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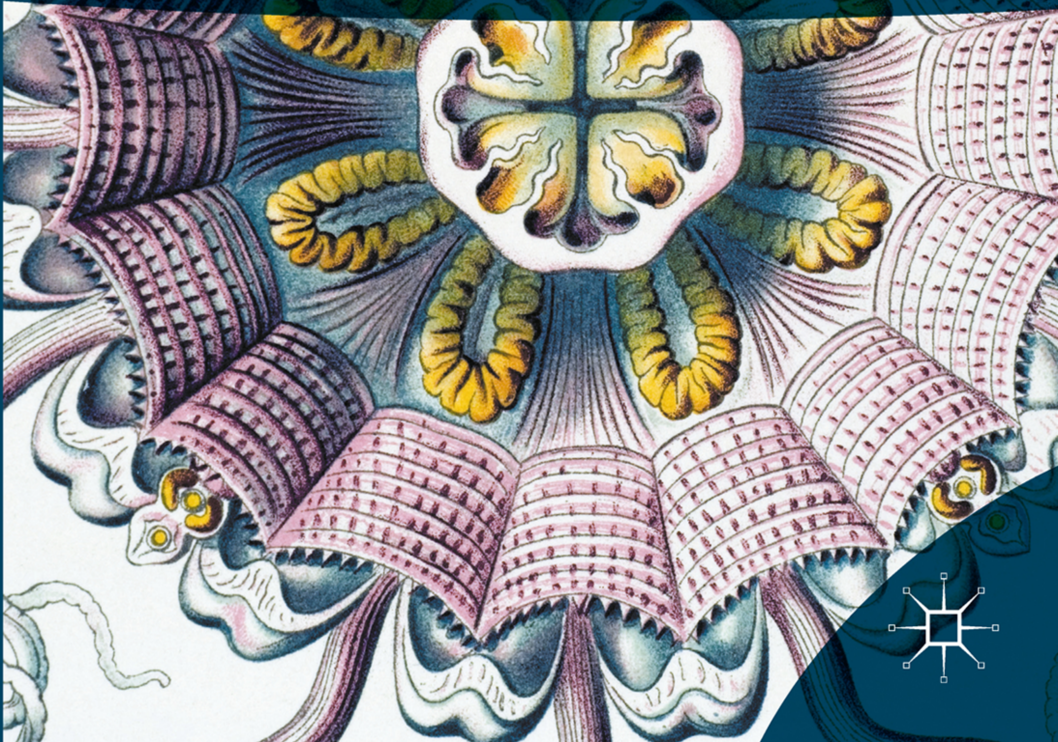
REGIONALISM AND INTEGRATION IN AFRICA

EU-ACP Economic Partnership Agreements and Euro-Nigeria Relations

Samuel O. Oloruntoba



Regionalism and Integration in Africa

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Preface

The deadlock in the negotiations of the Doha Development Round in 2007 under the auspices of the World Trade Organization (WTO) has spurred a new resurgence of regionalism and regional integration in different parts of the world. Although regionalism is not a new phenomenon, its current trend seems to have surpassed previous experiences. Whereas the post–World War II international economic order seeks an open international economic relations through a multilateral framework and governance, recent developments at the WTO in terms of power plays between developed and emerging economies have more or less reduced the tempo of multilateralism. While an open regime of international trade and investment is still deemed to be an important and necessary requirement for development both at the core and the periphery of global capitalism, the salience of interests and power between developed and developing countries and the contradictions that these evoke have undermined the role of the WTO. Consequently, countries have resorted to forming regional agreements as a second-best option of attaining greater economic cooperation.

The current trend toward regionalism manifests both similarities and differences with the first wave of regionalism in the 1960s. For instance, the EU-ACP Economic Partnership Agreements (EPA), which forms the fulcrum of this book, contains both economic and noneconomic issues in the relations between the European Union (EU) and its former colonies in the African, Caribbean, and the Pacific (ACP) group of states. It would appear that developed economic blocs such as the EU and the United States find it easier to secure the consent of developing countries for a more open but less mutually beneficial international trade and investment regimes through regional trade agreements rather than at the multilateral levels. The lack of enthusiasm that the EU and the United States have shown toward the conclusion of the Doha Development Round and the paradoxical commitment of the duo to launch and conclude a Transatlantic Trade and Investment Partnership bears out this argument. The strong and vocal voices of emerging countries such as China, India, and Brazil at the multilateral levels have reduced the power of the developed countries in setting and utilizing the rules of the WTO to serve their narrow ends at the expense of other countries.

This book locates Africa's position in the changes in the governance of trade from the global to the regional levels. In particular, it investigates the possible implications of the EU-ACP EPA in the context of its stated objective of promoting regional integration in Africa. Given the nature of and the character of the state in Africa, in which their historical and contemporary structures naturally predisposed it to a peripheral position in the global capitalist economy, the imperative of regional integration cannot be overemphasized. Nigeria was selected as the case study on account of its position as the biggest economy in the continent, its population, and its potential for overall development. The book examines Euro-Nigeria relations within the context of the EPAs. It goes beyond the usual economic analysis of this type of relationship to emphasize the ideational and power dynamics that might have informed the changes from a nonreciprocal based relationship to a reciprocal one.

