (*Conseil National Pour le Défense de la Démocratie / Forces pour le Défense de la Démocratie)*, who continued to fight, were not recognised by Nyerere, who refused to acknowledge leaders who 'gained power by force' (*African Confidential*, 21-22 October 1999). They were, however, invited by Mandela to join the negotiations.

Ethnic ideology was a determining factor in the alignment of the political parties at the negotiations. They organised themselves into two broad interest groups: Group of 7, comprising Hutu-dominated parties, and Group of 10, made up of Tutsi-dominated parties with the addition of the Government of Burundi and the National Assembly. By enabling participants to articulate a common position on key issues, these groupings may have increased the effectiveness of the debates; nevertheless, they reinforced ethnicity as the basis of political discourse and obscured the fact that not all parties were ethnically exclusive in their membership.

The degree of ethnic allegiance varied from the integrated FRODEBU and UPRONA to the Tutsi extremist and ironically named, *Parti Socialiste et Pan-Africaniste* (INKINZO) and the purely Hutu, *Parti Pour la Libération Du Peuple Hutu* (PALIPEHUTU). Individual parties articulated moderate to extremist ethnic ideologies. And within the broad groupings, there were considerable internal divisions. Disagreements over approach created leadership crises and breakaway movements. The partnership of the Government of Burundi, National Assembly and UPRONA (G3) were often at variance with the rest of the G10. These differences among the Tutsis often reflect divisions, among the political, military and entrepreneurial elites from the province of Bururi and between the Bururi elite and those from Muramyva and other regions. Amongst the Hutus divisions were manifested mainly over the issue of whether to negotiate with the Buyoya government and the power sharing arrangements, leading to the creation of internal and external wings of the various Hutu-dominated political parties. Radical Hutus were often critical of those with allegiance to UPRONA, and some rebel movements sought negotiations not with political parties but with the military – considered to be the real power in the regime.

In the discussions at the peace negotiations, there was widespread agreement that the cause of warfare was not ethnicity. Protoco1, Article 4 states; 'the parties recognise that the conflict is fundamentally political, with extremely important ethnic dimensions; It stems from a struggle by the political class to accede to and/or remain in power' (Arusha Peace and Reconciliation Agreement for Burundi, 2000:16).

Yet, the realm of politics was confined to political parties that were perceived as being defined largely by ethnicity. This may be because that, apart from those expressing extreme ethnic ideologies, there were very little differences between the parties. Few had a conceptualisation of democracy that extended beyond the demand for equality between Hutus and Tutsis. Democracy simply amounted to equal guaranteed access to state institutions and ethnic quotas in the judiciary and army. Participating in the negotiations and signing the agreement secured parties a stake in government, which they would not necessarily have achieved through democratic elections.

Civil Society Representation

Current neo-liberal governance reforms argue for the promotion of civil society actors. In peace-making, the proliferation of non-state actors implies a greater role for civil society participation. In practice, however, peace-making continues to deny representation and thus political agency to local civil society groups campaigning for peace. At Arusha, two reasons were put forward against their participation. First, a majority among the Burundian negotiators were reluctant to have civil society groups as independent members. They cited the rules of procedure agreed in 1998, that any new group would need unanimous support in order to be admitted. This, apparently, was to prevent the Burundi military class bringing in carefully selected civil society representatives. The second reason was that Burundi's civil society organisations, many dominated by Tutsis, were not sufficiently independent from the state and representative of 'all groups'. The peace accord notes, 'the notion of civil society [in Burundi] is in fact a new one and is not well understood by the population, just as civil society itself does not understand its own mission' (*Arusha Peace & Reconciliation Agreement for Burundi*, *Report of Committee IV, Reconstruction and Development*: 125, Para 2.5.6.1). This seems a coded reference to the lack of ethnic inclusiveness in many civil society organisations, and the inevitable dominance of these organisations by the educated Tutsi elite. In the end, civil society representatives were requested to participate as part of the delegation of the political parties they were affiliated to. However, their exclusion as independent participants reinforced the idea that peace making is solely the prerogative of political parties and rebel movements, not the collective responsibility of the people.

The role of Burundi women in intervening in the peace process has been lauded by numerous academics and NGOs (Burke et al. 2001). However, a detailed examination of their involvement proves instructive. *Women for Peace*, a Burundi organisation, was established in 1993, well before the peace negotiations began (Burke et al. 2001). However, the women's campaign only gained momentum when it was co-ordinated under an umbrella organisation, CAFOB (*Collectif des Associations et ONGs Féminines du Burundi*), and attracted international support, although its effectiveness depended on its co-operation with women's organisations in the region. In 1998, a delegation of women from Uganda, Rwanda and Tanzania visited Buyoya, Museveni and Nyerere, seeking explanations for the exclusion of women's organisations from the talks; this intervention led to concessions by the parties. Three women were appointed to the negotiations by the government and three by FRODEBU. Representatives of women's organisations were allowed to attend as observers in October and December 1998 (Arusha III), but their status and credentials were questioned; namely, were they representing women or existing political parties. Reportedly, the women's viewpoints did not differ from that of other party delegates and some were wives of colonels. The inclusion of women, even as tokens was beneficial, in that, as a group, women are probably the most victimised in war time and patriarchal practices might be difficult to defend in their presence.

The Burundi's women's movement also benefited from a new policy framework, supported by Security Council Resolution 1325 (2000), which stresses the importance of women's 'equal participation and full involvement in all efforts for the maintenance and promotion of peace and security' (para.5). With the support of UNIFEM and the Mwalimu Nyerere Foundation, an All-Party Burundi's Women's Peace Conference was held in Arusha from 17 to 20 July 2000, just over a month before the signing of the peace agreement. The fifty Burundi women who participated came from all social groups, including the diaspora and refugee camps. The conference drew up proposals to engender the draft peace agreement outlining how specific gender-related clauses could be incorporated (Burke et al. 2001). Virtually all of these gender-specific changes were later accepted by the parties to the agreement because, as, according to one member of the facilitation team, 'at that stage they did not matter'.

The Negotiations: Schedules & Outcomes

The details of the negotiations have been drawn out to show that peace is an industry in the West and how the consultants, international NGOs and peace industry experts sought to manipulate the process for their own purposes. Experts on Burundi are familiar with these processes, but these details are repeated here in order to drive home the point of how western peace concepts did not validate the lives of Africans. In 1996, the US created the Africa Crisis Response Initiative in order to stop genocide in Burundi, but it was the same government of the US that supported the military coup of Buyoya when he came to power in July 1996. Buyoya, who had just returned from an internship in the US, had been given money to establish a 'peace foundation'.

The first All Party Peace Talks (Arusha I) took place on 21 June 1998; all parties except those fighting attended, including the special envoys from the EU, US, Canada, OAU, Switzerland, Communita di Sant'Egidio (a Rome-based Catholic NGO) & the UN. The multinational team reflected the interests of the international community and, as such, the talks were structured 'within the broad contextual framework of the international community' (Butiku, 2004). Five broad areas of concern were identified: the nature of the conflict, democracy and good governance, peace and security, reconstruction and development and guarantees of implementation of the agreement and five committees were established to negotiate the issues and reach an agreement on each of them.

At the second All Party Peace Talks on 20 July 1998 (Arusha II), each committee drew up its agenda and worked independently of the others with regular consultations with the Facilitation Team (Bunting et al. 1999). Competing interests dogged the selection of committee chairs and vice-chairs; western donors, international NGOs and the Burundi government sought to influence the appointments. The Facilitation team was concerned that some committee chairs and vice-chairs, who originated from outside of the continent, did not fully support the peace process and were obstructive, often failing to perform their duties (Burundi Peace Negotiations, 1998).

Four more peace talks and numerous intercessional consultations took place before a draft agreement was submitted to all parties in March 2000. In April, Mandela made a statement saying that the draft agreement would not be changed. However, external pressure forced him to make changes, after which, according to one observer, 'the draft agreement started to unravel' (interview, member of facilitation team, 2001).

The first change was to Protocol I following a request from Louis Michel, the Belgium Prime Minister and Minister of Foreign Affairs, who, on a visit to Arusha in July 2000, asked Mandela for two paragraphs implicating the Belgian Colonial state in the murder of the democratically-elected Prime Minister, Prince Louis Rwagasore in 1961, to be removed.[2] The circumstances surrounding the death of Rwagasore were one of the few points on which all the Burundi parties agreed. Mandela went against the wishes of the Burundians and proceeded to remove the paragraphs, unilaterally, with the justification that Burundi will need aid from Belgium. This act may have undermined the legitimacy of the agreement and led to parties not keeping their commitments. After this, various groups were able to put pressure on the facilitator for changes to the draft document.

In its criticisms, the Burundi government said the draft agreement was not practical – it was 'replete with confusion, ambiguity and double standard' (*Irinnews.org*, 4 August 2000). For the government and the Tutsi elite, reform of Tutsi-dominated state institutions, such as the military and the gendarmerie, were the most contentious. Retaining the status quo was seen by many Tutsis as the guarantor of their security. Hutus, on the other hand, saw their repression as being linked to the mono-ethnic security services and demanded the 'restructuring and retraining of the army' (FRODEBU, 6th plenary, 19 October 1998). The armed Hutu groups, excluded initially from the talks, made themselves significant players in less than one year. From June 1999 to January 2000 they became a force to be reckoned with if peace was to be achieved. In late 1999, CNDD-FDD conducted a scorched earth policy in the southern and eastern Burundi provinces of Bururi, Makamba and Ruyigi. Human Rights Watch (2000) reports that FDD insurgents not only killed or kidnapped civilians, but looted and burnt houses, schools, health centres, communal offices, in Kinyinya, Gisuru and Nyabitare. In response, the government intensified its repressive tactics using the military and the *gendarmerie*, while Tutsi militias attacked civilians, as a means of expressing their dissatisfaction with the negotiations.

The Burundi regime sought to by-pass the Arusha committees by negotiating directly with Mandela in South Africa. Buyoya proceeded to manipulate the process to obtain a result that disproportionately favoured the Tutsis and secured the continuation of his presidency during the first interim period of the transitional government, when key issues relating to the ceasefire negotiations and governance would be decided (*Irinnews.org*, 4 August 2000; ICG, 2000).

In June 2000, Mandela held closed door talks with the rebels and representatives of the Burundi government in South Africa. While the rebels sought to renegotiate the whole agreement, the Burundi military elite made a deal with the South Africans regarding the ethnic balance in the transitional government and the army. What became known as 'the Pretoria compromise' was supposed to ensure the security of the Tutsi. Buyoya emerged with assurances that Tutsis would have 50 per cent of the Senate, 60 per cent of the government and political parties with five per cent or more of the vote would gain a place in government. Tutsis would also make up 50 per cent of the army. The government may have hoped to exclude Hutu rebels, because as soon as the agreement was reached, the military started to recruit Hutus into the lower ranks.

The Arusha Peace and Reconciliation Agreement for Burundi was signed on 28 August 2000 amidst disagreements. The pressure to reach an agreement was so intense that articles relating to the establishment of the Senate and the composition of the armed forces were added to the draft agreement on the eve of signing, after last minute concessions were made by FRODEBU, without the approval of the other G7 parties. Agreement was not reached on several issues: leadership of the Transitional Government, arrangements for a ceasefire, the composition of the armed forces and the treatment of political prisoners.

A scaled down version of the agreement was signed by Buyoya and by the G7 (Hutu parties). The G10 (Tutsi parties) claimed they signed 'under extreme international pressure and with reservations'. The rebel movements, CNDD-FDD and PALIPEHUTU-FNL, refused to sign. Consequently, it was a peace agreement without a ceasefire.

The main tenets of the peace agreement focused on the establishment of a three-year transitional government; with the transitional period divided into two 18 months intervals headed alternatively by a Tutsi and a Hutu; legislative power was to be exercised by a National Assembly of at least 100 members and a Senate comprising of two delegates from each province (one Tutsi one Hutu). During the transitional period a new constitution was to be produced and approved by the Senate and National Assembly, and an independent electoral commission established to organize elections. Refugees were to be repatriated and reintegrated into their former communities and the monitoring and guaranteeing of the process would be the job of an Implementation Monitoring Committee (IMC), supported by the presence of an international peace-keeping force.

Arguably, the peace agreement followed a standard formula aimed at instituting a system for power-sharing between political parties (rebel movements would register as parties) and ensuring the presence of ethnic and gender plurality within the political structures. Power-sharing is aimed at rectifying ethnic inequalities without the displacement of those already in power, since, the proposed size and membership of the National Assembly and the Senate allowed for the incorporation of past presidents and representative of most factions. Furthermore, the stipulation of the electoral commission that parties must be multi-ethnic forced the main political parties to recruit members from other ethnic groups. Ethnic competition is not anathema to neo-liberalism, which promotes group and individual rights in the context of the free market.

Post-Arusha Developments

The incompleteness of the Peace Agreement in 2000 (which was witnessed by so many luminaries) resulted in its slow implementation. It took a year before the Transitional Government was constituted and five years from the signing of the Agreement before a democratically-elected government was *in situ.* In between there were two attempted coups – in April and July 2001. Some elements of the Burundi ruling class with an ethnic base used their political resources to delay implementation. Once the political leaders understood the machinations of western donors, they sought to rearrange their politics to suit.

Faced with numerous petitions for and against candidates for leadership regional states decided that Buyoya should be Transitional President for the first eighteen month period with Dometien Ndayizeye (G7 & FRODEBU) as Vice-President (Chhatbar, 2001). They threatened further sanctions if Buyoya failed to abide by the conditions; even then, he later sought to change the clause in the Constitution that prevented him from running as President. The transitional government sworn in on 1 November 2001 had 26 Cabinet posts, of which 14 went to Hutus; Tutsis retained the key ministries of defence, foreign affairs and finance. Four women party members were made ministers.

In the introduction, a distinction was made between the instant peace accord of neo-liberal peace and the long drawn out concept of African peace. The contradiction between these views became manifest in the establishment of the regional peace-keeping force. By this time the AU had taken a firmer position against genocide in Africa. Despite considerable Tutsi opposition to the force, AMIB (African Union Mission to Burundi) started on 18 October 2001 and was made up initially of 701 South African troops. Following UN Security Council Resolution 1554, AMIB was converted to ONUB (United Nations Mission in Burundi) in June 2004 and increased to 5,650, incorporating troops from Ghana, Nigeria and Senegal; all countries external to the region. ONUB's presence helped to maintain a semblance of stability during the implementation of the accord, but did not stop the fighting and human rights violations by all sides.

Ceasefire negotiations between the Transitional Government and the Hutu rebel movements proceeded, with the Facilitation team headed initially by the then deputy president of South Africa. The commitment of African leaders meant that what was a long and tortuous process ended with binding agreements. The lengthy process was due to a) the intervention of too many mediators (holding meetings in Rome, Libreville, South Africa & Dar es Salaam); b) factionalism in the rebel movements; CNDD-FDD had split into two factions headed by Jean-Bosco Ndayikengurukiye and Pierre Nkurunziza, so did PALIPEHUTU-FNL headed by Alain Mugabarabona & Agathon Rwasa) and c) the intensification of the war – both the government and rebels used the post-accord period to rearm. Even FRODEBU, as late as November 2002, was reported to have established a rebel group, Ramico-Pax (Tindwa, 2002).

The smallest factions of the two rebel movements (Ndayikengurukiye's CNDD-FDD & Mugabarabona's PALIPEHUTU-FNL) were the first to reach a ceasefire agreement with the government on 7 October 2002. A year later, on 16 November 2003, Nkurunziza's CNDD-FDD and the government agreed to the *Pretoria Protocol on Political, Defence and Security Power Sharing in Burundi*, which gave CNDD-FDD 40 per cent of the integrated general staff and the officer corps in the army. In the new army, Burundi National Defence Force, military command posts would be shared 50/50 on an ethnic basis. CNDD-FDD also signed a ceasefire agreement on 3 December 2002 in which it would become a party and be allocated two ministerial posts. Nkurunziza was made Minister for Good Governance. The largest branch of PALIPEHUTU-FNL, headed by Agathon Rwasa, joined the ceasefire talks in April 2005 after regional heads of state declared the FNL to be a 'terrorist organisation'. FNL increasingly relied on terror tactics against civilians to strengthen its negotiating position. For example, in August 2004, FNL massacred 152 Congolese refugees at Gatumba camp for no discernible reasons (HRW, 2004).

After a turbulent drafting phase, on 28 February 2005, a referendum on the new Constitution showed overwhelming support from 91.2 per cent of voters. UPRONA's central committee and three other Tutsi parties had urged a 'no' vote and refused to sign a code of good conduct during the elections.

Thirty-four political parties fought the communal and parliamentary elections that were finally held from June to August 2005. CNDD-FDD was confirmed winner of municipal communal (senatorial) polls held on 3 June; of the 3,225 seats, CNDD-FDD won 1,781, followed by FRODEBU with 822, UPRONA came third with 260 seats and Movement for the Rehabilitation of Citizens (MRC) gained 88 seats (*Irinnews.org*, 16-24 June 2005). This pattern was repeated in the elections for the National Assembly, held on 4 July 2005: CNDD-FDD gained 58.55 per cent of the votes, FRODEBU 21.69, UPRONA 10 per cent, CNDD four per cent and MRC two per cent. At the end of August 2005, Pierre Nkurunziza, as the head of the largest elected party, was chosen as President by the National Assembly and Senate. Tutsis were co-opted onto the National Assembly and the Senate in order to reflect the 60/40 ethnic quota of the Peace Agreement and the Constitution. Reyntjens (2005:130) points to the 'unconstitutional' composition of the Cabinet, having representation from parties that did not gain five per cent or more of the vote: MSP-Inkinzo and PARENA have one seat each, plus two ministers are without party affiliations. Both UPRONA and FRODEBU are under-represented and CNDD-FDD have proportionately more seats than they hold in the National Assembly. Women obtained 35 per cent of the Cabinet seats, achieving greater representation than envisaged in the peace agreement, and than acquired in the local elections, where they gained 5.4 per cent of the communal presidency and 33.3 per cent of the vice-presidency (ONUB, 2006b).

CNDD-FDD's victory was no surprise for those in the region, and for external observers. The party's growing popularity after February 2005 meant that Nkurunziza was invited to visit several western countries. As soon as the Arusha agreement was signed, CNDD-FDD presented itself as the legitimate opposition to UPRONA, wooing, challenging and even kidnapping FRODEBU members of the government. It is difficult to know how CNDD-FDD garnered popular support; reports that voters were intimidated, especially in the areas they controlled, are balanced by those that point to admiration for their long struggle (Ligue ITEKA, 2005). Many voters may have opted for the party that was more likely to bring an end to the warfare. However, violence, ranging from massacres, summary executions, scorched-earth policy, bombing and rape, was used by all factions to articulate political differences and to influence the accord.

As noted, a neo-liberal interpretation of the Burundi conflict explains the multiplicity of political parties as a reflection of competing entrepreneurial cliques, both among the military and political elite (Nkurunziza & Ngaruko, 2002). Burundi's heavily aid dependent and indebted economy has been liberalised since 1988. The impact of the war meant that structural adjustment was suspended between 1993 and 2004. A 'greed and grievance' argument supports intense competition among ethnic elites who, primarily, rely on the state for accumulation in the context of a limited resource base and diminishing rents. Ngaruko & Nkurunziza (2000:384-385) claim that 'state predation by power holders who share its rents has led to rebellions by those excluded, triggering, in turn, repression by the army, whose primary role has appeared to be the defence of the system of predation'. While this is a plausible explanation, their argument that neo-liberal economic reforms would reduce elite hold on state resources is not proven in Burundi, where the assassination of the democratically-elected president was considered by some to have been linked to his attempts at reforming the activities of companies operating in the free trade zone.

Furthermore, although current economic liberalisation programmes may claim to have an anti-poverty focus, the economic recovery strategies proposed in the peace accord have led to greater hardship at a time when people are attempting to rebuild household and community institutions.[3] The privatisation of the state marketing boards and the cutbacks in state expenditure has had negative implications for the employment and the provision of social welfare policies, without displacing the power of ethnic elites. In 2002, at a time of acute demand in health and other social services, the government introduced policies of cost-recovery in the health centres. Consequently, people have been detained in hospitals because of non-payment of hospital fees. HRW (2006) reports that 1,076 people were detained in 2005 of whom, 621 were held in the principal hospital. Since 2000, public sector workers, such as medical staff, teachers and the judiciary, have taken strike action for increased wage rates and the payment of overdue salaries (*Irinnews.org*, 7 March 2005).

The Disarmament, Demobilisation and Reintegration (DDR) programme, which started in December 2004, was administered by the World Bank as part of their Central African Multi-Country Demobilisation and Disarmament Program (MDRP) and implemented by NGOs with the assistance of the National Ceasefire Commission. At an estimated cost of US $84.4 million, the DDR programme aimed to demobilize the estimated 70,000 ex-combatants by giving them direct monetary payments. Such payments varied according to rank, ranging from US$500 for ordinary ranks to $3,000 for the generals. The prospects of de-mobilisation with remuneration provided by the international community encouraged many young Burundian men to join the rebel movements and the army during the implementation of the peace agreement (Human Rights Watch, 2003). However, DDR was not a smooth process. Former rebels were reluctant to move into cantonments, and de-mobilisation payments were not always forthcoming, causing protests from combatants and state-sponsored armed groups (*Irinnews.org*, 24 June 2005). By September 2005, only 16,634 were de-mobilised and the new army was to be limited to between 28,000 and 29,000. Many combatants were de-mobilised without being disarmed.

The issue of impunity was on the agenda when it affected the ability of politicians to return and participate in the elections. Buyoya was reluctant to set up the provisions allowing for the return of political exiles to participate as members of the transitional government, despite the request from the IMC (*Irinnews.org*, 7 June 2001). A temporary immunity law was eventually passed covering 'crimes with a political aim committed after 1 July 1962 to the date of promulgation (27 August 2003)', amidst considerable opposition from human rights groups, Tutsi opposition parties and extremist organisations (*Irinnews.org*, 3 September 2003).

With regard to the Truth and Reconciliation Commission (Protocol I:6), the political leaders were keen to protect themselves from any future criminal charges. On 1 September 2004, the National Assembly passed a law allowing the UN to set up a non-Judicial Truth Commission, with a substantial international component and the creation of a special chamber within the Burundi justice system to tackle crimes against humanity (*Irinnews.org*, 29 March 2005). It is unlikely that these bodies will receive meaningful support from the government, political parties or regional leaders. As one key participant claimed: 'truth and reconciliation is no longer considered to be necessary … realizing that wrong things were done in past, but the future does not involve exclusion' (interview with member of facilitation team, 2005). This viewpoint is in sharp contrast to that presented in post-election reports by human rights organisations citing the continuation of summary execution and torture by Burundian soldiers, intelligence agents and FNL rebels; rape, thefts and murders by criminal elements, especially ex-paramilitary armed gangs (Human Rights Watch, 2005; Ligue ITEKA, 2005).