The timing of this book is particularly auspicious for various reasons. First, the multilateral governance of trade is in limbo, with the consequence that mega and mini regional agreements have more or less replaced negotiations at the multilateral levels. Second, Africa's agenda on achieving integration has been clearly laid out. However, the EPAs have the potential of either undermining or reinforcing these integration efforts. Yet, given the unfolding scenario at the international level where mega regional agreements are being formed at the speed of light, Africa cannot afford to remain aloof. Third, the volatility in the international oil market and the revived approach to building industrial capacity in Nigeria merit some analysis of the possible implications of the EPAs on the country's economy.

While the EPAs allow 15 years for the protection of infant industries before full liberalization, I argue that this period is not enough to build competitiveness of industries to such a level that they will be able to compete with products from the EU member countries. Besides, that the Common External Tariff of the Economic Community of West African States can create opportunities for Third World countries to export their finished products to the Nigerian market through the backdoor portends some possible challenges for harmonization of economic policies in the subregion.

The supply-side constraints that the country faces in the form of inadequate infrastructure and high cost of funds, among other factors, have the potential to eliminate any benefits of exports to the EU, which the EPAs might provide. Four, the loss in import duty revenues that the EPAs cause for many African countries, whose economies are largely dependent on this source of revenue, necessitates the provision of adjustment funds by the EU. Given the economic crisis in most of the European countries, the provision and possibility of accessing such funds could be problematic.

The book also emphasizes the imperative of regional integration as a means of fostering development both in the short and the long term. The micro and weak nature of most of the states on the continent and their resultant inability to drive meaningful development processes and outcomes make this argument particularly compelling. While the political elites may have paid lip service to the project of regional integration due to the power and base for material accumulation that the state provides to them, a new regional approach that involves the majority of the people and the progressive forces on the continent could ensure the realization of developmental regional integration on the continent.

The research that culminated in the writing of this book spans 13 years of theoretical and practical engagements with the issues of Euro-African relations, particularly within the context of the negotiations of the Euro-ACP EPAs.

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CHAPTER 1

Regionalism and Integration in Africa: Euro-Nigeria Relations and Economic Partnership Agreements

Introduction

International economic relations in the post–Cold War era have been marked by a new resurgence of regionalism and regionalization. These processes are both manifestations and reactions to the forces of globalization (Mansfield, 2005; Ojendal, Schulz, and Soderbaum, 2001). According to L. Fioramonti (2014) regionalism and regionalization have been part of the evolution of various arrangements for the organization of economic, political, and security relations for centuries. However, the resurgence of these processes and their intensification in the past half-century reflect the growing importance that is attached to them as possible alternative models for socioeconomic and political development, either as a replacement to or in coexistence with the nation-states. Ojendal, Schulz, and Soderbaum (2001:3) argue that "as a post-Second World War phenomenon, regionalism was seen in the 1950s and 1960s as an important strategy for achieving security, peace, development and welfare particularly but by no means only in Europe." Although Europe's example of regional integration has been hailed as one of the most prominent types (Draper, 2013), other regions of the world such as Latin America, Asia, and Africa have embraced one form of integration or the other.

There are conceptual similarities between regional cooperation, regional organizations, and regionalism. Fioramonti (2014:5) notes that "while regional cooperation is nowadays broadly employed to describe the numerous cases of structured collaboration among governments in a given geographical area, regional integration describes specifically the process of suprationalization of authority in a given policy field, which requires some degree of shared sovereignty." Regionalism, in its old and new conceptualizations, encompasses both regional cooperation and integration. The combination of these features manifest in the nature of regionalism as a "multi-level process, where social and cultural processes can precede, replace or strengthen economic integration" (p.6). In Europe and elsewhere, regionalism is underpinned by a constructivist tendency, which requires the agency of political and technocratic elites who see larger benefits in pooling of resources and fostering social interactions.

Debates around a new regionalism approach to regionalism appeared in the 1990s and early 2000s with the central argument that the processes, actors, and activities of regionalism should transcend top-down, state-led regionalism to reflect the multilevel and multistakeholder complexities that define the old regionalism. Scholars of regionalism note that whereas

> the old phenomenon of regionalism was often specific with regard to objectives and content (free trade areas or security alliances), and sometimes explicitly exclusive in terms of member states, the new regionalism is a heterogeneous, comprehensive, multinational phenomenon, which involves state, market and society actors and covers economic, cultural, political, security and environmental aspects. (Ojendal, Schulz, and Soderbaum, 2001:4)

In a special volume on the new regionalism approach, scholars such as Boas, Marchand, and Shaw (1999) and Hettne, Inotai, and Sunkel (1999) elaborate on the various dimensions of new regionalism in terms of its difference from the old regionalism, its scope, agency, and limitations. One of the key distinctions of the old regionalism was its mimicry and adaption of the European model of regionalism. However, the globalization imperative of the post–World War II international economic order reduced the tempo of regionalism in Europe and elsewhere. Five reasons have been proposed for the change from the old form of regionalism to the new form of regionalism. These are: (1) the move from a bipolar structure toward a multipolar or a tripolar structure centered around the European Union (EU), North America Free Trade Area (NAFTA), and the Asia-Pacific, with a new division of power and a new division of labor; (2) the relative decline of the American hegemony in combination with a more permissive attitude on the part of the United States toward regionalism; (3) the restructuring of the nation-state and the growth of interdependence, transnationalization, and globalization; (4) recurrent fears over the stability of the multilateral trading order alongside the growing importance of nontariff barriers (NTBs) to trade; (5) and the changed attitudes toward (neoliberal) economic development and political systems in the developing as well as postcommunist countries (Ojendal, Schulz, and Soderbaum, 2001:3; Fawcett and Hurrel, 1995; Gamble and Payne, 1996).

Added to these factors is the increasing tendency of the EU to internationalize its neoliberal ideology of development. Hurt (2010, 2003) and Brown (2000) have argued that the change in the trade policy of the EU from nonreciprocal to reciprocal relationship and the associated conditions are reflections of the neoliberal orientation of the EU. Faber and Orbie (2011:3) argue that "the old regionalism was largely meant to substitute for a lack of multilateral liberalization or to enable countries to stay outside the process of multilateral liberalization." They also note that within the context of the regime of old regionalism, "it became costly to stay outside the multilateral system as economic growth has become more dependent on foreign direct investment and international trade" (p. 3).

The implication of the above assertion is that new regionalism is akin to multilateralism. However, unfolding events in the international system show that the slowdown in the multilateral process due to the delay in concluding the Doha Development Round has not led to reduction in the formation of various regional agreements. On the contrary, the near breakdown in the multilateral trading process has led to the formation of mega trade agreements, which is increasingly posing a threat to the multilateral trading system (World Economic Forum, 2014). It is in the context of the formation of various regional agreements, especially between Europe and the African, Caribbean, and the Pacific (ACP) countries that this book discusses the relationship between the EU and Nigeria under Economic Partnership Agreements (EPAs). Although Euro-Nigeria relations date back to centuries in one form or the other, the reciprocal nature of the EPAs holds serious implications for Nigeria's economy as well as for the future integration of Africa.

Economic globalization has ensured greater interconnectedness among different regions of the world. Although some scholars have expressed concerns that the current global architecture of trade, finance, and investment is skewed in favor of the advanced capitalist countries (Rodrik, 2007; Stiglitz, 2002), others have argued that the globalization of the world economy has actually triggered economic growth in all regions, especially in those countries that adopted export-led industrialization (Bhagwati, 2004; Sachs and Warners, 1995). Despite this optimism, inequality between the advanced capitalist economies (which make up the Group of Eight), most industrialized countries, and developing countries has widened over time (Jolly, 2007; Noorbakhsh, 2007). One of the salient features of the current globalization process is the resurgence of regionalism and regional agreements. Although regionalism dates back to the last two centuries, the complexities and contradictions of the global multilateral trade system have spurred a new wave of regionalism both among developed countries and between developed countries and developing and least developed countries.

From the end of World War II, the prevailing ideology in international economy has been free trade, which is anchored on the principle of relative comparative advantage. The principle hinges on the assumption that countries derive benefits from the international system if they specialize in the areas where they have comparative advantages. In this regard, multilateralism, which advocates the free flow of trade, finance, and investment, has become a dominant force in interstate economic relations. It was to manage trade among nations, especially between the North and the South, that the World Trade Organization (WTO) was established in 1994 as a replacement to the General Agreement on Tariff and Trade (GATT). The interconnectedness of the global economy, which economic globalization fosters, makes it imperative for the advanced countries to relate with developing countries both as sources of raw materials and as destinations for manufactured products. Developing countries also relate with the advanced countries to sell their products, most of which are in raw material form. The inextricable North–South relationship, which this scenario fosters, provides a justification for advocates of free trade to advance their argument for a more global interconnectedness in terms of trade, finance, investment, and, to a certain extent, technology.

However, as Rodrik (2001) and others such as Stiglitz (2002, 2001) and Chang (2007) have argued, both in the past and even in contemporary times, there is no conclusive evidence to suggest that trade openness leads to economic development. Although there are studies (Sachs and Warners, 1995) showing that trade openness in some countries fosters economic growth, such trade openness is insufficient to prove that free trade and trade liberalization provide sufficient conditions for economic development. This is, in part, explained by the preponderance of national interest and politics that underpin the basis of the countries' participation in the negotiation process, resulting in the regional and multilateral trade agreements that govern trade relations among nations (Gilpin, 2000). For instance, Stiglitz (2001:ix) argues:

> While the advanced industrial countries lecture the less developed countries on the vices of protectionism and government subsidies, they have been more adamant in opening up markets in developing countries than in opening their own markets to the goods and services that represent the developing world's comparative advantage.

While such advocacy may be framed as feasible and pragmatic economic doctrine of free trade, they fall under what Stiglitz (2001:ix) calls "ideology and special interests masquerading as economic science and good policy."

The multilateral trade negotiation under the Doha Development Round, which started in 2001, has remained inconclusive. The inexplicable delay in concluding the Doha Development Round is because of the national interests that dominate the agendas of negotiating countries. The need to protect powerful domestic interests of the agricultural sector in Europe, North America, and Japan has seen these countries formulating various protectionists policies, which hinder developing countries from exporting agricultural and textile products, on which they have comparative advantage (Khor, 2003). On the other hand, the advanced countries, through institutions like the World Bank, IMF and WTO, have been advocating market openness in developing countries as a means of facilitating economic development.