Conclusion

A close examination of the procedures, actors and their positions during the Burundi peace negotiations reveals neo-liberal peace-making as a contested terrain, in which long-term cessation of hostilities may not be top of the agenda. Thus, the commitment of many of the actors to the ending of direct violence appears questionable. The victory of CNDD-FDD reinforces the notion that the political kingdom can be won through violence. On the part of the belligerents, fighting intensified during and especially after the peace agreement. The Buyoya government used violence against civilians and, with the help of international actors, attempted to control the negotiations until the outcome was beneficial to the Tutsis and to the President. CNDD-FDD, the stronger of the rebel movements, gained the upper hand by perpetrating warfare in order to attain an agreement that benefited it. FRODEBU was perceived to have made too many compromises and lost credibility.

Many parties signed the agreement out of political and economic opportunism nurtured by external actors. Power-sharing arrangements seemed to legitimize opportunistic behaviour. The immediate financial gains were from donor funds allocated to the various post-conflict reconstruction programmes. While peace negotiations may provide an ideal opportunity for tackling social injustice, in the case of Burundi, inequalities were interpreted as the problem of access by ethnic elites to state institutions, which could be resolved largely through power-sharing, despite the awareness of some participants of the endemic structural conditions that reproduce inequalities and violence.

Although it was right not to treat women as an essentialist category, the absence of a gendered understanding of the state and of the nature of violence has contributed to the proliferation of sexual violence even in areas considered peaceful and 'safe' (ONUB, 2006a; Ligue ITEKA, 2005). Moreover, the narrow reading of war as fighting between the state and rebel movements has meant that Hutu and Tutsi militias, criminal gangs and others who use the state of war to perpetuate violence have been able to continue to wreak havoc in many communities.

Finally, the regional initiative marked a significant and progressive step to the ending of genocidal violence and the abuse of human rights in Africa, yet it did not have the full backing of international forces for peace. From the perspective of the region, two lessons can be learnt from the Burundi peace negotiations. First, the potential exists for a major commitment by regional leaders to bring an end to protracted conflicts in Africa, especially those that are genocidal and can have regionally destabilising effects. Second, that with collective leadership, African leaders have the capacity to promote a new mode of politics, one that says no to coups and the overthrow of democratic regimes, and that this capacity can be mobilised and supported largely by African professionals. However, the asymmetrical power relations between western donors and NGOs and regional and local actors, and their multiple and often competing interests resulted in the Arusha Agreement reflecting not just the minimal conditions for peace, but one which institutionalises violence as part of the political discourse. Creating such spaces of peace requires a radical transformation of the state, much more than that envisioned in contemporary approaches to power-sharing and reconstruction programmes. It is not just sufficient to ensure that peace remains on the agenda of regional and international organisations, a perspective on peace must be articulated, one which is long-term in its outlook, opposed to all forms of violence, is inclusive and gives agency to a multiple-voiced political community.

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Endnotes

1. The Organization of African Unity (OAU) gave its approval with declarations at two summit meetings in November 1995 and March 1996. International support was given in UN Security Council Resolution 1049 (5 March 1996) and 1072 (30 August 1996).

2. See Republic of Burundi, Interim Strategic Framework for Accelerating Economic Growth and Reducing Poverty, November 2003, Burundi (Endnotes).

3. ICG, 2000b: 4, fn.10. See Draft Arusha Peace and Reconciliation Agreement for Burundi, 17 July 2000, Chapter 2, Article 2, Paras. 6 & 7.

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Review of African Political Economy No.112:353-370

Rebuilding the Future or Revisiting the Past? Post-apartheid Afrikaner Politics

Rebecca Davies

Orthodox analyses have presented a bleak future for the Afrikaner community in contemporary South Africa, subjugated under the stewardship of a state entirely dominated by an African National Congress (ANC) government that is broadly aligned against Afrikaner interests. This paper seeks to clarify the changes and tensions apparent within a very heterodox Afrikaner community, as well as the mutually empowering linkages between the globalised political economy and various domestic social forces, by presenting a political economy of post-apartheid Afrikaner identifications and diversity. What this focus does is to emphasise the global political economy and closely associated ideology of globalisation as a major catalyst for change in these identifications. It will highlight how Afrikaner identity politics are situated within broader hegemony-seeking processes, both globally and within South Africa. And it will demonstrate that contemporary struggles around Afrikaner identifications are responses to a global neo-liberal hegemonic project that also determines, in large measure, the political and economic agenda pursued by the ANC-led government in South Africa. This paper forms part of a larger project to provide a richer, more critical framework of analysis for understanding identity politics under conditions of increasing globalisation.

A profound dislocation is apparent in post-apartheid Afrikaner identifications. Despite the fact that Afrikaner nationalism has lost its centrality to South African politics, it remains an important political issue due to the economic and cultural significance of Afrikaans speakers. Nonetheless, the measure of contemporary group cohesion and the evolution of this identity, previously bound together by the strength and versatility of the social coalitions of Afrikanerdom, are largely overlooked in the scholarship (O'Meara, 1999:7; Marx, 2005:140). At the same time, it is widely acknowledged that certain Afrikaner constituencies, most notably an increasingly globalised middle class and capital elites, are flourishing in the new South Africa (*Financial Mail*, 7 April 2000; *The Economist*, 21 April 2005). Their success is borne out by the position of so-called Afrikaner capital, which now ranks second to declining English capital on the Johannesburg Stock Exchange (JSE).[1] Since the negotiated settlement of the 1990s the ANC government under both Presidents Mandela and Mbeki has not wavered from its commitment to dialogue with the many elements of this disparate community in graphic recognition of their significance (*Business Day*, 14 July 2005; *Mail & Guardian*, 16 April 2005).

With the onset of majority rule, many analyses painted a bleak future for Afrikanerdom subjugated beneath a state dominated by the ANC government and broadly aligned against Afrikaner interests; some scholars predicted the tendency of

ISSN 0305-6244 Print/1740-1720 Online/07/020353-18
DOI: 10.1080/03056240701449737

important groups and sectors to simply 'opt out' of the state (Giliomee & Simpkins, 1999:43), whilst a resurgence of rightwing militancy and the *Boeremag's* thwarted bombing campaign raised the spectre of a race war. None of these situations have materialised. The once sound link between an Afrikaner nationalist identity, regime and state which characterised the years of apartheid government, and that sustained a delicate balance of ethnic, racial and class forces, has been irretrievably broken. Notwithstanding the recent and marked increase in white poverty levels,[2] it is evident that this newly disempowered minority still commands a vast material and cultural capital accrued under the previous dispensation (Adam, Van Zyl Slabbert & Moodley, 1997:58). Whilst certain of these constituencies have been increasingly marginalised in the new order, others have become important players in the new South Africa and upon the world stage, embracing elements of the wider politico-economic order. It is suggested that a select number have been able actually to refigure the character of the government's hegemonic project itself due to their position within the leading historic bloc.

There is evidence to suggest that those groupings within the ruling party fold enjoy far greater influence than those outside it (Giliomee & Simkins, 1999:117). Indeed, from its beginnings as a resistance movement to its contemporary manifestation, the ANC government has relied upon a wide range of partners and constituencies to achieve three successive electoral victories. It is a trend that is likely only to strengthen with the assertion that the ANC government today is:

> *leaning towards construction of a procapitalist, interventionist state prepared to use its power, influence and divestment of assets to create a black bourgeoisie, expand the black middle class, and to generally produce a seismic transfer of wealth from white to black over a ten to twenty year period* (Southall, 2004:326).

Given the centuries-old white economic and political hegemony, the importance of these capital elites within the new order, as well as their connections and business ideology (Sklair & Robbins, 2002:84-5), cannot be overstated. Regular meetings with business leaders within fora including President Mbeki's Big Business Working Group attest to the enduring relationship between government and capital. In this atmosphere business has declared itself 'broadly satisfied' with the government's fiscal and monetary policies (*Mail & Guardian,* 31 March 2003). It is a position of considerable strength which has only intensified during Mbeki's presidency with its strong emphasis on the transformation of the economy (Gumede, 2005:56).

The paradigm shift in political-economic context within a post-apartheid South Africa – where the national political and economic landscape demonstrates compelling continuities with the old, and the present government is 'heavily conditioned' by the foundations of the negotiated transition (Michie & Padayachee, 1997:9) – received comparatively little attention until recently and remains the subject of considerable debate (Williams & Taylor, 2000; Terreblanche, 2002; Keolble, 2004). Moreover, the parameters of this new hegemonic order, exhaustively detailed with regard to ANC constituencies and tripartite alliance partners (Marais, 2001; Bond, 2005), remain comparatively unexplored vis-à-vis current manifestations of Afrikaner identity politics. In order to understand the simultaneous paradigm shift in the political-economic context of identifications among Afrikaans speakers in South Africa it is argued that it is necessary to understand both the subjective *and* objective experiences of the Afrikaner against the prevailing structure of power relations. For whilst a pervasive sense of 'being Afrikaner' exists, characteristically expressed in terms of cultural attributes and less frequently descent, the significance attached to this self-understanding varies considerably.

This paper therefore attempts to provide a new basis for understanding Afrikaner identity in a post-apartheid era. It argues that a wide array of factors inform these identifications, so that previous conceptions of identity politics based on reductionist frameworks inherent in both structuralist or agency-orientated approaches do not properly capture the multilevel dynamics of identity adjustment in an era of increasing globalisation. Instead, it assesses the analytical tools of global political economy and a neo-Gramscian or transnational historical materialism analysis as a means of breaking down the barriers between the global, national and local levels, as well as between the interconnected structural and subjective dimensions of the phenomenon. This approach forms part of a larger effort to provide a richer, more critical framework for understanding identity politics under conditions of globalisation.

A Political Economy of Post-apartheid Afrikaner Identity

Using this framework, the principal aim of this paper is to demonstrate that transformation within the globalised political economy has served to simultaneously constrict or empower different Afrikaner constituencies by analysing their responses to these wider structural changes on a national and sub-national level. It is contended that the global character of the current world order has had a major effect on the political economy of post-apartheid Afrikaner identifications as a globalised neo-liberal consensus has taken hold on the domestic front. In this paper, globalisation is considered as the ongoing transformation of power on a global scale which involves:

> *the relations – class, economic, social, gender, financial and political – that are generated by the impulses associated with the globe-wide diffusion of capital's power in our current epoch* (Taylor, 2005:1028).

Identity is both a structural and subjective condition determined by historical forces and the prevailing structure of power relations. That is, a balance must be struck between the agency (or subjectivity) of the phenomenon and the structural backdrop against which it is realised so that a proper comprehension of post-apartheid Afrikaner identity politics be realised within a historical and global context.

Despite increasing recognition of the importance of these structural factors, there has not been any substantive attempt to address the complexities of these identifications, and the methodology and history that link identity to context, in the scholarship (Ebata & Neufeld, 2000:47-71). These flaws have been worsened by mainstream (territorial or state-based) accounts of identity in a global era where diasporic pluralism, hybridity and transnational solidarities take precedence. Tooze argues that the imperative must be the identification and assessment of the social forces that 'orthodox analysis' does not recognise (Tooze, 1990:278). Yet these forces have been largely overlooked in past analyses which privilege 'the relationship of Afrikaner culture to the state and to state power' as the 'pivotal issues' in Afrikaner group politics (Munro, 1995:7). More recently, Giliomee has elaborated on the survival of the Afrikaners as a group without problematising the notion of survival (Marx, 2005:140). This same drift towards ahistoricism is apparent in earlier accounts of Afrikaner history in South African historiography where it is contended that Afrikaners' points of reference entered a virtuous circle, propagating ideas of community and a collective identity that were perpetuated by their very rise to power (Butler, 1998:37). Even when globalisation is raised today, it is viewed in the context of cultural homogenization (Nash, 2000:361), and without any thorough regard to a globalised political economy perspective that privileges a wide spectrum of social forces and historical context.

Historically much of the debate in both academic and nationalist circles regarding Afrikaner identity has been somewhat crudely articulated about two extremes accentuating either cultural resilience or a materialist realpolitik whereby social identities are realised as the products of human agency or choice (Adam & Giliomee, 1979; O'Meara, 1983). Important questions as to the depth and power of ethnic identifications – external categorisation and self-understanding, objective commonality and subjective groupness (Brubaker & Cooper, 2000:27) – the complex process by which class alignments subvert and even supersede ethnic ideologies, as well as the advent of 'new' ethnic groups and identifications or scarcity thereof, have all too frequently been missing from the scholarship. Instead, a more historicist account joins with both agency and structure and implies that transformation occurs within the 'limits of the possible':

> *are not fixed and immutable but exist within the dialectics of a given social structure (comprising the inter-subjective aspect of ideas, ideologies and theories, social institutions, and a prevailing socio-economic system and set of power relations)* (Gill, 1993:23).

Both the constructivist and primordialist perspectives, to varying degrees, fail to acknowledge the changing salience and significance of ethnic identifications within such a context. In this paper it is suggested that wider structural shifts should be related to changes in identification among Afrikaans speakers by analysing connections between social forces in South Africa and the globalised political economy. The Gramscian framework introduced below makes it possible to analyse the openings for particular Afrikaner constituencies in real historical conditions, and across a number of different levels of analysis, by addressing the level of hegemony (the nature of a post-apartheid consensus emerging from the connections between local and global structures of social forces) as an empirical question.

By developing a theoretically informed and historically specific treatment of power, the intent of this paper is to examine how contemporary manifestations of Afrikaner identity justify or challenge existing power relations. Although Afrikaans speakers exhibit a wide range of identifications many of these are not connected to an ethnic, language or even racial heritage. Nonetheless, with the demise of apartheid and the decline of Afrikaner nationalism, the issue of who or what comprises an Afrikaner is as relevant as it has ever been. One enduring legacy of apartheid has been the resonance of the race issue. The existence of non-white or 'brown Afrikaners' remains controversial and the three-fold definition of the term Afrikaner introduced below acknowledges the importance of race. The historical relationship between the coloured and white Afrikaans speaking communities has been beset by contradictions, ranging from inclusion to discrimination and racial classification, to partial political and economic integration. Today the position of the four million-strong Afrikaans speaking coloureds within any wider Afrikaner community remains one of considerable ambiguity (Cornelissen & Horstmeier, 2002:79), with contemporary tensions extending to land claims amongst other issues. Determining the depth and power of these identifications is possible only by acknowledging the dynamic and historical balance between structure and agency. The definitions of ethnicity and ethnic identity proposed here therefore build upon a broadly structuralist interpretation that is linked to an equal attention towards the role of purposeful subjects. Thus ethnicity is best viewed as a continuum, varying widely in terms of salience, intensity and meaning (Pieterse, 1997:366).

This paper contends that there are significant inconsistencies among Afrikaans speakers in South Africa today which are part of a distinct historical genesis and contemporary structural change. Whilst this paper focuses upon the development of post-apartheid identifications, distinctions can thus be drawn between the different but historically linked stages of Afrikaner nationalism, namely: group consciousness, the consciousness of being a *volk*, and national consciousness (Degenaar, 1983:40). Indeed, the term 'Afrikaners' for whites was first used early in the eighteenth century alongside other terminology; it was not until the mid-twentieth century that the term was set aside only for white Afrikaans speakers (Giliomee, 2003:xix). The uneven and fractured class, racial and ethnic awareness which characterises this grouping has fluctuated considerably since 1652, most coherent during the years of Nationalist government when an organisational axis of the state and the National Party offered this minority 'systematic access to the ear, agency and largesse of the state' (Munro, 1995:9). With the onset of the accumulation crisis during 1974 and the unprecedented success of the socio-economic transformation of the grouping (O'Meara, 1996:148), the very same tensions returned to afflict this conditional unity. The process of managed reform which followed exposed these divisions still further as it sought to 'rearrange the relationship between the state, race and class interests which lay at the core of Afrikaner nationalism' (Munro, 1995:12).

Despite the presence of a pervasive sense of 'Afrikanerness' or 'being Afrikaans' then, the meanings and significance attached to this subjective groupness or self-understanding are now so varied that it is moot whether an Afrikaner grouping exists in any formal sense. Given this diversity, and the historical controversy that surrounds the act of classification itself, employing one definition of the term Afrikaner is problematic. This paper introduces three different definitions so as to acknowledge the complexity of the experiences of Afrikaner identity.[3] In the first instance, the ascriptive category of Afrikaner will denote every one who has Afrikaans as their mother tongue. Secondly, an auxiliary ascriptive definition will comprise all whites that boast Afrikaans as their mother tongue. Finally, a more circumscribed experience of identity will be covered by a self-definition that describes an Afrikaner as someone who identifies himself/herself as belonging to a distinct group, defined in terms of (a) an identification with cultural homogeneity converging about the Afrikaans language, and (b) in terms of a self-consciousness of being a political minority in South Africa. Whilst the empirical section of this paper will focus narrowly on an Afrikaans speaking white elite, it is intended that this categorisation will allow a broadening of the term in order to inform a wider research agenda in the context of global restructuring.

It is clear then that the concept of identity needs to be carefully re-examined and framed within a new global context. Problematically, little agreement has been reached on the relationship between identity and globalisation. Traditional orthodoxies are being unevenly disrupted by a new politics so that Cerny alludes to the subnational, transnational and supranational cleavages, tribalism and other revived or *invented* identities that flourish in the wake of the uneven erosion of national idenities, national economies and national state policy capacity apparent in the contemporary global era (Cerny, 1997:256). Much of the literature is not fully cognisant of the paradox between 'homogenising global flows and continued cultural heterogeneity' (Meyer & Geschiere, 1999:7), which give expression to ethnic fundamentalisms as well as new diasporic or transnational identities. Yet closer examination demonstrates that 'locality has survived alongside globality' (Scholte, 1996:578). Robertson defines this concern with spatial and temporal issues as 'glocalisation' where globalisation represents the compression of the world as a whole, and involves the linking of localities, whilst alluding to the 'invention' of 'locality' as well as its imagination (Featherstone, Lash & Robertson, 1995:35). Thus Hall suggests that social identities now fluctuate along a spectrum between tradition and translation, whereby those which adapt are capable of substantive reconfiguration, revision and even renewal (Hall, Held & McGrew, 1992:310). Together these trends suggest a paradigm shift in the political-economic context of identity politics.

It is intended that the framework introduced below will advance a new research agenda to explore identity politics within a global context. Whilst contemporary globalisation does provide a fundamental reconfiguration of political space, 'globalisation is not really global' (Mittelman, 2000:227). It is necessary to examine the key structures within which this politics is practised as well as the politics of different agents therein. The nuances of these 'transformed social semantics' can be felt throughout every aspect of society, informing the (re)constitution and/or creation of identities (Featherstone, Lash & Robertson, 1995:2-3). Whilst this new global equation does provide openings and opportunities, these are fundamentally uneven so that the implications of such profound structural change for the economic, territorial and cultural resources that give meaning to a distinct identity politics should not be underplayed. Globalisation is considered here as one of the foremost explanations for the realignment and possible reconfiguration of Afrikaner identity.

Theorising Identity in a Global Era

The concept of power is clearly fundamental to an analysis of identity under conditions of globalisation. Recent scholarship has confirmed that a 'historical-structural' analysis of the transition (including the strength of the meta-discourse of neoliberal global capitalism) is a *sine qua non* of any understanding of post-apartheid South Africa. (Taylor & Vale, 2000:402). Although a global political economy analysis highlights only certain aspects of the transition, it is contended that it draws attention to a sphere that has been largely overlooked in the study of identity politics. And which is nowhere more apparent that vis-à-vis prominent Afrikaner constituencies such as capital elites and a cultural intelligentsia who have participated to very different extents in the neoliberal revolution, and in measures to protect their material position and manufacture a new cultural commentary. For it is this transformation that provides the backdrop to the structural shifts in South Africa that have impacted upon the rise and now reproduction (or reconfiguration) of Afrikaner identifications.

At the same time, the local or sub-national level of analysis must take equal precedence in representing the variety in the observable behaviour of Afrikaans speakers. These non-elite actors also respond to the same global and hegemonic forces which have shaped the transition, as their identifications are in turn shaped by local circumstances. The 'local orientation' of the 'new nationalist movement' has been remarked upon (Munro, 1995:2), and the concerns of this politics have indeed taken a more markedly provincial turn in recent years (*Mail & Guardian*, 16 April 2004). The so-called local logics of geographic location, generation and provincial politics assume an explanatory weight in accounting for this variety. More specifically, this analytical frame allows a focus on the manner in which certain Afrikaans speakers have disconnected entirely from any notion of a formal grouping, but remain connected to a pervasive if subjective understanding of 'Afrikanerness'. Indeed, each of these constituencies are grounded within the more sophisticated categorisation of Afrikaners raised above.

It is a central contention of this paper that an assessment of these structural factors and social forces is best represented within a Gramscian analysis. The strength of the dynamic historical analytic framework that Antonio Gramsci promotes lies in its richer formulation of these phenomena, and their deeper connection to particular historical junctures (Morton, 2003:136). It operates on different (local, national, regional and global) levels of analysis simultaneously, assigning each equal analytical weight. It offers a non-reductionist and non-essentialist means of examining the negotiated and contextual properties of social identities. His reading goes far beyond a simple economism to include political and ideological components within an autonomous political dynamic. With the introduction of the crucial concept of hegemony he in effect loosens the notion of power – hegemony represents one form of power – from a tie to historically specific social classes and, in one fell swoop, gives it a broad applicability to *all* relations of domination and subordination (Cox, 1983:164). His dialectic comprehension of history offers a simultaneous attention to both structures and agents so that identity is exposed as a structural and contested condition, punctuated by systemic transactions and moulded by agents. Moreover, Gramsci's analysis of hegemony

> *necessarily draws our attention to regional, religious, ethnic and national – as well as class – lines of cleavage and connection [which] are the subject of a common analytic frame* (Wilmsen & McAllister, 1996:83).

Overall, certain of these concepts and this new 'sociology of power' are exceptionally relevant to an understanding of how consent – measured in all the cultural, ideological, political and economic spheres of the prevailing global hegemonic project – is currently being reproduced in post-apartheid South Africa, and thus how wider structures of power impact upon the transformation of social identities.