There is a growing concern by scholars that the global governance architecture, which subsists since the end of World War II, cannot guarantee equitable basis for progress and development for all countries (Khor, 2000). Some scholars hold the view that the multilateral trading system under the auspices of the WTO is not structured to foster economic development in developing countries (Chang, 2007; Khor, 2000). Although a few countries such as India, Brazil, and China have been able to boost their economic performance through increasing engagement with the advanced capitalist economies, other factors outside trade openness or membership of the WTO could account for such growth (Rodrik, 2005).

In view of the growing skepticism over the functionality of the multilateral trading system as the equitable basis of North–South engagements, regional agreement have proliferated over the years. Regional Trading Agreements (RTAs) are reciprocal trade agreements between two or more trade partners (WTO, 2014). Concern exists that the proliferation of RTAs are both reaction and response to the perceived incongruity in the multilateral trading system and development objectives of many countries, especially the developing economies. In this regard, Farrel (2005:4) argues:

> Since the world has been unable to construct a truly global governance system, one that is comprehensive in scope and with the capacity to manage and regulate (including the possession of a legal enforcement capability underpinned by political legitimacy), the states have turned to other forms of cooperation at the regional level in order to deal with common problems and shared interests.

The stalemate in the Doha Development Round of trade negotiation has facilitated the formation of various partnership agreements either as a nonreciprocal Preferential Trading Agreement (PTA) or reciprocal RTA between the North and South. The possibility for the establishment of these trading arrangements was provided for under Article XXIV of the GATT as a way of helping developing economies to realize the objective of economic growth through a gradual integration into the global economy. However, for such RTAs to be conformed to the standard of the WTO, they must include "substantial liberalization" of all trade (Karingi and Perez, 2007).

As of January 31, 2014, 583 RTAs have been notified to the WTO, of which about 377 are in force (WTO, 2014). PTAs, a form of nonreciprocal RTAs, have been described by Baghwati (1995) as a "spaghetti bowl," which means the selective use of "rule of origin" under Free Trade Agreements, not allowed under the WTO. He also sees PTAs as "termites" that eat into the full process of multilateralism (Baghwati, 1992).

An example of North–South PTAs was the Lomé Conventions 1–IV, which subsisted between the European Community (EC) and the ACP countries from 1975 until 2000. This PTA was based on the principle of nonreciprocity, whereby the EC sets the rules of engagement. However, it is not compatible with the rules of the WTO, which is based on the principle of reciprocity (Oyejide, 2004).

Consequently, in order to make the partnership agreements between EC and the ACP countries compatible with the WTO principle of reciprocity, the EC proposed negotiation for regional free trade agreements, called EPAs, between the EU and the ACP countries with effect from 2002, based on the Cotonou Partnership Agreement of 2000. According to N. Karingi and R. Perez (2007:189), "regional integration is a pillar of the EPA negotiations and of Africa's long term development strategy." The regional integration agenda, which the EU plans to achieve with the ACP countries, are in two fold. These include helping to further integrate the ACP economies with itself through the formation of the regional free trade areas and fostering deeper intraregional integration among the various subregional groups, with which it is negotiating (Adebajo and Whiteman, 2012; Farber and Orbie, 2011).

Apart from the principle of reciprocity, which defines the EPAS, there is also a development dimension. According to the EU, implicit in the Cotonou Agreement is the provision of assistance and aid for poverty reduction in developing countries that are partners in this agreement. Adenikinju and Alaba (2005: 8) reinforced the view of EU thus, "the priority on the content of the Cotonou Partnership Agreement is the development and poverty reduction of the developing country partners." With particular regard to West Africa, the EU also promised to focus attention on the realization of other objectives. These include the "deepening of trade integration process in West Africa, cooperation between EU and Economic Community of West African States (ECOWAS), enhancement of competition of enterprises located in the ACP, capacity building and upgrading, and to improve access to the EU markets" (EU, 2002).

Apart from considerations for the need to comply with the requirements of the WTO, scholars have argued that the move to a reciprocal trade relationship between the EU and the ACP was informed by the changing geopolitical priorities within the EU Commission. There are also concerns that the shift in the global geography of power, which is so evidently manifested by the increasing presence and influence of countries such as China, India, Russia, and Brazil in Africa necessitated a new form of engagement between Brussels and the ACP countries, especially Africa (Whiteman, 2012:3).

Nigeria is the biggest economy in Africa in terms of Gross Domestic Product (GDP) as well as the most populous country in the subregion. From the formation of ECOWAS in 1975, the country has been actively involved in fostering economic integration in West African states, except in few instances when the political leadership overreacted in protecting domestic interest by asking foreign nationals to leave the country (Afolayan, 1988).

Similar to the roles of other regional hegemons such as the United States, Germany, France, and Brazil in promoting regional integration with their neighbors through the formation of the NAFTA, European Economic Community (EEC) (now the EU), and Mercosur (the Common Market of the South), respectively, Nigeria has invested heavily in ECOWAS for both economic and security reasons. Despite the centrality of consideration for national interests in forming trade agreements, the role of a regional hegemon like Nigeria in ensuring a beneficial deal from partners to such agreements cannot be overemphasized. Notwithstanding the differences in the sizes of the economies of the member states of the ECOWAS and their dependent relationship with the EU in terms of aid and trade, there has been some difference in Nigeria's position in ensuring that the region concludes a mutually beneficial RTA with the EU under the EU-ACP EPAs.

Until recently, many scholars have argued that Nigeria lacks enough capacity for negotiation on trade and investment matters at bilateral, regional, and multilateral levels. This is demonstrated by the fact that most of the bureaucrats who represent the country at bilateral and multilateral forums for trade negotiations are usually ill-equipped for such technical exercise. Yet agreements reached on these issues have a very significant influence on the domestic business environment (Oyejide, 2004; Ogbu and Soludo, 2004).

Nigeria operates a monocultural economy that depends on oil and there is need for diversification of the economy, especially in the light of the dwindling fortunes of crude oil in the international market. Nigeria's non-oil sector holds great potentials for the diversification of the economy. One of the subsectors that holds the promise of having a positive multiplier effect on Nigeria's economy by generating employment, increasing foreign exchange earnings, and improving the economic position of the country is fishery exports. This subsector creates employment through storage, transportation, marketing, facilities maintenance, food businesses, net fabrication, outboard engine repair and maintenance, vessel repair, and the like. Conservatively put, it was estimated that Nigeria earned \$56 million from shrimps and prawns exports between 1994 and 2000, while the figure increased appreciably to \$65 million in 2005 (Omotayo, 2007). According to a study by the Department for International Development, UK, fisheries constitute a source of income for 100 million people. Many of these people are employed in the small-scale sector, and 90 percent of them are found in Africa and Asia, where poverty is particularly high among coastal and rural communities (DFID, 2012).

As Europe is the major market for processed fishery products from Nigeria, it becomes pertinent to assess the likely effects of the EPAs on this sector, under the framework of the EU-ACP EPAs. Complementarily, other non-sectors of the economy such as agriculture, manufacturing, and services also merit attention. Thus, with a focus on the non-oil export subsector of Nigeria's economy, this book contributes to the debate on Euro-Nigeria relations within the context of the EPAs. It explores the EPAs in terms of variables such as market access; industrial development; feasibility of true partnership between the EU and the ACP countries, of which Nigeria is a leading partner; diversification of the economy; and economic development.

According to Brown (2000), the current predilection toward RTAs, under which the EU-ACP EPA was cast, is a reflection of the neoliberal economic doctrine by which the international economic order has been structured over the past 30 years. Although the EPAs is presented as a legal agreement, it must be understood and analyzed in a political context as national interests underlie relationships between countries. The nature of its political economy is underscored by the fact that the EPA's negotiation exists within a framework of two distinct political groups of vastly unequal powers. It can also be viewed as a form of partnership between benefactors and consistent dependencies, and between former colonial empires and their colonies (Nwoke, 2008).

The choice of EPAs as the core of analysis in this book is underscored by the central position of the EU as one of the leading trading partners with the member countries of the ECOWAS subregion. It is also informed by the EU's argument that the EPAs have been advanced to boost trade flows, facilitate development, guarantee more aid and grants, bolster regional integration in ECOWAS, and ensure more political cooperation between the EU and the ACP countries (EU, 2002). This book examines the political economy of RTAs as represented by the EU-ACP EPAs. Using Nigeria as its case study, the book challenges the notion of partnership between the EU, a well-developed economic bloc, and the ACP countries, which face a lot of economic and political challenges. The lofty objectives of the EPAs were critically analyzed within the context of geopolitical interests that underpin such objectives, the changes in the global geography of power, and the domestic challenges that the ACP countries are faced with.

The EPA negotiations between the EU and the ACP group of countries started in 2002 and concluded with majority of the regional groups in 2014. Three regional blocs, namely ECOWAS, SADC, and EAC have initialized the EPAs. These RECs probably acted to prevent loss of preferential market access to the EU market, a situation that would have resulted if they did not initialize the agreements by October 2014. By resolution 1528/2007 as amended in 2012, the EU had notified developing countries, like Nigeria, that if they fail to sign the EPAs, they will automatically revert to the old regime of Generalized System of Preferences (GSP) (EC, 2012).

The tortuous negotiation process and the complexities that surrounded it have brought into fore some elements of power and interests that underlie interstate relations. Contrary to the widely held view that trade and development cooperation is essentially technical and consequently apolitical, Brown (2000) argues that development cooperation [actually] constitutes a particular realm of relations between states, a particular practice, and therefore embodies particular kinds of political and economic relations. Previous studies on the EPAs have focused essentially on the economic aspect without sufficiently analyzing the political factors that underlie the push for signing the agreements. This book is an examination of the political and the economic dimension of the partnership agreements between the EU and Nigeria, within the context of the position of the latter as a regional hegemon in West Africa. This is done with due regard to the historical and current factors that define the relationship between the supposed partners.

A major argument advanced in this book is that Nigeria as a neocolonial state functioning in a neoliberal international economic order operates a monocultural economy that depends on oil. Despite the high income that the country makes annually from the export of crude oil, an average Nigerian still lives on less than $2 per day. The Nigerian poverty profile for 2010 released by the National Bureau of Statistics showed that 60.9 percent of Nigerians live in absolute poverty (NBS, 2012).