Despite the 'continued vitality' of Gramsci's legacy in international relations and political theory (Bielder & Morton, 2005:383-4), there is a substantial lacuna within the neo-Gramscian perspectives which have emerged in global political economy in regard to culture and identity politics. Yet, a Gramscian approach is a novel starting point for a rethinking of some of the most fundamental and potentially divisive issues in the recent scholarship concerned with these identifications. To begin, it supports an awareness of power relations that is necessary in the study of ethnicities and related social phenomena. Further, it concentrates on both the global nature of these phenomena and their local variances and influences by placing them within a global context that is sensitive to historicity and path-dependence. As Hall reasons, the point is not to apply Gramscian theory 'literally or mechanically but to use his insights to unravel the changing complexities [that] historical transformation has brought about' (Morley & Chen, 1996:429-30). This paper attempts to answer how consensus has been empowered both by linkages with a variety of domestic partners, and connections with the transnational hegemonic order. The most basic argument is that connecting the domestic and global hegemonic orders explains the structural shifts underway in South African society, and thereafter the changing composition of identifications among Afrikaans speakers in South Africa today. Moreover, this process of adjustment is framed within the more complex three-fold categorisation of Afrikaners introduced earlier.

At the centre of this configuration rests the Gramscian concept of historic bloc. It prescribes a complex conception of how different social forces can be joined so as to create a set of alliances and promote common interests or a new historic order (Rupert, in Gill, 1993:81). To succeed, the bloc must devise a worldview that appeals to different communities and to reasonably claim that the interests of the bloc emulate those of the wider society it professes to represent. Thus, in post-apartheid South Africa it is argued that the formation of a historic bloc is underway that, whilst preferring the interests of capital, also favours other constituencies including the middle classes, the African petite bourgeoisie and, to a lesser degree, the organised working classes (Marais, 2001:230-1). In recent years, growing disillusionment in the tripartite alliance over imbalances in the partnership with the private sector has led to a 'GEAR shift' whereby:

> *The principles of macroeconomic stability remain. But because such stability has essentially been attained, there is more space for massive social and economic interventions by the government. In that sense, we are in a post-stabilisation phase, a post-GEAR period* (Netshitenzhe, in Gumede, 2005:116).

Nonetheless, a precarious but workable equilibrium remains whereby these divergent interests are joined within a broad development strategy, and are broadly aligned with a transnational historic bloc of social forces fashioned by the ideological dominance of neoliberalism.

Only by acknowledging both the ideological composition of the ANC's hegemonic project then, as well as the dynamics whereby a consensus is manufactured around this ideology, can the nature of Afrikaner identifications be properly demonstrated. Likewise, only by linking this notion to a transnational historic bloc that demarcates a particular, neoliberal developmental paradigm can any analysis of the nature of relations between the government and various Afrikaans speaking constituencies be attempted (Gill, 1995:402). The comprehensive social revolution initially prescribed by the ANC liberation movement and later government has irretrievably faltered. Indeed, the task of building a new order distinguishable from and inimical to the former dispensation has been uneven. It has been suggested that contemporary globalisation discourse has projected certain elements of 'common sense' onto the transformation process and transition in post-apartheid South Africa (Taylor & Vale, 2000:399). The so-called 'ideology' of globalisation is constituted within a neo-liberal historic bloc where the ideological, institutional and material elements of neo-liberalism have attained hegemonic status among a transnational elite, among which a number of ANC and other domestic elites number themselves. For the time being neoliberal economic ideas remain hegemonic ideologically and in terms of policy (Cox, 1999:12), despite widely mooted changes to industrial policy (*Business Day*, 10 November 2005), and a review of black economic empowerment and protective labour legislation (*The Sunday Times*, 27 November 2005).

The 'new' South Africa is not so much the feted break with the past as the outcome of a sequence of compromises and consensus building. Instead, Marais contends that this transition should:

> *be understood less as a miraculous historical rupture than as the (as yet inconclusive) outcome of a convergence of far-reaching attempts to resolve an ensemble of political, ideological and economic contradictions that had accumulated steadily since the 1970s* (Marais, 2001:2).

In the economic sphere in particular, little is distinguishable from the later years of the former dispensation. It would appear then that the antecedents of Afrikaner nationalism and its communal ethos have changed as the liberalisation of the domestic economy has kept pace with global developments. Thus, the 1970s saw the beginnings of change as, for Afrikaner capital elites, the 'virtues of economic growth and participation in the international economy began to conflict with the virtues of nationalist identity' (Munro, 1995:11). The upshot of this 'broad coincidence of business and government over economic policy' was that, with the National Party employing neo-liberal economic policies by the late 1980s, the government and 'its allies in capital worked hard to circumscribe efforts by the ANC to forge a different economic path,' embarking on the transition with 'considerable confidence' (Taylor & Vale, 2000:406). Indeed, today, despite striking ambiguities at the heart of government thinking on globalisation and macro-economic policies, there is likewise a dominant 'ideological posture' amid the inner sanctum of ANC government which is reflected among Afrikaans speaking capital elites. Bond argues that the ideological variant that has won out, at least for the time being, is a 'techno-economic' perspective on globalisation which stresses that there is no alternative to capitalism in the present global context (Bond, 2001:85). The government's stance on this issue, echoing the neoliberal line on market liberalisation and deregulation even whilst pushing a redistributive agenda, has seen macro-economic policy making become ever more circumscribed within the narrow confines of ministerial and business circles.

Nowhere has this been more evident than the paradigm shift between the Keynesian focus of the Reconstruction and Development Programme (RDP) of 1994, and the market-orientated and Growth, Employment and Redistribution (GEAR) strategy which was adopted in 1996. This radical change of direction was borne of the clout of both domestic – including Afrikaans capital elites – and international capital, forces within the ANC's leadership, and the global balance of social forces as opposed to the concerns of its tripartite alliance partners (Koelble, 2004:59). Indeed, Mbeki and his allies promoted GEAR with persistent assertions that South Africa 'had no choice but to play by the rules of the globalised economy' (Gumede, 2005:91). While it is widely acknowledged that an 'elite compromise' permeated the entire settlement resulting in significant shifts in the ANC's economic policy during the pre- and post-1994 election period (Habib, Pillay & Desai, 1998:105), this spirit of compromise has only strengthened during Mbeki's presidency. Over time he has consolidated considerable power in the presidency where his 'technocratic style of policy-making' and reforms have tended to come from above:

> *Mbeki is not one for the big hall meeting. He excels at formulating policy in small, bilateral groups, and resolves conflict by talking to the parties concerned individually and securing separate agreements. Official policy is increasingly the product of bilateral meetings* (Gumede, 2005:64).

Indeed, the lack of deliberation outside of these narrow circles which characterised the presentation of GEAR, has continued with the government still motivated by the belief that it must send 'strong signals to the international financial community about its determination to pursue a 'responsible' fiscal stance' (Andreasson, 2003:391).

It is now more than a decade since the ANC government assumed power. As the political axis of the settlement, it remains sandwiched between several conflicting prerogatives; indulging capital forces has done little to placate its marginalised constituencies, whilst the Africanist turn of nation-building initiatives has not assuaged minority group demands. Indeed, the historical development of the ANC and its hegemonic project has ensured that existent ideological discrepancies on the level of ideas and material forces have become ever more pronounced with the advent of government and the demands of transformation. Today there are many signs of genuine cracks in this settlement as crises at the local level in particular (*Mail & Guardian*, 27 October 2005), and most recently with regard to corruption within leadership circles, have accumulated. Recent years have proven that there are substantial qualifications to the loyalty of the hegemon's junior if more progressive alliance partners, the South African Communist Party (SACP) and Congress of South African Trade Unions (COSATU) (*Business Day*, 1 October 2004). It is beyond the reach of this paper to elaborate further on these rifts although it is certain that the tripartite alliance is troubled and the divisions worsening (Bond, 2004:600-2). Despite the unambiguous nature of the neoliberal domestic project, it clear that international and domestic capital elites retain concerns about the government's ambitions for socioeconomic transformation, most prominently Black Economic Empowerment (BEE) legislation. And that these are concerns that the government takes seriously (*Mail & Guardian*, 12 August 2005).

Hegemony then supplies a methodology for the study of change. As a consequence, it is possible to monitor the openings for groups in real historical conditions – the possibilities for action, innovation and manoeuvre – with the level of hegemony to be addressed as an empirical question. These spaces are constituted not only by ideas but also material and institutional factors, stretching across the sub-national, national, regional and global spectrums to provide opportunities for a reconfiguration of Afrikaner identity. It has become apparent that only certain Afrikaans speaking constituencies have taken advantage of these openings. Because of this it is suggested what is emerging is a plurality of subjective meanings of 'Afrikanerness' which are derived from structural conditions, and which intersect with a number of other identities such as class, age, gender and race. For the remainder of this paper, the dynamics of identity adjustment will be examined more closely with reference to material forces. Empirical evidence will be presented to demonstrate the manner in which an increasingly globalised middle class and capital elites – ascriptively defined whites who have Afrikaans as their mother tongue – have bolstered their position by endorsing the neo-liberal economic policies of the ANC government whilst recognising the inescapable agenda of social transformation, as well as its opportunities. The focus of this discussion will then allow for the implications of this consensus for the characteristics of Afrikaner identity politics in a globalised context to be discerned for further analysis.

The Shape of Consenus in the New South Africa

With the end of minority rule, the bases of Afrikaner identity politics were judged to be fragile at best (Munro, 1995:26). Since then empirical observation appears to suggest a simultaneous decline and acceleration in ethnic affiliations; the range of identification among Afrikaans speakers is considerable. A large section of the coloured community, black Afrikaans speakers and *verloopte* (walked away) Afrikaners remain firmly outside of or even reject any formal grouping. Much of the dialogue during this period has concerned the possibility and desirability of divorcing an Afrikaner identity from Afrikaner nationalism. Thus, Nash can claim that the 'new politics of Afrikaans' is concerned with defending Afrikaans language and culture without regard to 'ethnic background' (Nash, 2000:340), whilst *Die Burger's*[4] former editor Arrie Roussouw announced that the newspaper would no longer refer to Afrikaans speakers as 'Afrikaners' but more inclusively as 'Afrikaanses' (*Mail & Guardian*, 28 June 2005).

At the same time, however, a resurgence of group-based politics has placed the legitimacy of minority cultural rights – the so-called 'national question' – at the top of the agenda (ANC National General Council, 29 June to 3 July 2005). A very small number of Afrikaners are encamped in the Northern Cape demanding a territorial homeland, many are no longer choosing to associate on a traditional group basis, whilst others go abroad either on a temporary or permanent basis in search of better prospects (Du Toit, 1998; van Rooyen, 2000). Others have gone the route of attempting to protect the minority rights of Afrikaners, working within the ambit of the 1996 Constitution, various United Nations conventions and a globalised liberalism.[5] In that sense, the electoral collapse and dissolution of the New National Party, historically the political home of Afrikanerdom, during April 2004 was largely symbolic given that its traditional support base had long since ebbed away. It is suggested that the coherence and direction of these movements has been influenced both by the success of key Afrikaans constituencies within the ANC's hegemonic project and on the global stage, as well as significant tensions at the provincial level.

More philosophical and intellectual disputes concerned with perceptions of marginalisation, entitlement and belonging, together with pragmatic quarrels regarding institutional and symbolic power have become most prominent at the local level among a sizeable non-elite grouping since 1990. A concentration upon the status of the Afrikaans language and associated contention of cultural space has bestowed an 'agenda' beset by contradictions. On the one hand, an influential number among the intelligentsia are wholly committed to a narrow, linguistic and local focus that retains some ethnic undertones in spite of protestations to the contrary. At the same time, this is countered by another, patently more progressive framework. What it is impossible to ignore is that both share an uncritical understanding of the current milieu. Neither grouping properly acknowledges the highly salient fact that any Afrikaner community today represents a minority that still retains a sizeable material *and* cultural inheritance, an aspect of apartheid's historical legacy that has been reinforced by contemporary global restructuring. To all intents and purposes then, contemporary Afrikanerdom is experiencing a period of unprecedented change within its rank and file.

At this historical juncture, the grouping rests between the complexities of a wider global order that interpenetrates conditions in South Africa, and the character of a popular and class-based ANC hegemonic project that permeates the domestic sphere. Using a Gramsican framework, this section will briefly evaluate how changes in the extent and pattern of liberalisation in the national arena have shaped the character of identifications among certain Afrikaner constituencies. These changes relate to a deeper, structural understanding of how consensus in all the symbolic, institutional and material bases of the ANC's hegemonic project is being manufactured. The ambiguities of various government policies will be placed alongside an exploration of the changing mobility of these different constituencies that has enabled them to take advantage of, engage with or separate from aspects of both the ANC's class-based hegemonic project and the interconnected ideology of globalisation.

The development of the Afrikaner identity project demonstrates that there is a distinct, historical union between the structure of capitalism and the Afrikaner community. Previously various capital factions comprised a crucial group within pax Afrikaner (O'Meara, 1983). Today the position of these same elites must be reanalysed in light of both the dominance of a globalised neo-liberal hegemonic consensus and a new globalised division of labour and power (GDLP). This contemporary restructuring of global capitalism, production and social relations means a core workforce of highly skilled people able to take advantage of opportunities afforded by the global economy rest at the top of this new hierarchy (Cox, 1999:9). It is contended that in contemporary South Africa the inequalities of this new globalism have exacerbated those of the apartheid era,[6] so that many Afrikaans speakers are among the best positioned to take advantage of the new GDLP. Despite policies aimed at transformation, contemporary South African society remains in large part distinguished by these 'inequalities of apartheid' which significantly include those relating to the distribution of economic power, of property and land, economic, entrepreneurial and educational opportunities and experience, and the share of income and per capital income of the different population groups (Terreblanche, 2002:391-2). Indeed, the impact of this apartheid legacy is such that there remains a strong correlation between being postmodern and being part of the country's highly skilled, most white or Indian (professional, managerial, information and financial) postfordist sector (Tanno & Gonzalez, 1998:153). With the loss of political control, it has become evident that many Afrikaans speakers are 'now concentrating their efforts on business' most especially within sectors of the new economy including information technology and electronics (*Financial Mail*, 7 April 2000). Elsewhere the presence of Afrikaners on the JSE is most evident in the IT sector: 42 per cent of listed companies were headed by Afrikaans speakers in 1999 (*The Sunday Times*, 13 June 1999). Indeed, as the government begins a review of black economic empowerment and protective labour legislation in an attempt to implement its accelerated growth plan, the position of these skilled workers at home and abroad has been strengthened (*The Sunday Times*, 27 November 2005).

What is not so obvious, given the elevation in capital circles of a hegemonical common sense understanding of the role South Africa is to play in the new global order, is how cohesive Afrikaner capital has been in positioning itself to take advantage of these material openings. This consensus has certainly afforded capital elites a voice and genuine leverage in economic policies and practices. There is widespread recognition within elite circles, including many from within the business community of which an 'increasingly internationalised Afrikaner elite' is indelibly a part, that the ANC's agenda of social transformation has been curtailed by the financial markets (Nel, 1999:23). White capital has not proven to be as vulnerable as was initially suggested, and many of these elites have understood the need to make 'fundamental adaptations' in order to continue to operate successfully under majority rule (Randall, 1996:675). However, very recent if tentative moves towards an industrial policy driven by an interventionist, developmental state would provide a new set of challenges for capital (*Business Day*, 10 November 2005), which has shown itself to be increasingly comfortable with investing overseas, in Britain, the rest of Europe, the United States and also in Africa.[7]

Thus far the terms of this engagement have been conducted largely within the parameters of the neo-liberal economic consensus. Mbeki was quick to commit his government to substantial and ongoing dialogue with the business sector of the Afrikaner community (*The Sunday Times*, 30 May 2004), which has been touted as nothing less than the 'reconsolidation of the Afrikaner establishment' (Nash, 2000:342). There is little evidence of any attempts by Afrikaner capital to reintroduce any remotely dirigiste direction or innovative, counter-hegemonic strategies that might in any way tamper with or transcend this consensus. In fact, the evidence points quite to the contrary. The Executive Director of the Afrikaanse Handelsinstituut (AHI), Jacob de Villiers, the only one of six chambers of commerce in South Africa directly associated with 'Afrikaner' capital, has emphasised that despite areas of difference, in general he believes that:

> *The support of the Afrikaner capital elites for the government's macro-economic policies is widespread and runs deep. There is a genuine appreciation and enthusiasm for the economic cluster's approach to adhere to strengthening the market drivenness of South Africa. Yet, when government spokespersons do not understand the impact of short sightedness, regarding for example redistribution, the impact of costs/levies on profitability or the brittleness of confidence in the economy, it blunts open support and creates cynicism. Any interventionist action of government, which harms the free market, is suspect and creates doubts. However, we are here for the duration, so we can agree to disagree on some issues. The joint intention is to promote growth and development and our acceptance of each other's integrity, bring us together again and again* (interview with Jacob de Villiers, 21 August 2002).

De Villiers contends that the AHI's approach to the government is one of 'constructive engagement' which is very much 'valued' by his counterparts in government. Indeed, in keeping with the hegemonical common sense understanding of the relations between government and capital, the AHI has devoted its energies towards the goal of allowing 'the economy the scope to build its competitive ability and to maintain the confidence of investors,' at the same time as securing the best environment for members to participate constructively in the economy.

With a strong reliance on capital investment to drive economic growth, the terms of this tacit bargain show no signs of abating despite the government's publicly expressed belief that there has been no 'quid pro quo' from business in the form of increased investment and job creation (*The Sunday Independent*, 19 September 2004). Whilst capital has been quick to counter any government proposals that might restrict profit margins or political influence, it has been careful to hedge its bets. Indeed, legislative initiatives serve as a useful example of the continuing efforts of Afrikaans speaking and white capital elites to cement their historically advantageous position. Black economic empowerment remains the principal policy for the sustained transformation of the domestic economy, vesting the African capitalist class with a key role in the 'uneven deracialisation of inequality' (Marais, 2001:173). Levels of compliance have been influenced by the shift from a largely voluntary process between big business and black entrepreneurs to a more 'interventionist posture' following the Black Economic Empowerment Commission (BEEC) Report of April 2001 (Southall, 2004:323). At present, however, it would seem that capital elites are discussing more 'the details of implementation' as opposed to 'expressing total opposition' to the strategy itself (*Business Day*, 1 April 2005).

Historically the record has been mixed. Early empowerment initiatives focused on co-opting black investors, effectively as investment trusts, using special purpose vehicles, a strategy which ran foul of a troubled domestic and global economic climate (Southall, 2004:319-320). Until early 2001 then, the government took a more restrained role, apparently content with the enrichment of a small number of individuals and demonstrating very real ambiguity at disturbing the terms of the hegemonic consensus. In the aftermath of the BEEC Report, however, a more assertive version of empowerment has begun to take shape. Building on the report's recommendations, a new strategy founded upon a broad-based approach to the empowerment project taking in a growth accord between business, government and labour, as well as targets for the public and private sectors under the auspices of the Broad-Based Black Empowerment Act (53 of 2003). The onus has been placed squarely on all sectors of the economy in this regard, including the key mining and financial services sectors. Whilst different empowerment codes are still being drafted, a number of transnationals and larger corporates, including Old Mutual, Absa and most recently De Beers, have announced empowerment deals.

To date, it has been suggested that progress has been 'uneven and difficult to quantify' (Southall, 2004:318). Empowerment initiatives have done little to change the market capitalisation share of black-controlled companies on the JSE which totalled only 3 per cent as of December 2003 (BusinessMap Foundation, 2004:56), whilst 98 per cent of executive director positions of JSE-listed companies in 2002 remained in white hands (Southall, 2004:318). At the same time, a very public spat between Mbeki and Archbishop Desmond Tutu over criticisms that empowerment appeared to benefit only a small 'recycled' elite surfaced in 2004. For the most part, however, reaction from business itself has been muted with both capital elites and government in agreement that integrating 'historically disadvantaged people in the mainstream economy is essential for the sustainability of both our democratic system and a market economy' (BusinessMap Foundation, 2004:iii). Prior to the legislative changes, reaction was limited to those of economic expediency, as well as sustained pressure against the redistributive ethos of legislation including the controversial Mineral Development Bill. This was despite the fact that the majority were agreed that black ownership should be encouraged and state licensing had become inevitable (*Business Day*, 11 June 2001; *The Economist*, 22-28 June 2002).

Just how far the terms of this consensus vis-à-vis the government's economic transformation policy will alter is unclear, more so because of new speculation about a revised industrial policy driven by an interventionist, developmental state. More visible and global corporations have taken the initiative in empowerment deals (*The Guardian*, 8 November 2005), at the same time as mining companies are expanding overseas operations with the likelihood of disinvestment in South Africa over the longer term (African Labour Research Network, 2005). It has been contended that 'white capital is beginning to wake up to black empowerment as a political and economic imperative' (Southall, 2004:327). Mbeki recently praised the empowerment initiatives pursued by Old Mutual and Anglo American, although ANC spokesman Smuts Ngonyama maintained that there are concerns about the 'division between the political and business leadership' which is undermining the 'capability of the developmental state' in South Africa (*Business Day*, 15 September 2005). By publicly supporting these policies, white capital has enhanced its position and continues to exert considerable leverage within government circles and the boundaries of a globalised neo-liberal consensus. It remains to be seen what shape corporate innovations and a growing strategic awareness will take but all the indications are that global and domestic capital will continue to adapt to a transformed playing field.

Concluding Thoughts

The focus of this paper has been to emphasise the ideology of globalisation and the global political economy as major catalysts for change in identity politics. It is too early to identify fully the extent of the transformation that is occurring among Afrikaans speakers as a result of this consensus. What is clear is that a metamorphosis of sorts is underway. The reconfiguration of power associated with contemporary globalisation has driven particular political, social, cultural, ecological and gender outcomes (Taylor, 2005:1026). This brief focus on the emergence of an increasingly globalised middle class, as well as the participation of capital elites in the prevailing hegemonic consenus has demonstrated that ethnic and other affiliations which previously assumed great significance are being eroded as other, different affiliations such as class are growing in importance. Whether this is a continuation of the conflict within Afrikanerdom as a whole on the merits of economic growth begun in the 1970s remains to be seen. But it does suggest that the complexity of the contemporary politics of Afrikaner identity is not properly understood without the more sophisticated categorisation and framework introduced in this paper. Regarded in this way, post-apartheid Afrikaner identifications reveal a loosely bound grouping apparently in the process of both retrenching and rebuilding under the aegis of a new regime ambivalent towards the fortune of this population as a whole, and within an increasingly hospitable global context in which important Afrikaans speaking constituencies are now functioning.