The implication of this is that the oil sector has not led to even distribution of wealth because the economic benefits of the sector are restricted to a very tiny fraction of the population. Thus, there is a compelling need for the diversification of the economy such that the incidences of poverty and inequality might be reduced. Resource-rich economies both in the global North and South—such as Norway and Brazil—that have managed to escape the problem of resource curse have made deliberate efforts to diversify their economies. The non-oil export sector in Nigeria holds a very strong potential for the economic development of Nigeria.

Given the colonial and postcolonial political and economic relations that exist between the EU and Nigeria, the former constitutes the bulk of the market for both oil and non-oil exports from Nigeria. As the main market for non-oil export products and services from Nigeria, the EU is seeking a reciprocal regional trading agreement with Nigeria, as a member country of ECOWAS. Though the proposed agreement presupposes a partnership, questions exist concerning equality in this partnership of unequal relations in terms of Nigeria's economic development. Various economic and noneconomic indicators show that it is politically nuanced to propose a partnership between a former colonizer and ex-colonies many of which are basically still dependent on the former for survival. Perhaps a proposal for development cooperation would have been a smarter aphorism. Also, while the EU is relatively homogenous and sophisticated in terms of economic structure and institutional development, the ACP bloc, with which the EU seeks to form the EPAs, is extremely heterogeneous and diverse. Concerns have also been raised on the speed and the manner in which the negotiations for the EPAs have been designed, coordinated, directed, and controlled by the EU. For instance, Goodison (2007) argues that while it took the EC several years to successfully negotiate its common agricultural policy, it is problematic that the EU wanted negotiations on a comprehensive, reciprocal based agreements with the ACP to be concluded under less than 10 years.

Although Nigeria has recently joined other countries in West Africa to initialize the EPAs, the agreements have not become operational. Nigeria has consistently voiced concern about the likely implications of the EPAs on its fledging manufacturing sector. As Nkaoha (2014) argues, the rush to sign the EPAs after more than 11 years of resistance was borne out of undue pressure that the EU mounted on the member countries of ECOWAS. He also notes that despite the reservations about the agreements, Nigeria had to sign to ensure that the plans for regional integration in the subregion, such as the ECOWAS Common External Tariff, common currency, and so on, are not derailed due to differences in the capacity of the countries to withstand the pressures from Europe.

Although the EPAs were framed in a manner that shows Nigeria and other ACP countries have a lot to benefit by signing the agreements, it is argued that given the current socioeconomic and political conditions of the country, the EU-ACP EPAs might have some adverse consequences for the realization of development potentials of Nigeria as well as boosting integration both in the ECOWAS subregion and Africa as a whole.

The book also analyzes the role of the Nigerian state and the attendant domestic conditions for economic development under a regional agreement like the EU-ACP EPAs. Beyond this is the examination of the political economy rationale that underpins the launching of various RTAs between the global North and the South. This becomes particularly important as the WTO Doha Development Round of trade negotiations remains inconclusive. The book addresses a number of questions such as: How does the nature and character of the Nigerian State influence its beneficial participation in RTA such as the EU-ACP EPAs. This question is important because the forces of neoliberalism, anchored under the contemporary globalization process, have interfered with the capacity of the state to make autonomous economic policies that can aid in the development of the countries at the periphery of global capitalism like Nigeria.

What are the possible implications of EU-ACP EPAs on Nigeria's non-oil export sector, such as fishery exports, agro-business, and services? This question becomes pertinent in view of the various domestic and international constraints that Nigerian exporters are faced with. Concerns include the possible effects of EU subsidies on agriculture and fishery exports from Nigeria. Further, what is the political and economic rationale that explains the emerging patterns of RTAs despite the existence of a multilateral trading system? It is necessary to problematize the proliferation of RTAs as a way of knowing if the current era of liberal internationalism under a multilateral regime of trade relations among nations has run its full course. This is because despite the existence of the WTO as an institution responsible for setting the rules for the conduct of world trade, there is an increasing resort to bilateral and regional governance of trade in recent times, both in the global North and South.

How can RTAs with a developed partner like the EU foster regional integration in Africa and economic development in Nigeria? The need to answer this question is informed by historical evidence and the diversity in power, interests, and resources between the EU and the ACP countries, with which the former is making an overture of partnership. Scholars such as Fioramonti (2011), Hurt (2003), and Brown (2000), have argued that the EPA may be an avenue for keeping faith with the free trade ideology under the WTO, as well as internationalization and further consolidation of EU's neoliberal ideologies over the supposed partners. Even though there are merits in this line of arguments, they need further explanation. For instance, the windows of opportunity that the WTO provides for developing countries to negotiate better deals both in term of higher developmental outcomes and market access seem to have been lost under regional or bilateral trade agreements such as the EPAs.

What are the implications of the EU-ACP EPAs on regional integration in West Africa? This question is also important against the backdrop of the EU's position that one of the main objectives of

EU-ACP EPAs is the promotion of intraregional integration among the various economic blocs, as well as the integration of the regions into the global economy. While this remains a stated objective of the EU, concerns exist that the manner of negotiations on the EPAs has a tendency to further bifurcate rather than integrate the countries in the West African subregion (Stevens, 2006).

A Brief Outline of This Book

In chapter 2, the book focuses on the conceptual, theoretical, and historical trajectories of globalization and RTAs. Besides addressing the debates on what constitutes globalization as an important phenomenon, the chapter also traces the origin of RTAs to article XXIV of the General Agreements on Tariff and Trade (GATT), which is also incorporated into the WTO. It reviews scholarly works on the emergence of RTAs, their roles as either building blocks or stumbling blocks to the multilateral trading systems, as well as their use as instruments of foreign policy, especially when conducted on a North–South basis.

Chapter 3 contains the theory of North–South RTAs. In this chapter, an eclectic theoretical framework is employed to examine the various theories that underpin free trade, regional integration, and RTAs. These issues are examined within the context of the hegemony of neoclassical economic doctrine that has taken center stage in economic discourse since the end of World War II. This doctrine relates to the dominance of such ideas as trade liberalization, deregulation, privatization, and commodification in discourses on development and macroeconomics. These issues were interrogated using critical theories such as the theory of global capitalism and dependency. In chapter 4, the history of Euro-African relations from the Yaoundé Convention through to the Lomé Convention, Cotonou Partnership Agreement, EU-ACP Strategic Partnership Agreements to the nascent EPAs, are examined. A critical and balanced assessment of Euro-African relationships was also undertaken. In doing this, the political and economic imperatives and the circumstances that dictated the involvement of the EU with Africa, the extent of that involvement, and their limitations are explicated upon. As several scholars such as Hart and Spero (2010), Babarinde and Orbie (2003), and Holland (2003) have argued, the end of the Cold War necessitated the enlargement of the EU to accommodate the Eastern European countries into its membership. The overall effects of such enlargement was the reordering of focus and resources from ex-colonies in the ACP countries to the new entrants, which were considered to be closer neighbors. In this chapter, a conscious effort was also made to differentiate between the involvement of the EU as a bloc, and the bilateral engagement of some member countries of the EU with the continent. For instance, while it is hardly contestable that the development strategy of the EU as a bloc is informed by both its ideological and geopolitical imperatives and interests (Fioramonti, 2011), the bilateral relations that Scandinavian countries such as Sweden, Denmark, and Finland have with various African countries are geared toward the promotion of inclusive development in the continent. Such divergences in orientations are reflections of the dynamics of the policymaking process in the EU. The changes in the international economic order that necessitates the introduction of reciprocity-based relationships, and the overall effects of these changes on Euro-African relations, such as the need to comply with the rules of the WTO under the prevailing neoliberal international economic order, were also considered.

In chapter 5, the Eurozone financial crisis and its implications for the EPAs and future Euro-African relations were discussed. This chapter is important because one of the arguments advanced by the EU in its negotiations with the ACP countries is that development funding of about 6 billion euros will be made available to the ACP countries to cover the costs of adjustments that the implementation of the EPAs require. However, it is argued that in view of the financial crisis in the Eurozone, it will be difficult if not impossible for the EU to meet such financial commitments, especially as the economies of some of its member countries are still in the doldrums. It is also argued that given the salience of political pressures from the citizens of European countries for a more responsive government; the centrality of national interests in forming foreign policy; and the adoption of various austerity measures in central and eastern European countries such as Portugal, Italy, Ireland, Greece, and Spain (PIIGS)—it will be difficult, if not impossible, for the EU to meet its financial commitments to the ACP countries under the EPAs. This argument is premised on the difficulties that the ACP countries faced in drawing from the development funds under the defunct Lomé Conventions. Even where developing countries are able to access these funds, there are concerns as to the judicious use of such funds and their direct bearing on poverty reduction. Most times, the funds are tied to reforms such as promotion of the rule of law, good governance, and the promotion of human rights. While this may be a good agenda, most times, they don't lead directly to improvement in the standard of living of the people. Paradoxically, the implications of signing such

RTAs—in the form of job losses and loss in revenues from the removal of tariffs on imported goods—usually affect the most vulnerable sections of the population.

Chapter 6 interrogates the EU-ACP EPAs and its implications on macroeconomic policy and activities in Nigeria. The chapter examines the various studies that have been carried out on the likely effects of the EPAs on the revenue profile and industrial development of Nigeria's economy. Chapter 7 examines the EPAs and its implications on the non-oil export sector of Nigeria's economy. Non-oil sectors such as fisheries, services, and agro-allied businesses like cocoa exports are examined within the context of the EPAs negotiations. These are examined, taking cognizance of the various conditions that the EU included as minimum requirements for exports of these products from Nigeria to be allowed into the European markets. The institutional and supply side constraints that face Nigeria and how these influence her capacity to derive maximum benefits from the EPAs are rigorously discussed.

Chapter 8 focuses on the intersection of state capacity, trade policy, and negotiations in Nigeria. This chapter examines the capacity of the Nigerian state to formulate and implement trade policy. Using Public Choice theory, it examines the various interests that struggle over the formulation of trade policies in the country. The chapter also contains an analysis of how Nigeria has been able to engage other countries on trade negotiations both at the multilateral and the bilateral levels. The capacity of Nigeria's bureaucracy to productively engage trade negotiators from other countries is particularly interrogated.