Whether or not the acceptance of this neoliberal consensus in the domestic realm has defeated the ethnic slant of the social coalitions that previously sustained Afrikaner solidarity, or rather signifies a new round of identity politics, requires further study. In this setting an evaluation of the divisions *and* connections within this broad grouping is clearly long overdue and empirical work to follow will focus on the emergence and nature of a 'new' cultural politics involved in the defence of the Afrikaans language and culture, as well as localised and diasporic versions of identity. It is possible that a postmodern Afrikaans identity might yet emerge. That is, an identity that can forgo its hegemonic content, align its resources to appropriate subnational, national and supranational levels, and forge alliances in the common pursuit of economic, cultural and social interests (McCall, 1999:204). Some form of counter-hegemony would need to be assembled in order to overcome the 'sub-imperialist' ideological and material consensus compiled by the ANC government, its hegemonic allies and connected global social forces. But contesting any hegemonic form of politics would require the participation of key Afrikaans speaking elites who presently form a critical part of this politics. There can be no suggestion of any renegotiated pax Afrikaner, but the wideness of the spectrum suggested by that same label now encompasses the rudiments of more alternative localised and globalised, diasporic visions as well. The challenge then would be to build a degree of rapprochment not merely between these diverse Afrikaans speaking constituencies, but also with the majority of South Africans.

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Endnotes

1. Afrikaner control of the JSE has risen from 1% in 1959, 25% in 1991, 32% in 1999 to 28% during 2002. This progression has been most marked given the decline of English and black capital, and the dramatic rise in foreign ownership of the JSE. This trend in Afrikaner control of the market capitalisation is expected to continue: Personal communication to the author from Robin McGregor (*Who Owns Whom*) 29 September 2005.

2. 'Strangers in a new land', *Mail and Guardian,* 8 July 2004. The Helen Suzman Foundation estimate that today 430,000 whites, of a total white population of 4.5 million are 'too poor to live in traditional white areas' and 90,000 are in a 'survival struggle'. Of these, 305,000 are Afrikaans speaking whites and 215 000 are English speaking. Since 1998 these figures have increased year-on-year by 15%. According to the South African Institute of Race Relations, white employment increased by 74.4% using the expanded definition between 1998 and 2002, compared with the national average over the same period of 39.8%. However, the growth of white unemployment is off a much lower population base than black unemployment and estimates of poverty headcount and poverty headcount ratio by race (1970-2000) demonstrate that whilst 1.4% of whites were living in poverty (poverty line at R3,000 per capita per annum) during 2000, this was comparable to estimates of 44.4%-47.4% of the black population: S. van der Berg & M. Louw (2003:20). Research at the Universities of Leuven and Free State has underlined the importance of looking more closely at the phenomenon of white poverty in contemporary South Africa: G.Visser (2003), 'Unvoiced and invisible: on the transparency of white South Africans in post-apartheid geographical discourse', Acta Academica, Vol. 1.

3. The author would like to thank Philip Nel for his comments on this definitional issue.

4. *Die Burger* is Cape Town's Afrikaans language daily newspaper.

5. This assorted faction includes organisations such as the Freedom Front, *Broederbond*, *Stigting vir Afrikaans*, *Afrikaanse Taal-en Kultuurvereninging*, *Pro-Afrikaanse Aksiegroep*, and the Group of 63, all wary of so-called 'Afrikaner alienation' under the ANC government to varying degrees.

6. After two decades of Afrikaner upliftment under the auspices of the National Party government, the 'poor white problem' had been more or less solved. While the Afrikaners' per capita-income was less than 50% of the income of English-speakers in 1948, it has risen to 75% of the now higher income of English speakers: S. Terreblanche (2002), 'The compatibility of inequality and democracy: The necessity and merit of nationalisation and redistribution', *The Investment Analysts Journal*, Vol. 33, No. 11.

7. Total investment overseas amounted to R652, 53bn at the end of December 2002 according to the South African Reserve Bank, almost double the figure of R333, 17bn at the end of 1998. At the end of 2002, South Africa held most of its foreign assets in Britain, amounting to R223, 99bn or 34.3% of the total, followed by assets in the rest of Europe at R203, 84bn or 31.2%. The US was next in line with R124, 56bn or 19.1% of the total. About 4.6% or R30, 01bn was invested in Africa, comprising a 300% increase during 1997-2001.

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Review of African Political Economy No.111:371-379

Briefings

How Successful is the Rwandan PRSP? Growth, Poverty & Inequality

An Ansoms

This Briefing looks at the achievements of the first Rwanda Poverty Reduction Strategy Paper (PRSP). It examines the recent evolutions of growth, poverty and inequality to assess the extent to which the PRSP has been truly pro-poor. It further explores the lessons to be learned for new poverty-reducing policies, such as the Economic Development and Poverty Reduction Strategy (EDPRS - PRSP2).

Cet article analyse les réalisations du premier Document Stratégique de Réduction de la Pauvreté (DSRP) du Rwanda. Il examine les évolutions récentes au niveau de la croissance, la pauvreté, et l'inégalité pour évaluer à quel degré les politiques du DSRP ont effectivement eu un effet 'pro-pauvre'. Ensuite, il argumente quelles leçons l'on devrait tirer pour des nouvelles politiques de réduction de la pauvreté, comme la Stratégie de Développement Economique et de Réduction de la Pauvreté (DSRP2).

In 2000, the member states of the United Nations committed themselves to the realisation of the 'millennium development goals', placing the fight against poverty as the priority for both donors and recipient countries. At the same time, the International Financial Institutions (IFIs) launched the Poverty Reduction Strategy Paper, presented as a country-led and comprehensive strategic plan to fight poverty. With about fifty countries at the implementation phase of the PRSP, this programme became the basic framework for development strategies.

Rwanda entered the PRSP process in 2000, first with the elaboration of an interim PRSP, then transformed into a final PRSP-1 document that was endorsed by the IFIs in 2002. The PRSP policy built upon the government's 'Vision 2020' (2000), and was implemented from 2002 until 2005. The joint staff assessments of the IMF largely praised the Rwandan policy document as well as the PRS progress reports describing the policy's implementation process (IMF, 2004a; 2005a; 2006a). In early 2006, the Rwandan government started to elaborate a follow-up PRSP policy, which will become the Economic Development and Poverty Reduction Strategy' (EDPRS/PRSP-2). This document is to be finalised in 2007 and implemented in the five years to follow.

At the end of the implementation period of the first PRSP, the Rwandan experience allows us to propose preliminary conclusions regarding the results of this strategy. To what extent has Rwanda met the three main challenges it faced over the previous years, 2001-2006 (Ansoms, 2005).

1) Has economic growth been sustainable and self-reliant?

2) Has growth led to substantial and sustainable poverty reduction?

3) Has the country been able to escape the vicious circle of increasing in equality?

ISSN 0305-6244 Print/1740-1720 Online/07/020371-29
DOI: 10.1080/03056240701449752

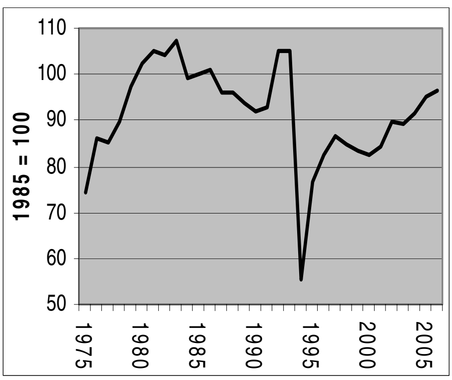
This Briefing uses recent data (end 2006) to analyse the progress made in all three areas. Based on this, it then assesses the extent to which PRSP policies really were pro-poor. Finally, the briefing looks into the lessons to be learned for new poverty-reducing policies, such as the Economic Development and Poverty Reduction Strategy (EDPRS/PRSP2).

Has Growth Been Sustainable & Self-reliant?

In keeping with the general trend, Rwanda's PRSP identified economic growth as the essential condition for poverty reduction. Growth projections aimed for in the PRSP policy were ambitious: ideal percentages of around 4 to 5% per capita growth were set as a target over the next 15 to 20 years. They imply a 7 to 8% overall real growth (GoR, 2000), and have been slightly lowered towards growth projections between 6 and 7% for the PRSP-1 implementation period 2002-2005 (GoR, 2002). Also in subsequent PRS progress reports and IMF statistical documents, growth projections were typically set at around 6%.

Such ambitions seemed realistic given the positive image of Rwanda's post-war economic recovery. After an initial post-war boom, average annual growth between 1996 and 2001 remained high at 8.56%. However, this average reflects exceptional growth figures in the first years, moderated a few years later. Looking at the larger picture, it took until 2000 to reach GDP per head levels comparable with the pre-genocide period, and the economy has still not reached its performance of the early 1980s. Moreover, Rwanda has benefited from substantial aid funds, largely exceeding the sub-Saharan average. It seems likely that the aid-factor and resulting capital inflows partly explain Rwanda's economic recovery (Ansoms, 2005).

Graph 1: Evolution of GDP Per Capita



Source: World Bank, 2006.

The major issue is whether growth has been self-reliant and sustainable over the last six years – the PRSP policy implementation phase. With respect to self-reliance, Rwanda is still extremely dependent on aid money: in 2004, aid funds represented $53 per head, almost 50% more than the sub-Saharan average (World Bank, 2006). To answer the second question, growth has indeed been sustained, but clearly failed to comply with projections of around 6%. Average annual growth between 2001 and 2006 amounts to 4.6%, which represents 2.7% in per capita terms (IMF, 2005b, 2006b).

For several years, economic performance fell far below the target (2002-03, 2005-06) (see Graph 2). This trend indicates that the first PRSP has not been able to achieve high and stable growth. Rwanda's economy is still extremely vulnerable to its structural limitations, being confronted with a combination of overpopulation, resource scarcity and a limited potential for economic diversification away from subsistence agriculture. For the coming years, overall growth targets are lowered from the initial 6% to the IMF projections between 4 and 4.5%. This would temper per capita growth to a quite modest 2.1 to 2.6%,[1] far below the 4 to 5% per capita growth portrayed as ideal in the first PRSP document.

Has Growth Led to Poverty Reduction?

A second main issue is to determine how growth has been translated into poverty reduction. This can be roughly done by comparing the Rwandan growth elasticity of poverty with cross-country averages. The average growth elasticity of poverty is estimated to be within the interval -2 and -3. This means that a positive economic growth rate of 1% leads to a 2% to 3% decrease of poverty, measured as the percentage of poor living below the poverty line of $1 PPP per head (Ravallion & Chen, 1997; World Bank, 2000; Ravallion, 2001; Adams, 2004).

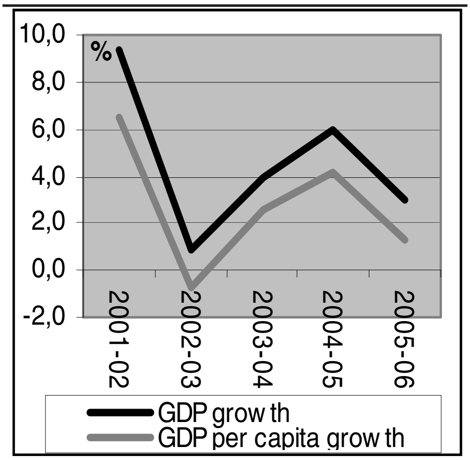
In comparison with those cross-country averages, the growth elasticity of poverty for Rwanda's post-conflict period was -0.37 during 1994-2000, indicating that each percentage of economic growth only led to a 0.37% decrease in poverty incidence (Ansoms, 2005). These calculations were based on a poverty line of $1 PPP per head per day. For Rwanda, however, to compare poverty incidence for 2001 and 2006, we use a different poverty line,[2] equivalent to 175 Franc Rwandais (Frw) per adult equivalent per day for 2001 prices, and 250 Frw per adult equivalent per day for 2006 prices. Based on this line, incidence of poverty has decreased from 60.3% to 56.9% over the last six years (GoR, 2006a). Overall, this results in a growth elasticity of poverty of -0.40. We could thus conclude that the pro-poor character of Rwandan economic growth is still exceptionally low in comparison with cross-country averages.

Moreover, poverty incidence is measured in percentage terms and hides the evolutions in absolute numbers. Given the high population growth of 3,5% per year, *the absolute number of people living in poverty has increased from 4.8 to 5.4 million* over the period 2001-2006 (GoR, 2006a). These data show the importance to look beyond relative figures.

A second approach to measure the impact of growth on poverty reduction is to look at the elasticity of connection between the income of the poor and the mean income. Generally, writers situate this elasticity at around -1 which implies that the incomes of the poor rise or fall at the same speed as the average income (Roemer & Gugerty, 1997; Gallup et al. 1999; Dollar & Kraay, 2002; Foster & Szekely, 2002). Ansoms (2005) could only estimate the elasticity for the period 1985-2001, due to a lack of data on the distribution of consumption in between those years. Overall, income decreased during this period, but disproportionately affected the poor, who saw their incomes decline with 4.6% for each average income loss of 1%. This implies that as people generally experienced a fall in income, the poorest sufferest the greatest falls.

As highlighted by Ravallion (2001), there is again an important difference between distributions evaluated in relative and absolute terms. With an elasticity of 1, relative distribution between rich and poor is assumed to remain constant

Graph 2: Growth Rates 2001-2006



Source: World Bank, 2006.

(distribution neutral growth) but the absolute gap between rich and poor increases in a phase of growth. This means that if the relative distribution of consumption had remained equal in Rwanda between 2001 and 2006, the absolute gap between the poorest and richest quintile would widen. More concretely, the additional amount for each percentage of growth would be almost ten times higher for the richest quintile in comparison with the poorest quintile. Exact distribution data are still unavailable for 2006. However, a first examination of the Lorenz curve (displayed in GoR, 2006a) indicates that the elasticity of connection is below 1 for all quintiles except for the richest. This implies that the poor have benefitted far less from growth in comparison with the richest quintile, both in relative and in absolute terms.

We could conclude that the impact of economic growth on poverty reduction has been extremely weak in comparison with cross-country evidence. The period 2001-2006 thus perfectly illustrates the limitations of a growth-reliant strategy for poverty reduction in Rwanda.

Has Inequality Fallen?

The impact of growth on poverty depends largely upon initial inequality levels: Adams (2004) found for example lower growth-poverty elasticity rates for countries with initially higher inequality (Gini > 40.0).[3] Rwanda seems to be a perfect illustration of this. By 2001, inequality had become a very serious problem with a Gini coefficient of 0.47, which hugely contrasts with the situation of the mid-1980s when Rwanda qualified as a low-inequality country (with a Gini of 0.289). Moreover, inequality has further increased over the period 2001-2006 as the Gini reached 0.51. A preliminary report of the Rwandan Government that discusses evolutions over this time period, admits that 'Because growth over this period has been accompanied by increasing inequality, this has reduced its impact on the reduction of poverty levels' (GoR, 2006a:7).

The rising levels of inequality are mainly due to an increasing gap between poor and rich in the rural setting, while urban inequality and the rural-urban gap decreased. The reduction of urban inequality can be explained by several policy measures that prevent or discourage the poor to live in the capital city. The Government is blamed for forcibly removing street children from the streets of Kigali, gathering them in detention centres in or outside the city (BBC, 2004; HRW, 2006). Furthermore, categories of the poor and powerless are also discouraged to live in Kigali city in less starkly coercive ways. Durand-Lasserve (2005) illustrates how current formalised urban land and housing policies create a bias against poorer groups, and result in an increase in the number of expropriations and evictions. He states:

> *At present, restrictive planning and development standards are directly responsible for the exclusion of 75 to 80% of households from legal access to land and housing. Evictions of these households can be deemed necessary both for public and private needs. The city itself displaces households to engage in urban renewal projects and infrastructure works. But also private investors can take the initiative to develop a particular site occupied by informal settlements with an approval of the City Hall* (Durand-Lasserve, 2005:10).

Moreover, the arrangements for compensation are limited (for the 42.7% dwelling owners) or non-existing (for the 47.2% tenants), while resettlement alternatives are scarce. Therefore, households tend to move out of Kigali to smaller centres. As a result, the average wealth of inhabitants of Kigali increases and the gap between rich and poor narrows in the city.

Somewhat more surprising is the decrease in rural-urban disparities. There are two hypotheses that could explain this phenomenon. A first tendency, linked to the decentralisation policy, is for educated civil servants at lower levels to move to local centres in the countryside and occupy a post in the local administration that has become more elaborate and has received increased decision-making power. A second, more significant factor is the tendency for land and agricultural policy (see GoR, 2005, 2004a, 2004b, 2004c) to enhance the opportunities for larger-scale farmers to become active entrepreneurs in a professionalised and modernised agricultural sector. These measures work at the expense of small-scale subsistence farmers and tend to increase the gap between the rural rich and poor (Ansoms, 2007). The result of this is that the rural-urban differential in Gini coefficients has decreased between 2001 and 2006.

The observation of increased inequality in rural areas between 2001 and 2006 is a symptom of the fact that agricultural growth mostly accrues to the already better-off. Indeed, the translation of agricultural growth into poverty reduction has been extremely low over this period. The growth elasticity of poverty of the agricultural sector (see Table 1) is measured as the ratio between the log average annual change in poverty and the log average annual change in primary (agricultural) GDP per capita (see Christiaensen & Demery, 2006). In Rwanda, for the period between 2001 and 2006, this elasticity is extremely low at -0.84.[4] This figure is not so much different from the growth elasticity of poverty for the secondary (-0.52) and tertiary (-0.61) sectors. For this calculation, we have used poverty incidence based on the national poverty line, not based on the $1 PPP per day line. Therefore, it is difficult to compare the elasticity of the agricultural sector with the SSA average of -6.22 and the already low Rwandan elasticity of -2.17 for the period 1994-2000 (based on $1 PPP poverty line). Nonetheless, it is clear that the pro-poor character of agricultural growth is extremely limited.

How Pro-poor were PRSP Policies?

Taking all into consideration for the period 2001-2006, growth has fluctuated and on average not met the target of 6%, the translation of growth into poverty reduction has been low, and Rwanda is confronted with ever further increasing inequality. Overall, the success rate of the first Rwandan Poverty Reduction Strategy is thus very limited.

A first question is whether the priorities in the first PRSP were wrongly defined. The six priority areas, ranked in order of importance, were identified as: 'rural development and agricultural transfor-

Table 1: Growth Elasticity of Poverty & Participation Effect for Different Sectors

	GDP share (%) (1)*			Growth elasticity of poverty (2)**			Participation effect (1) x (2)**		
	Agr.	Ind.	Ser.	Agr.	Ind.	Ser.	Agr.	Ind.	Ser.
SSA, low-income	32	23	45	-6.22	1.31	-1.09	-1.99	0.30	-0.49
Rwanda 1994-2000	45	19	36	-2.17	-1.17	-0.66	-0.98	-0.22	-0.24
Rwanda 2001-2006	41	21	38	-0.84	-0.52	-0.61	-0.35	-0.11	-0.23

* GDP shares for Rwanda are based on the average between 1994 and 2000, and the average between 2001 and 2005). ** The growth elasticity of poverty and the participation effect for Rwanda 2001-2006 is not comparable with the other figures given that a different poverty line has been used to calculate these figures. *Source*: For SSA-low income data: Christiaensen & Demery, 2006; For Rwandan data: own calculations based on World Bank, 2006; GoR; 2002 and GoR, 2006A.

mation, human development, economic infrastructure, governance, private sector development, and institutional capacity building' (GoR, 2002:6). These choices were largely encouraged by the international community, for example, in the Joint Staff Assessments of the International Monetary Fund.

However, although each of these priorities could indeed be an important action point for poverty reduction, a lot depends upon how policy measures are formulated and which public they target. In their independent evaluation of the PRSP, Evans et al. (2006) touch upon this problem, stating that:

> *while the poverty analysis is clearly value-adding, relatively little analysis is provided of the specific risks and vulnerabilities facing different groups in different localities in Rwanda* (Evans, 2006:5).

As a result, the prioritisation of sector strategies according to their impact on poverty is weak or non-existing in several areas. Many strategies focus on achieving maximum economic growth but pay little attention to the distribution of this growth.

When looking at budgetary commitments (see Table 2a, b), overall poverty prioritised spending has strongly increased over the last six years from 25 up to 50% between 2001 and 2006. However, the pro-poor character of several of those spending items can indeed be questioned.

Tertiary education for example received over half of the priority budget spent in education. Similarly, tertiary health received 1 billion Frw extra in 2004, while primary health care came 1.5 billion Frw short (Evans, 2006). Even more striking is the comparison of the share destined for tertiary education (over 12%) with the share for the *entire* agricultural sector (less than 5%). And within this sector, the impact of growth on poverty reduction is low as shown in previous parts of this briefing. Despite the fact that the first Rwandan PRSP did indeed provide some decent policies for enhancing development and growth, many of its strategies were less suited to target the poorer categories of the Rwandan population. The major underlying problem is the marginal attention in the first PRSP to the problem of inequality. Unequal distribution was not seen as a major issue as

Table 2a: Priority Expenditures 2001 - 2004

B: Budget A: Actual

%	A2001	B2002	A2002	B2003	A2003	B2004	A2004
Total Priority expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- of which education	62.9	22.9	21.5	21.4	24.8	22.2	24.1
- of which tertiary education	19.7	15.5	14.2	13.3	13.8	12.8	na
- of which health	13.0	7.1	6.8	7.6	8.9	8.9	8.7
- of which internal affairs (police, prisons)	8.8	8.2	8.0	7.9	9.1	7.1	6.1
- of which infrastructure	1.7	9.1	8.9	12.1	10.4	11.6	6.6
- of which local government*	4.4	44.2	46.1	43.0	42.1	34.9	33.1
- of which agriculture	4.6	4.6	5.2	4.7	2.3	3.4	2.2
- of which commerce / export promotion	1.1	1.5	1.3	1.3	0.9	9.7	5.2
- of which energy**	0.0	0.0	0.0	0.0	0.0	0.0	12.8
- of which others	3.5	2.4	2.2	2.0	1.4	2.2	1.1
Priority expenditures as % of total exp.	25.3	32.1	35.8	28.4	30.5	35.6	35.7

illustrated the following quotation from the PRSP:

> *Growth can be accompanied by increased or reduced inequality. However, economies which have followed an agriculture-led strategy have seen much more pro-poor growth than those where growth has been concentrated in the other parts of the economy. Because Rwanda's growth strategy is based on agriculture, it is specifically designed to be pro-poor* (GoR, 2002:31).

Based on this reasoning, the PRSP policy makers failed to capture the need for strategies that aimed at targeting and solving the problem of unequal distribution.

Lessons for Future Poverty Reduction Policies

By way of conclusion, we could say that Rwanda is still facing the challenges it was facing in 2001. Sustained and stable growth figures will not be easy to achieve. But far more important is the poor translation of growth into poverty reduction. To reach this objective, the pro-poor character of Rwandan development policies has to increase. In line with this, policies should refocus on inequality reduction and redistribution policies.

Many people identified as 'poor' have a high productive capacity but are confronted with institutional constraints that prevent them from taking part in profitable income-generating opportunities. PRSP policies should involve the large mass of such impoverished people. A crucial exercise lies then in differentiating between various population groups; defining institutional access gates or barriers for those divergent groups; and analysing how specific policies can remove those barriers. This would result in a more equitable distribution of growth and could pro-actively prevent households from falling into the vulnerability trap.

The ambition of the future EDPRS policy is to 'refocus on equitable growth, sustainable development, and poverty reduction', with again rural development as an important priority.[5] Striving for pro-poor growth can however not be confined to 'looking for growth in the sector where the poor are located'. The major challenge for policy makers and

Table 2b: Priority Expenditures 2005 - 2007

B: Budget A: Actual

%	B2005	A2005	B2006	A2006	B2007
Total Priority expenditures	100.0	100.0	100.0	100.0	100.0
- of which education	23.8	38.2	39.7	41.3	36.9
- of which tertiary education	na	na	na	na	na
- of which health	10.6	12.9	12.3	12.8	12.3
- of which internal affairs (police, prisons)	6.9	6.8	6.3	6.4	5.4
- of which Infrastructure	8.3	17.0	10.6	13.8	17.7
- of which local government *	32.5	4.8	6.3	9.2	10.0
- of which agriculture	3.4	4.9	4.7	6.4	11.5
- of which commerce / export promotion	4.2	6.0	4.7	4.6	3.1
- of which energy**	6.3	0.0	2.6	*	*
- of which others	4.1	9.5	12.8	5.5	3.8
Priority expenditures as % of total exp.	32.5	35.9	42.0	49.8	54.2

* For actual 2005, budget 2006, actual 2006 and budget 2007, no data are available on provincial programmes and these funds are not included in this post. ** For Actual 2006 and Budgeted 2007, energy expenditures are included in infrastructure expenditures. Sources: Purcell et al., 2005; GoR, 2006b and GoR, 20

international donors is to shift their attention from a purely output-led logic towards more integrating distribution-oriented development policies. In other words, it would require reconciling efficiency with equity, and even to put equity first.

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Endnotes

1. Per capita growth rate based on overall GDP growth rate and continued population growth of around 1.9 % (2001-2005 average)

2. The incidence of poverty, using the poverty line of $1 PPP per head per day is not yet available for 2006.

3. Data for Rwanda on the GDP division over primary, secondary and tertiary sectors were not available for the year 2006.

4. Various document explaining the logic and planning of the EDPRS process, can be found on www.devpartners.gov.rw/edprs.php.

5. Using the Gini coefficient, 0 corresponds to perfect income equality (i.e. everyone has the same income) and 1 corresponds to perfect income inequality (i.e. one person has all the income, while everyone else has zero income). Most European nations have Gini coefficients between 0.24 and 0.36, while the US is above 0.4, indicating greater inequality.

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Democratising Nigerian Politics: Transcending the Shadows of Militarism

Cyril I. Obi

One of the paradoxical features of the political transition(s) to democracy in Nigeria is that they have all been imposed by hegemonic bloc(s) within the military elite. Nigeria has inherited democracies from military Generals. Such transition(s) have provided legitimacy for the political elite to monopolise State power, gain international credibility and control access to vast providential petroleum resources. These elite pacts that underscore Nigeria's political transitions have undermined democracy, precisely by adopting its platform and appearance to gain legitimacy, while blocking genuine democratic forces from participating in politics or limiting them to voting without choosing.

Militarism includes, not just military rule, but its political legacy, a culture steeped in impunity, a deep loathing of opposition or criticism and a reliance on force, rather than persuasion. As noted elsewhere, 'militarism forecloses debates, discussions, bargaining and compromise. Instead it elevates force, intimidation, compulsion and control' (International IDEA, 2000:10). In the Nigerian context, as the 'practitioners of violence,' the military were placed at a position of 'advantage' in the political arena. Given the visibility of such individuals and the top positions they occupy in post-military democratic institutions, their politics and actions have far reaching implications for democratic politics.

It must be emphasised that militarism is not the exclusive preserve of the military-in-politics, for civilian politicians feature prominently as their partners. The mix of militarism, state power, oil and class formation is such a combustible mix that it suffocates the prospects for any real democratisation of social relations. In this 'petrolised' context, political parties particularly the one favoured by the state, or the incumbent leadership, perceive of themselves as political combat units contesting elections – electoral wars, to be won at all costs. Party leaders or political entrepreneurs/'godfathers' were akin to war generals or contractors that could mobilise the resources and forces necessary to deliver complete or 'landslide' victories.

Between Militarism & Democracy in Nigeria

Since the return to democratic rule in 1999, Nigeria has witnessed an escalation of violent political conflict. The lines of conflict are complex and diverse. On the one hand, the democratic opening has created an opportunity for hitherto repressed groups agitating for a redistribution of power, social justice and resources to pursue their interests, while on the other, the persistence of militarism has all but closed the prospects for political participation, dialogue and democratisation, and deepened existing tensions.

These conflicts have largely been identity driven: communal, ethnic and religious. The process of discriminating against or excluding 'other' Nigerian citizens on the basis of their being 'non-indigenes' or belonging to 'other' religions or 'other' communities can be gleaned from conflicts that have ravaged the Northern and Central parts of Nigeria (Best & Kemedi, 2005), as well as the oil-rich Niger Delta region where violence has reached alarming levels (Obi, 2004, 2006; Human Rights Watch, 2005; Peel, 2005). These developments also underscore why the initiative in organising identity-driven political agitation has been taken up by well-armed youth militia or vigilante groups engaged in acts of violence as responses to alienation from the state, economic decline, unemployment, and the militarisation of society by decades of military rule. Some of these groups include the O'Odua Peoples Congress (OPC), Movement for the Actualisation of the Sovereign State of Biafra (MASSOB); Arewa Peoples Congress (APC), and the Niger Delta Peoples Volunteer Force (NDPVF).

Violence was also a feature of the run-up to the hotly disputed 2003 elections. This was particularly pronounced in the Niger delta region where there were reports of the widespread use of armed groups to intimidate political opponents and voters and ensure victory for the PDP candidates (Human Rights Watch, 2005; Okonta, 2005). As the 2007 elections draw nearer, there is an escalation of violence in the Niger Delta, including an incipient insurgency by the new militia group, the Movement for the Emancipation of the Niger Delta (MEND), seeking to control oil. The fractionalisation of the leading political parties, particularly the President's PDP has intensified as the party leadership seeks to control the politics of succession, and various individuals jostle to become party candidates in the April elections.

The Defining Issues

The Legacy of the Military in Politics

The promise of a return to democracy constituted an important platform for the legitimacy of military intervention in Nigerian politics. This can be gleaned from the legitimacy crises that General Gowon's military government faced in spite of winning a war of national unity, when it became clear in the early 1970s that a return to democracy was nowhere in his regime's agenda. This was in sharp contrast to the respect that the Murtala-Obasanjo military regime earned when it announced a transition programme and successfully handed over power to an elected government on schedule in 1979. This trend was however muddied by what Diamond et al. (1997), aptly described as '*transition without end*' of General Babangida's regime, which postponed the handover date several times, and annulled the 12 June 1993 Presidential elections, widely regarded as being free and fair. Babangida foisted an unelected Interim Transition Government (ING) on the country just before being forced from power by popular protests against the annulment. Apart from denying the alleged winner of the elections Chief M. K. O. Abiola (a Yoruba millionaire businessman from South-West Nigeria), his victory, it also denied the majority of the Nigerian electorate their choice as clearly expressed at the polls.

The military in power was a complex political network driven by two logics: the central control of power over resources, and the control of state power by a small group led by the Commander in Chief. Both logics were antithetical to the notions of sharing power and popular consent. After seizing state power in 1966, the hegemonic faction of the military elite became highly politicised, but more fundamentally, it militarised politics and society. The military as a more cohesive national institution in the absence of a counterweight in terms of national cohesion in civil society, was able through its capture of state power and resources to establish an authoritarian form of governance.

The obsession with power has outlived formal military rule in Nigeria. Fortunately, there are signs that there are social forces within Nigeria albeit in an uncoordinated form sustaining the struggle for democratisation. This was evident in the way some principled democrats, the Conference of Nigerian Political Parties (CNPP) and the National Civil Society Coalition Against Third Term Agenda (NACATT) effectively mobilised the media and the public to block the attempt to change the constitution to prolong the President's tenure. They have found the new democratic opening as a veritable framework to defend existing democratic gains. But a lot more has to be done to advance these modest gains in a sustained manner.

The Nature of the Nigerian Petro-State

The oil-state nexus defines Nigeria as a petro-state. According to a recent study, oil accounts for 40% of its GDP, 70% of government revenue and 92% of foreign exchange earnings (Wurthmann, 2006). It is however paradoxical that in spite of its oil wealth, about 70% of Nigeria's 140 million people lives below the poverty line. It is however important to note that, the oil on which the state and economy are dependent is mainly produced by foreign oil multinationals and companies: Shell, Chevron Texaco, Exxon Mobil, Total and ENI (Agip). These companies are very sophisticated and powerful, and the relations of oil production tends to concentrate more power and resources in their hands, often at the expense of the poor oil producing communities of the Niger Delta. It is difficult for the weak state institutions to effectively regulate them.

The nature of the Nigerian Petro-state is such that since the prize of controlling and distributing oil wealth is so high, democracy is a somewhat problematic prospect. The only form of democracy allowed only serves in real terms to 'disempower' the people (Ake, 1994). The fact that Nigeria's oil boom coincided with military rule also meant that the petro-state and its ruling elite became militarised. In this context therefore the military faction of the ruling elite may well leave office, but continues to exercise power both as individual actors in the new (post-military) democratic political programme, and by virtue of the accumulation of vast wealth with which to fund the militarisation of politics.

The Nature of the Nigerian Political Elite

The Nigerian political elite is a product of Nigeria's tumultuous political history. The elite has been described as a hybrid of sorts reflecting Western values against a Nigerian background (Ayandele, 1974). When it became clear that independence was imminent this elite mobilised ethnicity to canvass for support for its ascension to power. This laid the foundation for the politicisation of ethnicity and religion, and the intense rivalry (and division) between ethnic groups and geopolitical regions (later states) in Nigeria.

The opportunism of the political elite and the ways it has often manipulated political structures and processes to promote selfish and narrow ends is well known. Two issues are however fundamental, the deep divisions within the elite along personal, ethnic, religious, and factional lines, and the lack of a clear vision or common ideology for a broad social project (Olusanya, 1986). The first suggests an incoherence of the elite leading it to engage in acrimonious internal rivalry and conflict, and the second promotes political opportunism, lack of principles and poor leadership. These explain why certain elements and forces within the political elite colluded with the military faction to subvert the democratic ethos for selfish gain, and why the political class cannot reach a consensus on how it will define a national basis for Nigeria's democratic project.

An important development is the integration of the ruling faction of the military into the political elite via a process of retirement and 'civilianisation'. This development has two sides. It is positive to the extent that it signals the acceptance of the military faction of the supremacy of civil and democratic authority, but it also raises the risk that the political process would be subject to the survival tactics of these (very wealthy) erstwhile practitioners of organised violence who may be dictatorial, impatient or dismissive of the complex and slow workings of the democratic process. Also relevant is the way in which they seek to crush all opposition, and the manner in which they perceive and approach elections.

The implication of the nature of the dominant faction of the political elite is that it sees democracy more as a means to an end, rather than an end itself. Its politics also tends to be excessively personalised and connected to the all-knowing wisdom and benevolence of the 'big man' or political 'godfather', whose word is law, and demands absolute loyalty from all. This creates several problems, not least in the clan of 'big men' all jostling for power. Also it forecloses debates, bargaining and negotiation that are so vital to building democracy in a multi-ethnic country such as Nigeria.

The Economic & International Dimensions

The Nigerian political class has tapped into the international legitimacy and recognition given to democratic governments. At the present time, the basic assumption of the government is that market-led economic reforms and neoliberal (multiparty) democracy cannot be questioned. It has done a lot in the area of market-led economic reforms, which is also targeted at winning the approval and support of the international community for the government and its apparently market-friendly policies.

This has raised some issues. The first is what Abrahamsen (2000), refers to as 'exclusionary democracy', in which economic reforms are not subjected to any thorough going national debate, and actually exclude, disempower and impoverish the people, dashing their hopes for a better quality of life. Conforming to the global 'ideological moment' the government has imposed economic and political policies from above directed more at satisfying the conditions laid down by external constituencies: the international financial institutions and the donor community. However, a lot lies beneath the veil of market-led reforms, suggesting the privatisation of state enterprises, most times at give away prices to vested personal, local and foreign interests. The process has been less than transparent, fostering crony capitalism.

It is not possible to understand the post-military anti-democratic currents in Nigeria outside of the global political economy of oil. Although these oil companies are in 'partnership' with the Nigerian State, which theoretically gets a larger share of profits from crude oil sales, they enjoy a considerable leverage over the petro-state that lacks oil technology, and the sophisticated management capacity of the oil companies. It is well known that oil multinationals have played interventionist roles, covertly supporting corruption and violence in States all over the third world in its insatiable quest for cheap stable sources of oil, and huge profits (Cummins & Beasant, 2005; Watts, 1999).

The foregoing suggests that the global political economy of oil favours centralised political forms that make the oil business less complex and highly profitable. Reactions to the Niger Delta crisis clearly show an international preference for strong (coercive) measures to guarantee uninterrupted supplied of cheap high quality Nigerian crude to the world market. Apart from the expropriation of their lands, the pollution of their fragile ecosystems and destruction of the ecological basis of their livelihoods, amidst growing impoverishment and high rates of youth unemployment, the Niger Delta is the most militarised region in the country, with frequent incidents of violence and military campaigns against communities that threaten oil company interests (Human Rights Watch, 2005; Best and Kemedi, 2005). Given the high level of insecurity in the Niger Delta as a result of the activity of youth militia attacks on the oil industry in the context of the growing importance of West Africa's oil in a post-9/11 world to US and global energy security (Klare & Volman, 2004; Valle, 2005; Obi, 2006), the militarisation of the region is most likely going to continue.

Beyond Militarism: Will Democracy Thrive in Nigeria?

The foregoing shows that the militarisation of politics is the antithesis of democracy, which thrives by seeking to close the political space, disempower and depoliticise the citizens so they can no longer freely participate in decision-making, or contest for access to power and resources. Indeed the militarisation of politics cannot be separated from the disempowerment of democracy. This implies that a critical aspect of the deepening of democracy or democratic consolidation must involve the demilitarisation of politics in Nigeria. The challenge is how to transcend militarism. Will the ruling elite voluntarily loosen its tight grip on power and resources, and empower the people to take decisions that touch upon their collective wellbeing? Do possibilities exist for a broad democratic alliance to effectively organise a transformation of the existing inequitable power relations? These are difficult questions.

A modest starting point is to forge a new impetus for Nigeria's democracy on the basis of a new political culture built on the values of inclusiveness, open participation, respect for the rule of law, the spirit of give and take, trust and consensus-building through dialogue. It would also involve a lot of work in civic education, coalition building and the mobilisation of people to struggle for the right to participate in democratic politics. At the international level, it would require making the forces of economic globalisation recognise the right of the people to define the content of the type of participatory democracy that would best promote their dignity, and liberation from both internal and external domination and oppression. A new democracy from below, rooted in the people and a developmental state, representing and reflecting a new social contract, and their quest for social justice, equity, welfare and freedom offers brighter prospects for empowering the people and advancing the democratic project in Nigeria.

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Editor's Note: The next issue of ROAPE will contain an extended section on the Nigerian election.

The Evolution of British Trade Justice Campaigning

Tom Sharman

Trade justice campaigning has come a long way in just a few years. In the words of one NGO colleague, the ideas of trade justice have moved from the lunatic fringe to the mainstream faster than we thought possible. As NGO campaigning on trade has matured it has also evolved from an initial focus on agricultural subsidies and the World Trade Organization to include a much broader range of issues and institutional targets. It is not only the issues, the campaign terrain, that have changed but campaign tools have become more varied too. After discussing the different phases of trade justice campaigning I will give a few examples of how different campaign tools work to effect change.

'Trade Justice': An NGO Definition

Trade justice is realised differently at different levels. For example, an African country realises trade justice when its government secures the right to choose the best policies to end poverty, protect the environment and empower women without impediment from international institutions, donors or other powerful global actors. An individual or community in sub-Saharan Africa realises trade justice when they secure the right to participate in local or international markets and are able to make a decent living from this participation.

British NGOs (or, as in ActionAid's case, the UK offices of international NGOs) have focused on the international dimension of trade justice – what *western* governments must do in order that Africa is able to benefit from the global trading system.[1] The rationale has been that while western NGOs influence western governments and institutions, African NGOs influence their own governments in order that gains in international fora actually make a positive impact on the ground.

Trade Justice or 'Fairtrade'?

The ideas of trade justice are intimately associated with those of fairtrade. Indeed the origins of trade justice campaigning can be directly traced to the birth of the fairtrade movement. Some fairtrade producers, such as Traidcraft, have added trade justice campaigning to their list of activities. Fairtrade began as a response to the low wages that tea and coffee producers received, particularly stark given the high mark-up when the finished products were sold on British supermarket shelves. Given that many poor countries continued to depend on a handful of commodities for foreign exchange earnings and employment, it seemed logical to start by addressing the situation of commodity producers themselves.

Since the launch of the official fairtrade mark in the UK in 1994 sales have grown massively, albeit from very small beginnings, from £16.7 million in 1998 to £195 million in 2005.[2] By 2005 there were 1,500 fairtrade retail and catering products available to British consumers.[3] Yet despite its success, fairtrade remains largely confined to a small number of food commodity products such as coffee, tea and chocolate. Furthermore, it is estimated to benefit 1 million producers worldwide, or 5 million people if dependents are included.[4] While this is impressive, it falls a long way short of the estimated 300 million people living on less than $1 a day in Africa. For deeper, structural changes to the global trading system it had become clear to development NGOs that additional measures were needed.

A Brief History of NGO Mass Campaigning on Development

With the public visibility of 2005s 'Make Poverty History' coalition still fresh in many minds, it is easy to forget that large-scale NGO campaigning on development is a relatively new, but welcome, phenomenon. For many NGOs, engaging supporters' minds as well as their wallets and purses only began in the late 1990s. Prior to this, while some NGOs might have engaged in some insider lobbying, the energy of the development sector was primarily directed towards funding and expanding their own projects and programmes in Africa and elsewhere.

The first big development coalition campaign was Jubilee 2000, founded in October 1997 with strong roots in the churches and focused exclusively on the need for debt cancellation.[5] The international coalition fell apart when rich governments started to provide a partial response, which many of the Southern groups felt was inadequate. As 2000 was reached the sustained, mass-level campaigning came to an end.

Into the vacuum NGOs began to turn their attention towards trade, specifically because of the campaigning opportunities presented by the launch of the new Doha Round negotiations of World Trade Organization in November 2001. Trade replaced debt as the major NGO issue of the day and the Trade Justice Movement coalition was born.[6]

In the run up to 2005 and throughout the year, three issue coalitions were responsible for 'Make Poverty History' policy demands: the Trade Justice Movement on 'trade justice'; the Jubilee Debt Campaign on 'drop the debt', and the newly-formed UK Aid Network on 'more and better aid'. After 'Make Poverty History' was formally wound up as a coalition campaign in early 2006, the development sector was left with the three feeder coalitions and the emergence of Stop Climate Chaos as a crossover development-environment NGO coalition.[7]

The Changing Campaign Terrain: Four Overlapping Eras

Trade justice campaigning can arguably be divided into four overlapping eras: agricultural subsidies; no new issues at the WTO; stop forced liberalisation; and the emergence of corporate accountability and regulation as a trade justice issue.

1) Agricultural Subsidies, 2002

The initial focus on agricultural subsidies was down to the dual opportunities presented by the review of the Common Agricultural Policy in 2003 and the WTO Ministerial conference in Cancun in the same year. Campaigners demanded a complete end to export subsidies which enable Northern *transnational* corporations to export their food products at *below* cost of production. The main aim was for the British government to use its political clout to push for reform of the Common Agricultural Policy with other EU members. A secondary goal was for subsidies to be pushed up the agenda of the WTO negotiations with the specific intention of parallel reductions in US subsidies. NGOs anticipated reductions to Northern subsidies which would lead to reductions in dumping into African markets.

On this plank of the trade justice agenda (freeing developing countries from the impact of western market distortions), the British government has been consistently supportive, yet the limits of this kind of campaign soon became apparent. Rather than the government seeing it as a spring-board to push for the wider trade justice agenda, it was sometimes even presented in opposition to it as part of a general agenda for global trade liberalisation. Furthermore, the campaign lacked power in other key EU member states, notably France and Germany, which could have made a major difference to the EU's subsidy regime.

The limitations of a farm subsidies campaign became apparent in some of the comments of its supporters, both from within NGOs and outside them. Some chose to present it as a free market agenda and appeared to suggest that they did not care if French farmers became unemployed as a result. This helped to wrongly frame the issues as Britain vs. France or urban vs. rural when the message that the majority of the campaigners wanted to convey was one of justice for poor farmers in Africa. It seems perfectly possible to design a subsidy regime in the EU and the US that supports small-scale farmers in those countries without having a negative impact on poor farmers in Africa and elsewhere.

2) 'No New Issues' at the WTO, 2003

With the reform of the Common Agricultural Policy in 2003 failing to deliver the changes that campaigners had been calling for, the next big opportunity was the WTO ministerial in Cancun in 2003. The launch of the Doha Round in 2001 presented both poor countries and campaigners with an opportunity and a threat, a recurring theme to the present day. Many African countries saw the purpose of the Doha Round as rebalancing the global trade system after the previous Uruguay Round (concluded in 1994) which set up the WTO had largely left them with a set of obligations which were having a negative impact on their home constituency rather than opportunities for economic development. In contrast the major rich countries, particularly the EU and US, saw the Doha Round as a means to greater multilateral trade liberalisation and an extension of the liberalisation agenda into new areas. The result was a broad list of issues covered by the label of 'Doha Development Agenda' in order to give it credibility with poor countries.

This tension, between rebalancing the multilateral trading system for the benefit of poor countries and pushing for 'faster, further' trade liberalisation, first came to a head at the Cancun Ministerial. By this time British trade justice campaigners had aligned with Southern governments with a demand to drop the 'new issues' – international agreements on the liberalisation of investment, competition policy, government procurement, and trade facilitation. This annoyed the British government because for the first time, the NGOs were united in opposing a part of their liberalisation agenda. Eventually, if not belatedly, the then Trade Secretary, Patricia Hewitt, tried to persuade the then chief EU negotiator, Pascal Lamy, to drop the demand for agreements on these new issues or risk the collapse of the Ministerial. Lamy's response was that his negotiating mandate came from all EU member states and that he could not bow to the demands of the UK alone. The result was that the Ministerial collapsed.

It took a further year for the WTO negotiations to be put back together. When WTO members agreed the 2004 July Framework the price was that three of the new issues – the liberalisation of investment, competition policy and government procurement – were dropped from the negotiations; only the fourth new issue – trade facilitation – remained.

3) 'Stop Forced Liberalisation', 2005

As the 2005 'year of Africa' came into focus – with the British Government using its Presidency of the G8 and the EU to 'do something for Africa', the UN World Summit and the WTO Ministerial in Hong Kong – the profile of trade justice campaigning moved up several gears. It was agreed that the priority demand was that the British Government should fight to stop forced liberalisation at the WTO and elsewhere.

The initial government position was one of hostility. The starting point, as illustrated in the 2004 DTI White Paper, 'Making Globalisation a Force for Good', was the ideology of 'same destination, different speeds' – 'the removal of trade barriers is just as important for developing countries as for developed'.[8] Liberalisation is a sound objective and the only discussion should be how long a country should take to liberalise. The reason used to justify this is, 'The evidence shows that those countries which have achieved the biggest reductions in poverty in recent years have been those which have been open to international trade'.[9] The NGO response to this is that China, India, Vietnam, South Korea and Taiwan before them did not develop as a result of opening their own markets on an indiscriminate basis.

The idea that African countries should be able to choose their own paths to development gained currency in the British government in the run-up to the G8 summit. It was clear that in order for NGOs to be positive about Tony Blair's 'Commission for Africa' report it would have to signal a change from existing British policy. On trade, the 'stop forced liberalisation' position was articulated in two key statements:

> *Development must be the priority in all trade agreements, with liberalisation not forced on Africa.*[10]

> *Attempts to dictate policies, as we have argued throughout, are not only unacceptable as behaviour towards a partner and sovereign nation; they are also likely to be ineffective in generating real commitment and reform, let alone deliver the right solutions.*[11]

'Make Poverty History' campaigning in other areas had helped to bring about mutually supportive changes. A parallel campaign to remove economic policy conditionality from the Department for International Development's (DFID) bilateral aid programmes had also resulted in changes by March 2005. However, despite the repetition in a variety of formats throughout the year, the rhetoric struggled to be translated into practice.

One of the reasons was disagreement as to what exactly 'forced liberalisation' entailed. I have always been clear that 'unforced liberalisation' refers to national policy decisions taken without external pressure; 'forced liberalisation' meant market opening under pressure, either directly from donors and international institutions or through trade negotiations that would result in new obligations on developing countries. In contrast, the government's preferred interpretation was to accept the arguments on aid conditionality but reject the trade position: 'forced liberalisation' meant only underhand coercion at WTO ministerials – for example, threats to withhold aid money or debt relief unless poor countries signed on the dotted line.

The era of 'stop forced liberalisation' campaigning coincided with the move to a broader agenda that looked beyond the WTO. Many NGOs had begun to look to bilateral trade agreements and the International Financial Institutions as sources of trade injustice. While the US had long pursued a strategy of negotiating Free Trade Agreements with strategic partners, in parallel to the WTO negotiations, the EU had been more hesitant. But when negotiations on new Economic Partnership Agreements (EPA) with the African, Caribbean and Pacific (ACP) group began in earnest, NGOs in Europe and Africa began to step up their campaigning. In the UK, the opportunity of the EU Presidency in 2005 pushed EPAs up the trade justice agenda. NGO demands crystallised around two major areas: the reintroduction of the 'new issues', rejected by developing countries at the WTO through the backdoor, and the EU push for rapid and deep trade liberalisation by the ACP countries.

Whilst the European Commission negotiates trade agreements on behalf of the EU's member states, NGO discussions with Commission officials had come up against a brick wall. The standard response was that a) the new EPAs had to include rapid and deep trade liberalisation to conform to WTO rules; b) that trade liberalisation was in any case 'good for development' and c) that the EU's member states had already given the Commission a mandate to negotiate these deals which could not be undone.

As covered above, NGOs would dispute the idea that trade liberalisation is automatically good for development, especially if it is externally imposed to an arbitrary timescale, as the EU was proposing. Second, if WTO rules were the problem, then the EU should be pushing to reform them to ensure developing countries' rights were protected. Third, if the largely uninterested EU member states had made a mistake in granting the Commission powers to negotiate unfair deals, that was all the more reason to undo such powers.

The initial EPA campaign in the UK therefore focused on pushing the British government to work with other EU member states to change the Commission's negotiating mandate and ensure that whatever deals were put to ACP countries did not require extensive liberalisation or include the 'new issues' against their will. After some argument, the British government moved in the NGO direction and issued a position paper a few days after the 'Commission for Africa' report in March 2005: negotiations on new issues should be dropped unless specifically requested by the ACP, and ACP countries should have up to 20 years to liberalise rather than the 10 years being promoted by the European Commission. At the time of writing (February 2007), Brussels has made little progress on either of these points but ACP countries are being more vocal in their criticisms of the negotiating process and anticipated outcome. It looks far from certain that agreements will be reached by the end of 2007.

4) 'Right Corporate Wrongs': Corporate Accountability, 2006

The corporate accountability dimension of trade justice began to gain momentum towards the end of 2005. A number of NGOs, notably ActionAid from the development sector and Friends of the Earth from the environment camp, saw the Company Law Reform Bill as a major opportunity to improve the behaviour of British companies overseas.

The British Government had spent more than seven years preparing the ground for a major review of company law in order to both make it easier to set up and run businesses and to do so in a responsible manner. While business lobby groups and NGOs had long been excited about the legislation, it was far from being at the forefront of the minds of the thinking public. This changed after Gordon Brown's intervention at a speech to the Confederation of British Industry on 28 November 2005. The Chancellor appeared to have unilaterally decided to scrap the Operating and Financial Review (OFR) which was due to come into effect from April 2006. Of interest to NGOs was the fact that the OFR would have required companies to report on their environmental and social impacts.

Given that an NGO coalition was being assembled to campaign to strengthen the OFR, this could have proved a major setback. But the decision proved seriously embarrassing for the government over time. The Department for Trade and Industry had not been consulted and the decision ultimately proved to be unlawful, thanks to a court challenge by Friends of the Earth. The public row between the Government and NGOs put the issue of corporate accountability much higher up the political agenda than it would have been.

Over 2006 as the Company Law Reform Bill moved through the parliamentary process, the Corporate Responsibility Coalition (CORE) and the Trade Justice Movement (TJM) pressed the Government and MPs to amend the legislation. Three areas were identified: proper reporting of companies' social and environmental impacts, a new duty on directors to minimise negative impacts, and the ability of affected communities overseas to gain 'access to justice' by being able to take action against a British company in a British courtroom.

Despite being a hugely technical area of law, the NGO coalition could point to real gains when the Bill finally gained royal assent and became the Companies Act. The Chancellor's OFR decision was effectively reversed, companies and their suppliers had to report on their social and environment impacts, directors had to take into account their companies' social and environmental impacts and ministers began to consider the concept of access to justice.

A major reason for the NGO successes was the party political nature of the debate on the Bill. Despite the new Conservative leader David Cameron's professed readiness to 'stand up to big business',[12] his party acted as a mouthpiece for the Confederation of British Industry in opposing all of the NGO demands. The partisan nature of the fight emboldened Labour and Liberal Democrat MPs to support the CORE/TJM proposals and the Government to defend and improve its Bill. Boris Johnson MP gave NGO campaigners further credibility with his response to the CORE/TJM campaign: 'I'm savagely hostile to this kind of bollocks'.[13]

NGO campaigning on corporate accountability is set to increase post-Companies Act. The new strategy is likely to be predicated on picking off particular business sectors and using official processes to influence the outcome. The Competition Commission's inquiry into the practices of UK supermarkets (especially Tesco), provides the impetus for Action Aid's campaign to strengthen the position of supermarket suppliers and their employees.

With a move into supermarket campaigning NGOs can rediscover their links to fairtrade. This brings NGO work on trade justice almost full circle – a return to micro and meso-level issues while the macro-level political changes needed remain unresolved.

Paradigm Change?

The ultimate goal of all trade justice campaigning is to break governments out of the predominant 'free trade' paradigm and into the 'trade justice' one. The challenge is to organise campaigns which nibble at the edges of the former without undermining the case for moving to the latter. The British government, for all its rhetorical changes to its position on international trade negotiations and improvements to national legislation, remains broadly stuck in a pro-liberalisation stance. The near-mantra of 'more trade means less poverty' will continue to come under fire from NGOs, especially given that climate change has moved up the political agenda. It will become less sustainable to argue that trade in goods, which inevitably requires carbon emissions from transport, should be completely unfettered and free from any barrier. When the this becomes a majority view amongst policy-makers, the free-trade paradigm will be dead and buried.

The Changing Campaign Tools

Lobbying as a Necessary Evil: From an early stage in my NGO career I have been sceptical towards 'lobbying' as a useful instrument for changing policy-makers minds. I think this is largely because I have predominantly worked on trade issues where the gap between policy-makers and NGOs is much wider compared to, for example, aid. I also think my scepticism stems from my early meetings with civil servants from the Department for Trade and Industry, traditionally a voice for big business in Government and less interested in development issues.

NGOs share some responsibility for unproductive lobby meetings. The understandable desire for everyone to be at the table leads to set-piece affairs, with maybe ten NGO representatives on one side and ten civil servants on the other. If everyone is to say their piece it becomes a fragmented exchange with little time to develop a proper conversation. Such meetings rarely lead to anything useful: civil servants are there to defend the government's approach, NGOs to argue for change.

So why bother with such meetings at all? First, to show that you are still working on the issue in question; second, out of politeness. I also think that if you have just attacked government policy in the media then you should give the government's representatives a chance to respond.

Media as the way to win change on trade: Much more productive for both gaining Government attention to an issue and in changing policy is judicious use of the media. It is a truism that the Blair administration is particularly 'media-aware' and is sensitive to public criticism. Journalists, as ever, are interested in a good story, particularly one that exposes government claims.

In 2005 the obvious pitch was to say that the government's trade policy was an odds with its proclamations that this was to be the 'year of Africa'. Three media successes on trade spring to mind. The first, in December 2004, put EPAs into the mainstream media for the first time. Covering the release of ActionAid's first report into EPAs, the UK's *Financial Times* (FT) lined up a number of independent critics including the Overseas Development Institute and the Mauritian trade minister behind ActionAid's arguments.[14]

By September 2005, it had become clear that the European Commission and its trade commissioner, Peter Mandelson, had become closed to further argument. For ActionAid's second report, into possible alternatives, the target had become policy-makers in the EU's member states and the African, Caribbean and Pacific countries. Because Mandelson himself had been dismissive of the possibility of alternative trading arrangements, despite a clause in the EU-ACP treaty that certain ACP countries could ask for alternatives if they were not satisfied with an EPA, we investigated the possibility that Mandelson was breaking international law. A legal opinion from a lawyer at Matrix Chambers provided us with the ammunition we needed and we made this the story.[15]

It is always frustrating when a good story is not given the coverage you think it deserves. For me, 'Mandelson in "illegal" trade move' is much more interesting than 'Bullied Africa in Mandelson poverty threat', which was the headline in the first ActionAid EPAs report press release.[16] Whilst we did make it to the front page of the *Morning Star* and the top politics story on BBC news online,[17] it would have been great to have had a piece in the *FT* or the *Guardian*.

The final case is an example of one of those times when NGOs should expect the unexpected. With no obvious warning, Tony Blair had decided to make trade the focus of his annual foreign policy speech at Mansion House. The first I knew of it was when it was trailed in the papers, and even then I suspected that the Downing Street 'spin machine' had made trade the focus when the speech was actually more likely to focus on terrorism. The Prime Minister was trying to cajole other world leaders to agree to a new WTO deal at the ministerial in Hong Kong in December 2005 but I felt his approach was totally wrong.[18] It seemed clear from the outline deal emerging that an agreement would leave most African countries worse off and require poor people in Brazil, India and elsewhere to pay the price for it. The day of Blair's speech remains my biggest media success personally. Not only did I write the quotes which the *Guardian* used[19] but I also did a live interview on Channel 4 News with Jon Snow.

Conclusion

Trade justice campaigning in the Britain has evolved rapidly over a short period of time. From its origins in the fairtrade movement, NGO campaigning on trade has moved trade justice from a marginal to mainstream position in policy debates. From an early concern with farm subsidies that cause dumping overseas, campaigners have broadened the trade justice agenda to encompass a range of challenges including policy space for developing countries and robust rules to hold transnational corporations to account. The challenges moving forward will be to maintain the link to the idea of fairtrade, which the public understands and supports, while establishing the relevance of regulating British business for the fulfilment of pro-poor goals in Africa.

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Endnotes

1. By UK NGOs I mean members of the Trade Justice Movement – a coalition of more than 70 organisations working on trade. See www.tjm.org.uk for more. ActionAid is an international NGO with its global headquarters in South Africa.

2. Fairtrade Foundation: http://www.fairtrade.org.uk/about_sales.htm

3. Fairtrade Foundation: http://www.fairtrade.org.uk/about_chronology.htm

4. Speech by Hilary Benn 14 October 2006: http://www.dfid.gov.uk/news/files/Speeches/fairtrade.asp

5. The birth of Jubilee 2000: http://www.jubileedebtcampaign.org.uk/?lid=282

6. See www.tjm.org.uk for more.

7. For more information see Stop Climate Chaos: http://www.stopclimatechaos.org.uk/, Jubilee Debt Campaign: http://www.jubileedebtcampaign.org.uk/, UK Aid Network: http://www.bond.org.uk/policy/ukan.htm, Trade Justice Movement: http://www.tjm.org.uk/

8. DTI White paper 2004, p. 82.

9. Ibid.

10. Our Common Interest, p. 255.

11. Our Common Interest, p. 259.

12. David Cameron speech, 9 May 2006: http://www.conservatives.com/tile.do?def=news.story.page&obj_id=129669&speeches=1

13. As reported by one of his constituents, after a face-to-face meeting.

14. Poorer nations pressured by EU to open their markets, *Financial Times*, 17 December 2004: http://search.ft.com/ft Article?sortBy =gadatearticle&queryText=Mandelson+Economic+Partnership+ Agreements&=2&aje= true&x=9&id=041217001079&page=3

15. Mandelson 'illegal' trade move, ActionAid press release, 1 September 2005: http://www.actionaid.org.uk/100112/press_release.html

16. Bullied Africa in Mandelson poverty threat, ActionAid press release, 17 December 2004: http://www.actionaid.org.uk/1436/press_release.html

17. Aid charity criticises Mandelson, BBC news online, 1 September 2005: http://news.bbc.co.uk/1/hi/uk_politics/4203672.stm

18. Tony Blair's Mansion House speech, full text, *The Guardian*, 15 November 2005: http://politics.guardian.co.uk/development/story/0,,1643023,00.html

19. Aid agencies criticise Blair, *The Guardian*, 14 November 2005: http://politics.guardian.co.uk/development/story/0,,1642551,00.html

40 Years is Enough!

In the last issue of ROAPE (No. 111, March 2007), we published a briefing – 'South Africans Urge Sanctions Against Israel' – announcing that COSATU, representing 1.8 million workers, was calling on the South African government to recall the Ambassador to Israel and to implement sanctions against Israel.

The momentum is continuing as Salim Vally writes from South Africa: 'a few supermarket unions here have started a process toward the non-handling of produce from Israel … they will be part of a massive campaign to coincide with the global call on 9-10 June issued by the following statement from the International Coordination Network on Palestine and the World Social Forum in Nairobi' (January 2007).

Global Day of Action, 9-10 June 2007: The World Says NO to Israeli Occupation!

June 2007 marks the 40-year anniversary of Israel's occupation of East Jerusalem, the West Bank, Gaza Strip and the Syrian Golan Heights. On 9-10 June 2007, the people of Palestine and people of the world will join together to say NO! to Israeli occupation.

For 40 years Israel has constructed illegal settlements on stolen Palestinian land. For 40 years Israel has killed thousands of Palestinians, demolished 12,000 Palestinian homes, arrested 650,000 Palestinians, destroyed more than a million Palestinian olive trees.

Since 2002 the Apartheid Wall built on occupied Palestinian territory aims to encircle the Palestinian population, squeezing Palestinians into truncated Bantustans and cementing Israeli expansionism. The Wall divides farmers from their land, students from their schools, workers from their jobs, and people from their communities. Despite the International Court of Justice ruling it illegal, the Wall now encircles Palestinian towns and cities in the most massive land-grab in 40 years. In its recent war against Lebanon, Israel's unilateralism and militarism have been exposed to the world. Israel continues to establish 'facts on the ground' to maintain strategic control over the Occupied Palestinian Territory, and to annex land and get rid of the non-Jewish population.

For 40 years of occupation Israel has continued to deny Palestinians in the occupied territories their internationally guaranteed human rights to food, water, education, livelihood, and health care; imposes a system of checkpoints, closures, military fences, sieges and curfews that deny Palestinians freedom of movement within and between their own communities; and, again in violation of the Geneva Conventions, Israel imposes collective punishments on the entire Palestinian population. Mass arrests have included dozens of democratically elected Palestinian parliamentarians and government ministers. Since the year 2000, Israel's 'targeted' killings, often carried out by US-provided F-16 bombers or Hellfire missiles have resulted in more than 337 dead Palestinians; 129 of them were not the 'target' at all, and many of those killed were children.

In Jerusalem and inside Israel, Palestinians since 1948 face institutionalized discrimination and are denied equality and their full rights as citizens. And Israel continues to deny Palestinian refugees, who were forcibly exiled from their homeland in the 1947-48 war, their internationally guaranteed right of return.

Thirty years ago, the United Nations recognized, condemned and committed itself to oppose the international crime of apartheid wherever it appeared. Today, 12 years after the end of apartheid in South Africa, Israel continues to practice a system of apartheid. We call on the United Nations once again to join with us to identify, condemn and commit ourselves *to opposing these heinous crimes. As we were in the past, we are again determined that the perpetrators of that crime be brought to justice.*

Throughout its years of occupation, Israel continues to stand in violation of dozens of international laws and scores of UN resolutions. And the international community bears much of the responsibility for those violations. Led by the United States, many governments around the world have actively collaborated in providing support for Israel's occupation and its denial of Palestinian rights. Others have stood mute, or spoken too quietly, failing to mobilize a serious global challenge to Israel's global violations.

We are building nonviolent global campaigns of Boycotts, Divestment and Sanctions, and we will work on a wide range of educational and cultural campaigns.

At their Annual Delegate Meeting from 12-15 April 2007, the UK's National Union of Journalists (NUJ) passed the following resolution:

The ADM condemns the savage, preplanned attack on Lebanon by Israel. ADM notes that the vast majority of those killed in 2006 have been Lebanese together with Palestinians in the Israeli occupied territories. This ADM condemns the slaughter of civilians by Israeli troops in Gaza and the IDF's continued attacks inside Lebanon following the defeat of its army by Hezbollah. This ADM calls for the end of Israeli aggression in Gaza and other occupied territories. This ADM calls for a boycott of Israeli goods similar to those boycotts in the struggles against apartheid South Africa led by trade unions and the TUC to demand sanctions be imposed on Israel by the British government and the United Nations. This ADM instructs the NEC to support organisations including the Palestine Solidarity Campaign, Jews for Justice for Palestinians and the Council for the Advancement of Arab-British Understanding and continue supporting the programme of safety training and union building set out by the IFJ with its affiliate, the Syndicate of Palestinian Journalists.

ADM encourages branches to find ways to support their Palestinian colleagues, noting as an example the 'Reporting under Occupation' meeting organised by the Oxford branch, which gave a platform to Al Hayat's West Bank correspondent to explain the dangers, restrictions and limitations faced by Palestinian – and to a lesser extent non-Palestinian – journalists operating in the West Bank and Gaza.

This resolution was followed the next day by a barrage of media condemnation including a *Guardian* editorial and the following 'Letter to the *Guardian*, 21 April 2007 in response to the National Union of Journalists' calling for a boycott of Israeli goods'.

You suggest that, in voting to boycott Israel, the NUJ has strayed too far from its legitimate business. We do not think such arguments apply to our grave concerns as doctors about the health-related impact of Israeli policy on Palestinian society. Persistent violations of medical ethics have accompanied Israel's occupation. The Israeli Defence Force has systematically flouted the fourth Geneva Convention guaranteeing a civilian population unfettered access to medical services and immunity for medical staff. Ambulances are fired on (hundreds of cases) and their personnel killed. Desperately ill people, and newborn babies, die at checkpoints because soldiers bar the way to hospital. The public-health infrastructure, including water and electricity supplies, is wilfully bombed, and the passage of essential medicines like anti-cancer drugs and kidney dialysis fluids blocked. In the West Bank, the apartheid wall has destroyed any coherence in the primary health system.

UN rapporteurs have described Gaza as a humanitarian catastrophe, with 25% of children clinically malnourished.

The Israeli Medical Association has a duty to protest about war crimes of this kind, but has refused to do so. Appeals to the World Medical Association and the British Medical Association have also been rebuffed. Eighteen leading Palestinian health organisations have appealed to fellow professionals abroad to recognise how the IMA has forfeited its right to membership of the international medical community. We are calling for a boycott of the Israeli Medical Association and its expulsion from the WMA. There is precedent for this: the expulsion of the Medical Association of South Africa during the apartheid era. A boycott is an ethical and moral imperative when conventional channels do not function, for otherwise we are merely turning away.

Dr Derek Summerfield, Professor Colin Green, Dr Ghada Karmi, Dr David Halpin, Dr Pauline Cutting and 125 other doctors.

A Tribute to Archie Mafeje 1937-2007

A Giant Has Moved On

Adebayo Olukoshi,
Executive Secretary, Codesria

Tuesday, 27 March 2007 will go down as a sad day among social researchers all over Africa and beyond: It was the day Professor Archie Monwabisi Mafeje passed away in Pretoria in what was a most quiet exit that has left the very many among us whom he touched directly or indirectly in a state sadness and anger. Archie Mafeje, the quintessential person of science and one of the most versatile, extraordinary minds to emerge from Africa was, in his days, a living legend in every sense. His knowledge was as vast as his grasp of issues – almost all issues – was breathtaking. His discourses transcended disciplinary boundaries and were characterised by a spirit of combative engagement underpinned by a commitment to social transformation.

As an academic sojourner conscious of the history of Africa over the last six centuries, he rallied his colleagues to resist the intellectual servitude on which all forms of foreign domination thrive. He was intransigent in his call for the liberation of our collective imaginations as the foundational stone for continental liberation. In all of this, he also distinguished himself by his insistence on scientific rigour and originality. It was his trademark to be uncompromisingly severe with fellow scientists who were mediocre in their analyses. The power of his pen and the passion of his interventions always went hand-in-hand with a uniquely polemical style that was hardly meant for those who were not surefooted in their scholarship.

This then was the Mafeje who left us on 27 March 2007 to join the other departed heroes and heroines of the African social research community: a great pan-African, an outstanding scientist, a first rate debater, a frontline partisan in the struggle for social justice, and a gentleman of great humanitarian principles. We will surely miss his thoughtful insights, his strident rebukes, his loyal friendship, his companionship, and – yes, his wit, humour and expert culinary skills that included an incomparable knowledge of foods and wines from all corners of the world.

Archie Mafeje has fought the battle and run the race successfully; for those he has left behind, especially those of us whom he inspired, the challenge before us is clear:

> *Keep the Mafeje spirit alive by investing ourselves with dedication to the quest for the knowledge we need in order to transform our societies – and the human condition for the better.*

In the meantime, our thoughts and solidarity go to the members of his family, including his wife Shahida El-Baz and their daughter, Dana.

About Archie Mafeje

Professor Archie Mafeje was South African by birth. He completed his undergraduate studies and began his career as a scholar at the University of Cape Town, in his home country but, like many other South Africans, he was soon forced by the Apartheid regime to go into exile where he spent the better part of his life. He obtained a PhD in Anthropology and Rural Sociology from Cambridge University in 1966. In 1973, at the age of 34, he was appointed Professor of Anthropology and Sociology of Development at the Institute of Social Studies in The Hague by an Act of Parliament and with the approval of all the Dutch universities, becoming the first African scholar to be so distinguished in the Netherlands. That appointment bestowed on him the honour of being a Queen Juliana Professor and one of her Lords. His name appears in the prestigious blue pages of the Dutch National Directorate.

Archie Mafeje's professional career spanned four decades and three continents. From 1969 to 1971 he was Head of the Sociology Department at the University of Dar Es Salaam, Tanzania before moving to the Hague as a visiting Professor of Social Anthropology of Development and Chairman of the Rural Development, Urban Development and Labour Studies Programme at the Institute of Social Studies from 1972 to 1975. It was here that he met he met his wife and life-long companion, the Egyptian scholar and activist, Dr. Shahida El Baz. In 1979, he joined the American University in Cairo as Professor of Sociology. Thereafter, he took up the post of Professor of Sociology and Anthropology and Director of the Multidisciplinary Research Centre at the University of Namibia from 1992 to 1994. Mafeje was also a senior fellow and visiting or guest professor at several other universities and research institutions in Africa, Europe and North America. He is the author of many books, monographs and journal articles. His critique of the concept of tribalism and his works on anthropology are widely cited as key reference materials. He also did path-breaking work on the land and agrarian question in Africa.

Mafeje returned to South Africa several years after the end of apartheid where he was appointed a Research Fellow by the National Research Foundation (NRF) working at the African Renaissance Centre at the University of South Africa (UNISA). In 2001 Archie Mafeje became a member of the Scientific Committee of the Council for the Development of Social Science Research in Africa (CODESRIA) and in 2003 was awarded Honorary Life Membership of this Council. In 2005, Professor Mafeje was appointed a CODESRIA Distinguished Fellow in conjuction with the Africa Institute of South Africa, in Pretoria. Professor Mafeje is survived by his wife Shahida and their daughter Dana.

Early Tributes from some CODESRIA Members

Archie, our comrade, teacher and friend, hear the voices of some of the members of our community as they digested the breaking news of your transition:

Jimi Adesina, 28 March, 2007: It is with an inconsolable sense of grief and outrage that I write to inform you that Tandeka Nkiwane confirmed this morning the passing away of Archie Mafeje. He would have been 71 years old tomorrow. Inconsolable sense of grief because of the loss of a man of incredible presence of mind, intellect, and generosity of spirit. Outrage because after decades in exile, Archie returned home to exile in South Africa. In our last conversation he spoke of his isolation and loneliness in South Africa (at home, in a place of his birth, in a land that gave us one of the finest minds in the global community of the social sciences).

He was on holiday in his home region of the Transkei in December/January and experienced the sense of community that was so crucial to him, among the 'ordinary' people in his home region. When we last sat together in Pretoria a few weeks ago, he was in the best condition in which I had seen him in four years . Archie was to be with us on 13 April when Thandika Mkandawire receives his D.Litt (earned from the assessment of TM's works, NOT honorary); and now we're never going to see him alive again – warts and all; his incredible brilliant mind, quirky sense of humour, and that subdued almost guttural chuckle that comes from the deep part of his throat when he is tickled by something; arms flapping, with his index finger extended to emphasise the point. For a people and generations that come through this way, let it be said he lives in our hearts, in our memories, in our thoughts because there will never be another like him; never another like our Archie Mafeje.

Mahmood Mamdani, 28 March, 2007: Over the past few years, we have had to bear the experience of loss, and accept, however painfully, that death is a part of life. As we mourn the loss of our dear colleague and comrade, Archie, the important point is to memorialize the meaning of his life and work in a way that makes it accessible to the younger generation, those who did not have the opportunity to know him personally as we did.

I have a suggestion for a start. Given the artisanal way in which Archie operated and given the isolation of his circumstances, I think it important that CODESRIA take a formal decision to commit resources to gather his papers with a view to deciding whether they should be archived at CODESRIA or are substantial enough to be archived in a library, most likely in South Africa, with the understanding that these would be available to all scholars. After this, we should consider forms of memorialization that underline his substantial contribution to the development of knowledge on the African continent.

Issa Shivji, 29 March, 2007: It is devastating (news). We have lost a great African intellectual. As we would say in Kiswahili *hakunyumbishwa katika msimamo wake*. He could not be shaken from his stand. What more can one say.

Archie Mafeje

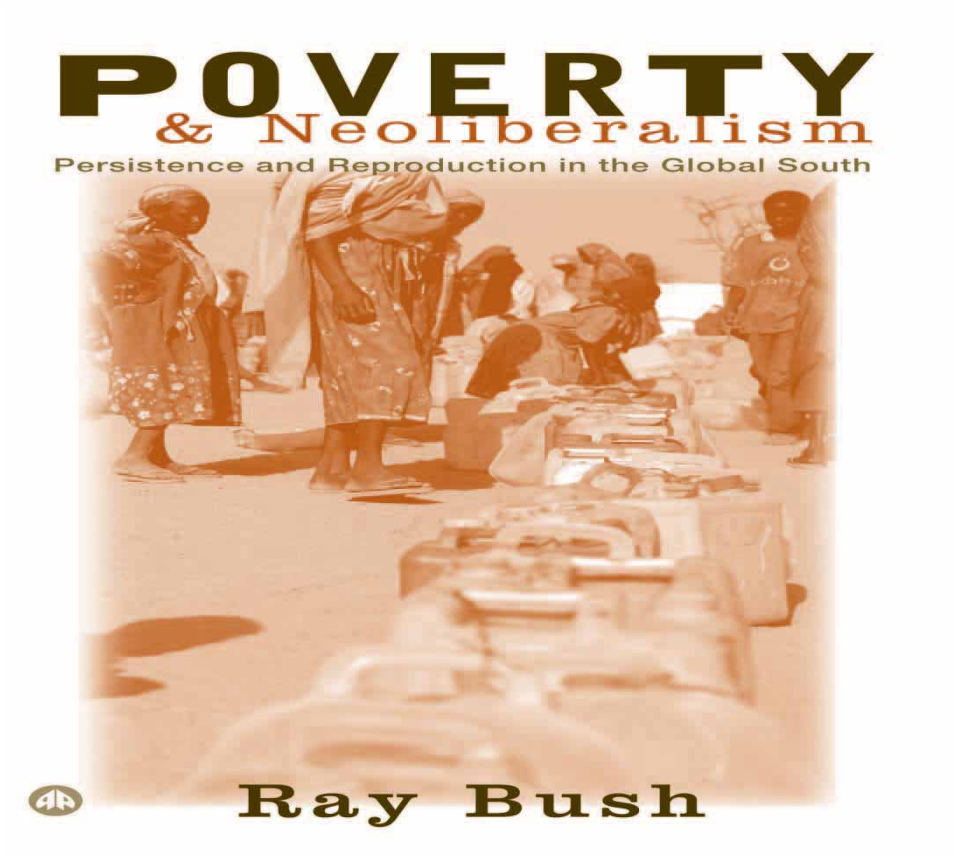
Lionel Cliffe, Peter Lawrence & Katherine Salahi

Archie was closely associated with ROAPE from its very beginning as a member of the Editorial Working Group, then an overseas editor and then contributing editor until 1984. Those of us who worked with him in those days have vivid memories of the intellectual rigour, no-nonsense manner and wide knowledge of both southern and East Africa that he brought to the journal. That was a period when southern Africa was at the forefront of attention for all concerned with the struggle for liberation. This was reflected in the pages of ROAPE, which devoted Issues 7, 9 and 11 to either South Africa or the region. The movements in Mozambique and Angola had just won their independence from Portugal; the armed struggle in Zimbabwe had been ratcheted up to what was to become the decisive stage; and Namibia's struggle on the ground and in diplomatic negotiations entered a new phase. (Archie was to spend time working in Namibia when it eventually became independent before he went back to South Africa.) And South Africa itself also entered a new stage of intensified struggle with the uprising that emerged from the student protest in Soweto in 1976. In an article for ROAPE in that year Archie applauded those heroic confrontations, and characteristically probed their broader significance. He was critical of the main liberation movements, especially the ANC, 'leaving the youth unsupported and exposed', and in turn related that initial paralysis to what he saw as shortcomings in their strategies.

In those days, ROAPE had a second very respected and prominent South African editor, Ruth First. The rest of us considered that having two such people, associated with different movements, was a strength and a symbol of commitment to *open debate* among those on the left. However, two such feisty and outspoken individuals did not always make for cosy editorial meetings. Of course Ruth, as a staunch member of the ANC and the SA Communist Party, could not leave Archie's review of Soweto and the broader strategies uncontested. But in hindsight it is interesting to note that, amidst the intense polemic of the two contributions, Ruth, in an almost throwaway remark, made a basic concession to Archie's position, stating that it was perhaps a mistake to stick to the SACP's classic formulation of the need for a 'two-stage revolution' in South Africa – a distinct national liberation before a socialist revolution. Historians and analysts of the current South African neo-liberal strategy might want to look back to Archie's vision of 1976 and the debate with Ruth and with other ROAPE contributors.

Archie's involvement in the journal resulted from the personal contact some of us had made with him in East Africa. His book on Uganda, based on his doctoral research and some applied fieldwork, was a major landmark – one of the first serious anthropological texts by an African in a field until then dominated by whites. He was to make a further notable contribution when he returned to the region to become head of Sociology at the University of Dar es Salaam, then in the midst of its most intellectually invigorating period. Over and above what a serious intellectual of his calibre could contribute to the debates, he had a strategic position as leader of one discipline in actually operationalising the new radical thinking through changes in the curriculum. He was staunch in promoting such initiatives against the professional interests mounted against interdisciplinarity and against those who sought to divert 'radical' studies into nationalistic rather than socialist approaches. Thus it was more than a personal tragedy when Archie's contribution was cut short by a horrific car accident, from which he only recovered after many months of hospitalisation, repeated operations, his unflagging courage and determination, and the support of his future wife and lifelong soulmate, Shahida el Baz, and his friends around the world.

Archie went on to make a significant lifetime contribution to radical scholarly analysis of African societies and the next issue of ROAPE will include tributes to his life and work and a commentary on his debate with Ruth First and its significance for South Africa today. ✦


POVERTY
& Neoliberalism
Persistence and Reproduction in the Global South
Ray Bush

Review of African Political Economy No.112:401-412

Book Reviews

The Coffee Paradox: Global Markets, Commodity Trade and the Elusive Promise of Development, by Benoit Daviron & Stefano Ponte; London: Zed Books, 2005; 295pp. £16.99 (pb). ISBN: 1842774573. Reviewed by Michael Barratt Brown, Trustee/Director & Former Chair of TWIN & Twin Trading.

After oil coffee is the largest traded commodity in the world. Every day in the whole world between 2 and 3 billion cups of coffee are drunk. The number has been increasing over the last 20 years to a third more in the 2000s and the price of a cup has increased with inflation. Yet, over the same period the price paid to the grower has actually declined and the share of producer countries in the final value of the coffee in the cup has dropped from 20% to under 10%. The coffee grower is lucky if he or she gets 1 cent on a cup of coffee, costing the final consumer a dollar excluding sales tax. These are some of the facts which Daviron and Ponte have revealed in their studies at the Copenhagen Institute for International Relations and which have led them to explore what they call in this book 'the coffee paradox'.

The reasons generally employed to explain this unequal distribution of benefits from trade, which the authors examine are several. There is first the general decline in agricultural commodity prices relative to those of manufactures and services, owing to the propensity of those of us in the rich countries to spend less of our extra income on such commodities and to higher labour productivity in manufacturing compared with farming. There is the excess supply of commodities and especially of coffees in the world market compared with demand as a result of the ending in 1989 of the regulation of supply by the International Coffee Organisation and then of the encouragement by the International Financial Institutions of extra production to pay off the debts of the non-oil producing developing countries following the oil price hike of the 1970s. There is finally the withdrawal of state governments from commodity trading and the growing power in international trade of a few giant corporations using their position in the value chain from producer to final consumer to increase their share of the value added to the original product. But Daviron and Ponte see a further weakness in the producers' power in this chain; a cup of coffee in a coffee bar comes as a brand with the personal service and ambience of the bar, and unlike a wine bar with no distinction of taste attributable to the original producer.

In the case of coffee it is undoubtedly, as the authors argue, the roasters who sell the brand and make the money, when they buy the coffees in auctions and from local traders, and then roast and grind and pack for filter coffee or brew, freeze and dry for soluble coffee and sell to the big retailers, mainly supermarket chains. These roasters include such famous names as Nestle, Philip Morris, Sara Lee and Proctor & Gamble, who dominate the world market. The problem for the growers, as Daviron and Ponte point out, is that the roasters in selling a brand want large quantities of a homogeneous product from many sources, which take no account of specific qualities or tastes or geographical origins. The roasters take anything from 33% of the final sales price of a cup in coffee bars to 80% of the

ISSN 0305-6244 Print/1740-1720 Online/07/020401-12
DOI: 10.1080/03056240701449760

price of a jar on the shelves in the supermarkets. The large scale requirements of the roasters mean that they prefer to buy from coffee estates through local traders rather than from small farmers through their cooperatives. In this way an unfair trade system, originally based on slave plantations, has been perpetuated.

Largely as a result of the Fair Trade Movement and of popular concern for sustainable production and of popular preference for organically grown food, consumers in the developed countries have begun to look for a fairly traded and organic product in their coffee. This movement, as Daviron and Ponte recognise, began in Europe and spread to America in the last decade, but since the USA offers by far the largest world market for coffee (23% of imports in 2000-02, with Germany next on 11% and Japan on 8%) they naturally give much weight to US experience with large plantations. Starbucks is quoted as finding its quality control systems for achieving a homogeneous product more easily applicable to estates than to cooperatives and farmer groups This has the unfortunate effect in the authors' undervaluing the European experience with small holder cooperatives of developing Fair Trade and sustainable production. The most careful case study in their book is of the Italian market, much of it in espresso bars, where taste is not easily distinguished. Even a speciality coffee importer in Italy like Illy of the Lavazza brand buys from many sources.

There is no mention in the book of the UK's Cafedirect, a FairTrade coffee which has captured between 8% and 10% of the UK coffee market and which is supplied by Twin Trading, entirely from small holders' cooperatives in Africa and Latin America. It is the view of the authors that these suppliers will have great difficulty in maintaining their sales in the future when competition for fairer trade and sustainability hots up. This conclusion is reached on several grounds: estates have better access, they say, to finance, and larger scale to afford inspection and certification costs; they have cupping skills which cooperatives generally do not have; they have better quality control systems; they are better equipped to forge links with specialty roasters and importers. All these supposed grounds for estates' superiority are open to challenge in our experience over 20 years in Twin Trading. Indeed, Daviron and Ponte give examples of better quality coming from cooperatives than from other coffee producers in Uganda. They claim, however, that, often only a small proportion of the cooperatives' production is sold on Fair Trade prices, some farmers getting no benefit from cooperation. This is in our experience quite untrue. All farmers have some of their crop sold on fair trade terms or can hope to do so with the cooperatives providing husbandry advice to all members to improve the quality of their crop. It is also stated by the authors, quite incorrectly, that Fair Trade criteria do not include provision for the wages of employed labour on certificated estates.

The list of recommendations proposed by the authors at the end of their book would be hard to implement if only estates were considered for a fairer trade system and more sustainable production. Most of their proposals indeed provide just those requirements that would give small holders' cooperatives a competitive edge. These are most particularly the requirement of an indication of geographical origin (IGO) and sustainability standards. These would immediately benefit the small holders' normal practices of inter-cropping and of shade cover for the coffee bushes. These are simply not possible on estates where the use of pesticides and artificial fertilisers is the norm, ruling out any claim to organic production. One of the main arguments of the authors for the inequality between producers and consumers would, moreover, disappear if the taste for different origin coffees could be developed as it has been for wines. Cafédirect already offers a Kilimanjaro and Machu Pichu and a premium gourmet blend which are beginning to attract consumers away from the multi-sourced coffees of the big monopoly roasters.

This book supplies an extremely valuable collection of statistical tables and figures relating to the coffee trade and an important new analysis of the international value chain, based on careful research. What is missing is an equally careful study of conditions of the workers on coffee estates and of the small holder farmers in their cooperatives. This has been done for Latin America by Daniel Jaffee in his book *Brewing Justice, Fair Trade Coffee, Sustainability and Survival*, published in 2006 by the University of California Press. Jaffee lived on three Mexican coffee farming villages over a three-year period and carried out a meticulous comparative survey by interview and questionnaire of 25 coffee growing families selling their product through Fair Trade channels and of 25 coffee growing families selling through conventional traders. There was no doubt in the conclusion that the Fair Traders benefited, but they had to work harder and employ more seasonal labour, mainly from other small farmers. This extra work was especially the case where they produce organically. It would be of great value to have a similar study made in Tanzania or Uganda.

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*Trading Down: Africa, Value Chains, and the Global Economy, by Peter Gibbon & Stefano Pont*e, Philadelphia: Temple University Press, 2005. 272pp. £14.95 (pb); ISBN: 1592133681. Reviewed by Trevor Parfitt, University of East London.

The increasing marginalisation of Sub-Saharan Africa in world trading patterns has been examined in some detail over a considerable period. It might be asked if much can profitably be added by another book on the subject. Gibbon and Ponte provide a strong affirmative answer to any such question. Their book provides a persuasive examination of the forces that affect African trade that is noteworthy for combining thorough and effective macro-level analysis with informative and useful sectoral case studies.

Gibbon and Ponte start by examining developments at the level of global capitalism that have combined to impact in a largely negative manner on Africa's trading prospects. They note that the increasing influence of the financial sector has led to corporate performance being assessed mainly in terms how far they have maximised the return on capital employed. This has contributed to a propensity for leading corporations to try and benefit from economies of scale by focusing on their most profitable activities (often production/marketing of branded goods) and outsourcing less profitable processes to smaller companies. Gibbon and Ponte also analyse how the international trading system has changed in ways that are largely disadvantageous to African countries, with the relatively permissive non-reciprocal trading regime associated with GATT and arrangements such as the Lomé Convention giving way to a more 'red in tooth and claw' free trade regime associated with the WTO. This makes it more difficult for African states to penetrate OECD markets that are still characterised by substantial levels of (to some degree disguised) protection. It is worth noting that the two chapters dealing with these issues present a worthwhile overview of recent developments in global capitalism and trade.

Having thus set the scene, Gibbon and Ponte introduce Global Value Chain Analysis to examine how the value generated in production of a commodity is distributed amongst the various companies involved in producing it. They note that the aforementioned emerging emphasis on economies of scale has led to the emergence of buyer driven chains that are dominated by large firms such as Tesco and Wal-Mart, which maximise profit by focusing on certain core activities while outsourcing less profitable activities to businesses lower down the chain. Contemporaneous to this tendency it has become more difficult for African businesses to climb beyond the lower levels of such value chains due to the adverse developments in the trade regime mentioned above and certain of the effects of structural adjustment (such as elimination of state marketing boards that organised marketing for producers and provided some subsidies). Whilst these general trends emerge quite clearly from the analysis, the focus on global value chains enables Gibbon and Ponte to undertake a number of commodity based case studies. Thus, they develop a nuanced account of a variety of different trajectories experienced by African businesses in different sectors, some of which have experienced a measure of success (e.g. Zimbabwean cotton), although most have experienced varying levels of marginalisation.

The book combines sound macro-analysis with an interesting use of case studies founded in global value chain analysis to provide a somewhat subtler and more thorough account of Africa's trading position than is normally provided. This enables Gibbon and Ponte to point towards strategies that can help African companies to improve their situation, notably involving economies of scale. There are some drawbacks to the book. Parts read a little dryly, and the use of Convention Theory to examine governance of value chains seemed less convincing to this reader than the very effective mobilisation of global value chain theory. However, it is eminently clear that this book should be essential reading for anybody interested in understanding African trade.

The New Development Economics: After the Washington Consensus, by Jomo KS & Ben Fine (eds.); New Delhi: Talika Books and London: Zed Books, 2006. 304pp; £7.95 (pb); ISBN: 1 84 2776436.

The Long Twentieth Century (1) Globalisation under Hegemony: The Changing World Economy, by Jomo KS (ed.); New Delhi: Oxford University Press, 2006; 312pp; $35 (hb); ISBN: 0 195673859.

The Long Twentieth Century (2) The Great Divergence: Hegemony, Uneven Development, and Global Inequality, by Jomo KS (ed); New Delhi: Oxford University Press, 2006; 262pp; $35 (hb); ISBN: 0 195673867. Reviewed by Michael Barratt Brown.

Some 40 years ago in the mid 1960s the late lamented André Gunder Frank began to speak and to write about 'The Economics of Underdevelopment and the Underdevelopment of Economics'. It was becoming clear to scholars that the science of economics (seen as the study of the decisions of rational and informed persons on the allocation between alternative uses of scarce resources, in particular of capital, in a competitive market) was unable to explain the continuing and deepening division between developed and undeveloped economies. Persons everywhere were *not* equally informed and did *not* rely solely on their reason in making decisions; the market was not everywhere (or even often), competitive, and resources, and especially capital, varied in their scarcity.

Economists were finding it necessary to go back to their origins in political economy and to call upon the insights of sociologists and historians in trying to explain the nature of development and underdevelopment. I found it necessary to take a political-economy approach when I was asked in the 1970s to write a Penguin Modern Economics text on *The Economics of Imperialism*[1] and in the early 1990s to write another Penguin on *Africa's Choices: After 30 years of the World Bank*.[2] The World Bank and its 'Washington Consensus' survived, and another decade on, we have three volumes of collected essays on *The New Development Economics: After the Washington Consensus*. Once again economics has had to go to political economy, sociology and history to give explanations of what has been happening.

The Washington Consensus was indeed an attempt to go back to neo-classical economic theory and to make markets work without state interference, as they had supposedly done in the development of the developed economies. The fact that none had developed without massive state protection and support did not appear to trouble the ideologues of Washington, DC. Removal of the state's corrupt and exploitative role in underdeveloped economies, and freeing flows of trade and capital would, they believed, allow private capital and technology from outside to do the job of development. In something that is called 'the post-Washington consensus' insights from sociology about the causes of poverty and from history about the legacy of colonial rule have been allowed into the story, but it is rather like the Ptolemaic addition of successive epicycles to maintain the theory of an earth-centred against a solar-centred system. Such modifications of the Washington Consensus are critically examined in several of the essays under review, but the fundamental point – that a capital-centred system has to be replaced by a human centred one – is touched upon only in the essay on 'human capital' by Pauline Rose of Sussex University, in which she rightly derides the World Bank's commitment to education as being entirely concerned to train workers to meet capital's needs.

The problem in these studies, at least in relation to Africa's underdevelopment, is that none of the historians who make up the largest number of the contributors to the two volumes of *The Long Twentieth Century* go beyond the colonial period in their studies. It is astonishing that the work of Christopher Fyfe[3] and of Basil Davidson[4] is not referred to and that the contributing African historians come from the Republic of South Africa and not from among those like Claude Ake', George Ayittey, Mahmood Mamdani or Hassan Zaoul[5] who come from what was colonial Africa. Nor is this improved on in the *New Development Economics*, which has an essay by Dimitris Milonakis from Crete on 'Pioneers of Economic History'. This list of pioneers includes W.W. Rostow, who is praised also by Ben Fine in his opening essay for Rostow's exposure of the limitations of purely economic analysis, but is not criticised for lumping all pre-industrial and pre-colonial societies together as 'traditional societies' without distinction. In the case of Africa, this is most serious because the achievements of pre-colonial Africa are simply not mentioned, but have to be understood when discussing the application of Western historical and political norms to Africa's development.

One would not know from reading the historical essays which make up the greater part of these books that there was a considerable literature by African scholars on development, which I attempted to bring to wider notice in my 1996 Penguin *Africa's Choices: After 30 Years of the World Bank*[6] and in 'The African Model' chapter of the 1995 revised edition of my Penguin *Models in Political*

Economy.[7] These cited not only the work of the African historians already referred to above but the so-called 'Beyond Hunger Project' produced in 1987 by African scholars under the auspices of the Nairobi-based African Academy of Sciences and the Dakar-based Council for the Development of Economic and Social Research in Africa (Codesria) in a carefully constructed vision for 2057 just a century after Sudan and Ghana achieved independence from colonial rule.[8]

This project did not remain a dream, but within two years had inspired the UN Economic Commission for Africa, under the direction of Professor Adebayo Adedeji, to respond to the World Bank's report on *Africa's Adjustment and Growth in the 1980s* with the UN's own *African Alternative to Structural Adjustment Programmes: A Framework for Transformation and Recovery*. This emphasised that human beings and not institutions and markets must be the 'fulcrum for development' and this must involve 'the extended family for the cooperative spirit of self-help development and traditional sanctions on leadership'[9] – both specifically African values. It was very largely in response to this 'African Alternative' that Joseph Stiglitz, on leaving his post as chief economist to the World Bank in 1998, prepared what came to be called 'the post-Washington consensus' which becomes the main object of study in *The New Development Economics*. But no mention of such an African alternative appears in any of the texts and references in the three books that are here under review.

It would be wrong, however, to dismiss these books as being without use for students and practitioners of development. The historical studies of colonial rule, studies which apparently emerged from a Sephis-sponsored research project on the 'Long Twentieth Century' are interesting and important contributions to scholarship. This is most particularly true of the chapters in the volume on *Globalisation under Hegemony* by Utsa Patnaik and Deepak Nayyar, both of Jayarhal Nehru University of New Delhi, which emphasise respectively the importance for Britain's industrialisation of colonial tribute in the first years of colonial rule during and after the industrial revolution from 1770-1820 – a surprising extension of the 'Long Twentieth Century! – and of the early appearance of globalisation after 1870, which is said to be 'seldom recognised until recently by economic historians'. The statistical series of capital flows have been carefully re-examined here and in other contributions, but scant respect is shown for earlier works in Patnaik's claim to a 'new' view of the early tribute from India and the West Indies or in Nayyar's statement that the earlier globalisation after 1870 was 'until recently seldom recognised'. In relation to the latter period S.B. Saul's *Studies in British Overseas Trade, 1870-1914*,[10] which was published as long ago as 1960 is listed by Patnaik in her references though not by Nayyar in his, and both the earlier tribute and the later globalisation were recognised in my *After Imperialism*, published by Heinemann in 1963.[11]

The importance of early African history and of African traditions for understanding Africa's development is recognised in the chapter on 'Development and Geography' by Hugh Goodacre of the London City University in his demolition of the influential view of Jeffrey Sachs that geographical and ecological variables are enough to explain the underdevelopment of certain regions without the need to study their history including colonisation. It is the economic and social facts in that history which have to be understood. The chapter in *The Long Twentieth Century* volumes on 'The Commodity Terms of Trade and their Strategic Implications for Development' by J.A. Ocampo and M.A. Parra of the UN Secretariat offers a robust defence based on careful statistical analysis of the thesis propounded in 1950 by Raoul

Prebisch and Hans Singer to the effect that there is a built-in tendency in international trade for the world prices of primary products to decline, and for the prices of manufactured goods to rise. This is explained by the income elasticities of demand that mean more manufactured goods than primary products being demanded by consumers as their incomes rise and by technological change which leads to less material being used per unit of manufactured output and to many cases of synthetic products replacing natural products. The authors emphasise that this tendency has been exacerbated by the power of large corporations in developed countries to fix transfer prices to their advantage in their purchases from developing countries.[12]

There are several historical studies of international trade in the first volume on *Globalisation under Hegemony in the Long Twentieth Century*, apart from those already mentioned. These include essays on 'International Movements of Unfree Labour' on 'Trade and Industrial Policies', and one on 'Globalisation Now and Then' in which Richard Kozul-Wright of UNCTAD explores the necessity of protection and not free trade in the early stages of a county's economic development. The second volume on 'The Great Divergence' includes detailed studies of particular regions – Latin America, south-east Asia, India and the Middle-East, as well as the two on Africa. Rather surprisingly there is no chapter on China, which the editor of these books, Jomo Kwami Sundaram of Malaya and of the UN Secretariat recognises as having developed rapidly 'with a non-convertible currency, state control over its banking system and other major violations of IMF and World Bank prescriptions'. But the development of the East Asian miracle is recognised by Jomo K.S. as having been based on state support. Moreover, both the *Long Twentieth Century* volumes and *The New Development Economics* have chapters on the role of the state in development – in the first volumes this is cited by Amiya Kumar Bagchi of Kolkata as having been 'under imperialism' in Germany and Japan as well as in the Soviet Union, China and Korea while in *The New Development Economics* it is cited in the contribution by Ben Fine as being in the form of 'the development state' encouraged as a response to the Washington consensus.

These books start from the most devastating criticism of the Washington consensus and its subsequent modifications, both in the failure of these policies to create any development and in their generation and deepening of inequalities inside and between countries, but the presentation of an alternative view is distinctly weak. This applies not only to the neglect of development alternatives proposed by African scholars discussed above, but to the provision of an alternative economic model. *The New Development Economics* provides a magisterial review of the literature. In the 304 pages there are 53 pages of references for 14 chapters and 12 pages of index. But alternative economic models are not considered except in the requirement that 'the existing frontier between what is fashionable to label as 'economic factors' and as 'social factors' is abolished', as the marxist Maurice Dobb is quoted at the end of the chapter by Dimitris Milonakis on 'Pioneers of Economic History'.

The argument of much of the book on the *New Development Economics* is concerned, as Ben Fine insists in his introduction, with demolishing the thesis of a *homo economicus* who maximises utility where economic agents behave no differently in developing countries from those in industrial economies. But the implication that human beings might naturally combine together and form cooperatives is not examined. There is not a single reference in any of these books to cooperatives or to non-governmental organisations, despite their considerable success in selling in international markets both fair trade and organic products - coffees, teas, chocolate, tropical fruit, nuts, wines, cottons etc., and thereby improving the terms of trade.[13]

It is impossible to end this review without commenting that anyone who reads every page, as I did, will find that, at least in the second of the *Long Twentieth Century* volumes, when opening up the pages the whole bulk of the 262 pages falls out from the binding. In going to an Indian printer the OUP seems to have made a false economy, but it must be said that the first volume did not fall apart in the same way, despite the same treatment, nor did the much longer Tulika and Zed Press book on *The New Development Economics*, which was also printed and bound in India, but by a different printer. Such are the diversities of technological development. It is a good example of the varying results of transfers of technology in differing conditions, discussed by Sonali Deraniyagala of SOAS in his contribution to this book. The message of these books is obvious: you need horses for courses.

Endnotes

1. Michael Barratt Brown, *Economics of Imperialism*, Penguin, 1974

2. Michael Barratt Brown, *Africa's Choices: After 30 Years of the World Bank*, Penguin, 1995.

3. Christopher Fyfe, *A History of Sierra Leone*, OUP, 1962.

4. Basil Davidson, *The African Genius*, James Currey, 1969.

5. Barratt Brown, see note 2.

6. Ibid.

7. Michael Barratt Brown, *Models in Political Economy*, Penguin, second edition 1995, chapter 17, 'The African Model'.

8. Barratt Brown, see note 2.

9. Ibid.

10. S.B.Saul, *Studies in British Overseas Trade, 1870-1914*, Liverpool, 1960.

11. Michael Barratt Brown, *After Imperialism*, Heinemann, 1963

12. See Peter Robbins' studies in Michael Barratt Brown and Pauline Tiffen, *Short Changed: Africa in World Trade*, Pluto Press, 1992.

13. Michael Barratt Brown,'Fair Trade with Africa' in this issue of ROAPE.

A Life Looking Forward: Memoirs of an Independent Marxist, by Samir Amin; London: Zed Books, 2006; 266pp; £16.99 (pb). ISBN: 1842777831. Reviewed by Jeggan C. Senghor, ICS, University of London.

As is to be expected, the memoirs of Samir Amin depart from conventional methods and approaches to recording life experiences. He goes beyond presenting a linear evolution of the more prominent events in his life in relation to his own growth and development. Rather, he intimately intertwines three levels of analysis, namely, the personal, the historical-political statement of ideology, and the transmission of the ideology to his institution-building operations in Africa and globally.

Concerning matters of a personal nature, the first chapter which deals with his childhood is somewhat in the tradition of a biography. Not only does the writer trace his maternal and paternal lineage but the normal warmth and closeness of family life pervade these early sections of the book. The comfort of family is particularly strong with his grandparents and intricate bonds were cemented within the nuclear family. Similarly, school life and the large network of friends and acquaintances established in the communities in Port Said and Qift made for a very happy childhood. In this regard, relationships with his teachers at the *lycée* were particularly influential. Throughout other stages in this life journey personalities – high-brow and low-brow – turn up here and there. Not only does the author have an incredibly extensive network of friends and comrades but human relations are highly valued by him. Perhaps nowhere is this more vividly illustrated than in life in Bamako, Mali (pp. 120-131)

Even a cursory reading of these early chapters leads to the observation that Samir Amin was a scion of a privileged family. His was a bourgeois upbringing, with good food, beach visits, cars, country rides, and visits to different parts of the country. In terms of ancestry, his father's family belonged to 'the Coptic aristocracy' (p.1); his maternal grandmother 'was one of the descendants of the French revolutionary Jean-Baptiste Drouet who played a role in the arrest of Louis XVI at Varennes in 1791' (pp.3-4). His paternal grandfather was a railway engineer – 'he should have become a "director" (that is, at that time, a minister)' (p.2). His father and mother were medical doctors, having both been trained in Strasbourg; for much of his career his father was a health inspector and general purpose state physician. Samir himself went to Paris at the age of 16 years and over the next 10 years had his post-baccalaureate and university education up to the doctorate level. All this in the 1930s and the war years.

The family and broader childhood experiences provided a 'vanguard way of thinking and a system of values' (p.1) which left more than an indelible impression on a young mind which, in response, as early as the age of six years, declared a commitment to changing the circumstances of poverty and inequality to which the vast majority of fellow citizens were condemned. Samir Amin's ancestry 'was a happy meeting between the line of French Jacobinism and the line of Egyptian national democracy'. Grandfather was a freemason and socialist and father's strong communist sympathies grounded on what Amin refers to as a 'social sense' and 'social vision of problems'. Compared to Victoria College, the local English school, the liberal and progressive educational philosophy of the *Lycée* in Port Said also created an environment in which the young Amin was encouraged to read extensively the classics of marxism, to debate with schoolmates and teachers and to organise the group of 'young communists' on the premises. Similarly for life at Lycee Henri IV and at the Institute of Political Science (Sciences Po) in Paris.

In a sense the second level relates, first, to an update on developments in the socialist/communist camp and in the anti-colonialist struggles in the 1940s and 1950s, building on the author's *Re-reading the Postwar Period: An Intellectual Itinerary* (New York: Monthly Review Press, 1994). One such was the establishment of the new world system involving a radical transformation in the structure of the world political system. Naturally, some epochal events had a decisive impact on the thinking of the author. An example was the relationship between bourgeois revolution and socialist revolution on the periphery of the capitalist system; the rise of the national bourgeoisie in the periphery demonstrated the simplistic nature of the belief that the radical development of national liberation towards socialism was a natural progression. These and related issues are the subject of a separate chapter on the political context in the 1960-1998 period which summarizes sections in the above-mentioned tome.

A fundamental principle in marxism is the unity of theory and praxis. The third level of analysis in these memoirs relates to concrete activities undertaken by Samir Amin, an independent marxist, in (re)shaping objective conditions. For him the period spent working in Mwasasa Iqtisadia (an autonomous state holding institution) in Cairo, synchronized with that at the Service des Etudes Economiques et Financières (SEEF) in Paris, in that was professionally satisfying and it was punctuated by communist political activities which, in the case of Cairo, led to his escape from arrest. The three years spent working for the newly-born Government of Mali – which had declared Marxism Leninism as the 'state religion' – opened up new vistas on the realities of underdevelopment and the challenges of socio-economic planning in such a context. As he notes, 'The idea was not to dream up some spectacular advance on the highway of progress, but to predict the dangers on the winding road ahead' (p.114). The actual process of producing the first Plan is instructive, especially in that the constraints confronted were to be replicated in many other African countries. Likewise the fate of the first Plan – which he summarized as 'from drift to debacle'.

IDEP (United Nations African Institute for Economic Development and Planning, Dakar, Senegal), Codesria (Council for the Development of Social Science Research in Africa), and the Third World Forum are institutions that produce knowledge through research, process knowledge through seminars, workshops and conferences, and disseminate knowledge through teaching and training activities. Samir Amin played a central role in the birth and nurturing of these institutions and, accordingly, he devotes about one-fifth of the memoirs to this phase. This slice of the memoirs is of particular interest to the reviewer. As a young researcher at IFAN, University of Dakar, I spent many hours sitting in on lectures in IDEP, participating in debates, and engaging in discussions with the staff. As fate would have it the reviewer was also to succeed the immediate successor to Samir Amin (Essam Montasser of Egypt) as Director, from 1990 to 2000. From this vantage position I can confirm that 'The 1970s were the high point for IDEP' (p.208). Amin's tenure not only brought stability to the institute but its reputation was established throughout the continent and beyond. Likewise, in terms of numbers and quality of professional staffing, range and diversity of activities, productivity and impact, and any other indices of successful institution-building this period has not been matched. Indeed, it served as a point of reference for the management of the 1990s.

Two other comments on this part of the memoirs. First, Samir Amin casts his term in IDEP in the context of the intricacies of the UN bureaucracy and the machinations of UN bureaucrats. This is interesting, if even one does not agree completely with his views. Second, as defined by the author, the strategic objective of IDEP was 'to create an independent centre in Africa for critical thought', a channel for promoting African thinking and reflection on the continent's development strategy (p.210). On the other hand, those he termed the 'enemies' of IDEP, within and outside the UN, perceived his intention as one of using the institution as a base for propagating marxist socialist ideology and building an anti-West coalition of radical ideologues masking as academics. Eventually, the more powerful antagonistic forces marshalled against the institution were overwhelming and IDEP was never to be the same again. The offsprings, Codesria and the Third World Forum, were 'saved from the wreckage' (p.209).

A Life Looking Forward, a translation from the French original (1993), is a companion to all the numerous works of Amin, especially in that it re-emphasises some of his major theoretical contributions to a critique of global capitalism and the struggle against world hegemony. Equally valuable is the fact that it brings out the person out of an avant guard intellectual. His life experiences in a multiple of cultures – Egypt, France, and West Africa – and the vast panoply of personalities mentioned through the book add considerable to the value of the well-rounded book. *A Life Looking Forward* is a model for Third World and African scholars, notably those of Samir Amin's pioneering generation.

Globalisation, Neo-Conservative Policies, and Democratic Alternatives (Essays in Honour of John Loxley), by A Haroon Akram-Lodhi, Robert Chernomas & Ardeshi Seppehri (eds); Winnipeg: Arbeiter Ring Publishing, 2005. 464pp. £13.70(pb); ISBN: 1-894037-22-7. Reviewed by Sylvester Odion-Akhaine, Centre for Constitutionalism and Demilitarisation, Lagos.

For nearly two and half decades, capitalism has asserted its dominance on the global political-economy in the mould of globalisation powered by what Manuel Castells called the second scientific revolution. Equally, it has been bolstered by the bond between organic intellectuals of the 'new right' and the power-wielding politicians of the core, and partly reinforced by the relapse of its ideological parallel – communism - and the extinction of its sphere of influence, the eastern bloc. This trend is viewed by some scholars of the right as the triumph of capitalism, and an expression of its ideological superiority over other social alternatives.

In this regard, the book, *Globalisation, Neo-Conservative Policies, and Democratic Alternatives* is a welcome relief. It could not have been otherwise as its provenance lays in the quest for a befitting honour for John Loxley, a man who all his life has struggled for social justice across continents: Africa to the Americas. His armour in the fight against the contradictory dynamics of capitalism, while foregrounding a social alternative, was intellectual. *Globalisation, Neo-Conservative Policies, and Democratic Alternatives* is made up of twenty chapters anchored by an interesting array of scholars. The issues explored, namely, capitalism's accumulation process, institutional reforms and new perspectives in social mobilisation a la alternative budgeting, tug at the soft underbelly of the neo-conservative agenda. The case of Canada and Africa deflates the general notion of convergence which globalisation engenders. In Canada, a seeming increase in the organic composition of capital attained by exploitation of the working class did not increase the profitability of capital due to leakages by means of indirect tax and high interest rate particularly in the decade of the 1990s. Indeed, it was underlined by a lower profit rate more than the crisis years of the 1970s. The neo-conservative era in Africa dominated by debt crisis and adjustment programmes did not produce convergence. There was a conscious deconstruction of the national bourgeoisie and white elephant project allowed for the dominance of foreign capital in the pre-structural adjustment period. Structural adjustment programmes (SAPs) with its extroversion have only reinforced Africa's position in the global economy as primary commodity producer. An observable steady inflow of foreign direct investment (FDI), largely in the extractive industry, creates more divergence. In spite of its public persona, the New Partnership for Africa Development (NEPAD), the new development mantra, mainly reinforces Africa's position as an appendage of global capital 'being compatible with the neo-conservative agenda'(p.78).

Institutional reforms are critical to the neo-conservative agenda of creating the socio-economic and political contexts for capitalist realisation. Since the world is its stage, the international finance institutions (IFIs) consciously universalise governance principles. The point that needs to be made is that the nuances in the governance complex are a response to the strictures on the neo-conservative agenda. This is seen in the renegotiation of donor-Government of Tanzania relationship aimed at local ownership. Institutional reforms aim at enabling the realisation process of capitalism in the global economy. The imposition of a market narrative through governance institutions helps this goal. But its counter- productiveness cannot be glossed over. A near-perfect Commune Health

Centres (CHC) in Vietnam is destroyed by user-fee scheme that produces on a national scale 'provider's moral hazard' (p.196) and a 'deterioration of the health status of individuals seeking hospital' (p.192). In Egypt, agriculture, which accounts for about 36 per cent in employment, has been distorted by a market-driven land reform which has led to increase in the disparity between the rich and poor as well as social tension. The new resource management (NRM) approach is supposed to empower local communities and a market approach to NRM produces quite the opposite: it exacerbates structural weaknesses of communities and existing power relations. Bonnie Campbell et al. are right to observe that 'we are witnessing the distancing from a liberal and pluralist model, based on a participatory ideal, in favour of a more neo-conservative authoritarian model based on a technocratic ideal' (p.258).

Engaging the neo-liberal agenda by means of an alternative budgeting approach that has an element of gender mainstreaming in resource allocation, as the cases of Canada and Kenya illustrate is useful. In Africa, it has the potential to resolve resource-based conflicts and deepening democracy. Again, as the Canadian experience illustrates, the process was limited by fiscal constraints and was barely able to tug at the structural transformation of the Canadian economy. The political opposition inherent in this process is, however, significant.

The efforts made in this book vitiate the claims of globalisation: globalised markets. The analysis of Scottish economy (pp. 287-302) and sub-Saharan Africa (see Chapters 4, 5, 7 & 9) reveal that there are different levels of peripherality in terms of economic problem and the neo-conservative agenda. Its contradictions afflict both the so-called developed and underdeveloped economies which are being shaped by it. As Chernomas and Ardeshi rightly argue in Chapter Two, the neo-conservative agenda may have facilitated attack on the developmental state but evidence from trade to inflow of FDI shows increasing regionalisation thereby undermining its claims. Here lies the strength of this book. The attempt to differentiate neo-conservatism from neo-liberalism has only heuristic value (pp.404-407). Both, in my opinion, attain unity in the strengthening of global capital.

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