Chapter 9 focuses on regional integration and development in Africa. It argues for the decolonization of the theory and policy process that have informed regional integration in Africa over the past five decades. The chapter is important to the extent that it engages the issue of regional integration, one of the EU's objectives in proposing the EPAs. It examines how the relationship with the EU has either strengthened or weakened the drive of countries in the West African subregion into greater integration. The role of Nigeria, as a regional hegemon in promoting regional integration in Africa, was also considered. This chapter contains a salient argument that regional integration holds the key to economic development in Africa. The argument is premised on the failure of the state to assure improvement in the living conditions of the people over the past 50 years of independence. The failure of the state has been attributed to many factors, but one of the most critical is the artificial and arbitrary boundaries that the colonialists created in the continent for their own convenience. This has left in its trail blood and tears in many African countries (Ndlovu-Gatsheni, 2013).

Previous integration efforts in Africa have been based on a European model of integration. Yet the history of state formation in Europe is different from Africa. Most African leaders have only paid lip service to the idea of continental integration because it threatens their power base and its associated benefits at the national level. This chapter makes a bold case for the de-territorialization of Africa so that the micro, self-serving, and externally created states will make room for a continent based on peoples and not on territories. The argument here is based on a new theory of regionalism, which posits that integration efforts and processes should be driven by the people and not the state. The role of the African Union (AU) in facilitating continental integration in Africa was clearly spelt out. While the continental body is currently under the control of the African leaders who are torn between nationalism and pan-Africanism, it is argued in this chapter that the AU could serve as the springboard for achieving development-based integration in Africa.

Chapter 10 contains the conclusion and recommendations. Although it was emphasized in chapter 9 that Pan-Africanism based on African unity represents the best path for the development of Africa, in the short to medium term, the state, working through the regional economic communities has a role to play in mediating, planning, and directing development processes in the continent. It is argued in this chapter that international political and economic relations are dictated by the pursuit of national interests, and that the position of each country and the benefits that it will derive in this arena of contestation is a function of the capacity of the state to productively engage its agencies—such as the bureaucrats, the intelligentsia, and other stakeholders—in forming trade and industrial policies and negotiating the best deals for itself in bilateral, regional, and multilateral negotiations.

Despite the vociferous denials to the contrary, historical and empirical evidence points to the active involvement of the state in developed countries in negotiating better deals with other countries on behalf of corporations (Chang, 2007, 2004; Ogbu and Soludo, 2004). Given this reality, Nigeria needs to build the domestic economy in terms of the provision of infrastructure, making access to finance more affordable for industrial development, and creating incentives for the non-oil sector to function competitively. These require the formulation and implementation of trade and industrial policies that are sensitive to the development needs of the country. The provision of relevant infrastructures and institutional and individual capacity-building will definitely help the country address several supply-side constraints that have continued to hinder the country from deriving enough benefits from bilateral, regional, and multilateral trade agreements. Against the backdrop of changes in the global geography of power, it will be of strategic importance for Nigeria to diversify trading partners such that it can derive benefits from such relationships. While it is pertinent to ensure that a mutually beneficial relation exists with the EU and its member countries, Nigeria should continue to engage with other countries in the global South through deployment of adequate strategies, which can guarantee the maximization of socioeconomic and political benefits of the country and the continent.

Given the huge potentials of the country in terms of population and natural resources, Nigeria has a lot to gain from a more integrated West Africa. Consequently, the country should continue to spearhead and support initiatives geared toward the realization of the integration objectives of the ECOWAS and Africa as a whole. Unfolding events in the global economy such as the formation of mega trade agreements like the proposed Transatlantic Trade and Investment Partnership between the EU and the United States, among others leave Africa with little or no option but to ensure that the goals that has been set by the AU for the realization of continental integration is achieved. A fragmented Africa will continue to be subject to exploitation by other regions of the world such as Asia, Europe, Latin America, and North America. It is inconceivable how micro and small states in Africa such as Togo, Benin, Niger, and so on will be able to negotiate favorable terms of trade with powerful economic blocs like the EU or the combination of EU and the United States under the Transatlantic Trade and Investment Partnership. As studies have shown, a fragmented Africa will continue to be at the receiving end of agreements reached by other powerful economic blocs in the world. Thus, the pursuit of developmental regional integration should be central to any agenda for development. Against the backdrop of the failure of aids and official development assistance to meet the developmental needs of African countries (Moyo, 2009; Easterly, 2006), it is imperative for international development institutions to support efforts that are geared toward building capacity at the regional levels (Kaplan, 2006). The World Bank has recently developed a regional strategic initiative that could bring about development in Africa. A progress report on the initiative indicates that "the strategy focused on regional infrastructure development, institutional cooperation for economic integration, and coordinated interventions to provide regional public goods, with a cross-cutting theme of capacity development of regional institutions" (World Bank, 2011:2). The sum of USD 3.65 billion was committed to this initiative. However, the challenges of achieving and mainstreaming regional integration into development agenda in Africa remains daunting. This book explicates on the various dimensions of regional governance as a means of attaining development.

CHAPTER 2

Globalization and Regional Trade Agreements

Globalization is one of the most inscrutable terminologies of the twentieth century, whose meaning, definition, and understanding depend essentially on who is using it. It is both contextual and instrumental as it is often a subject of debate, antagonism, and emotional outbursts between those who support it and those who are against it. As Giddens (1996) observes, there are few terms that we use so frequently but which are as poorly conceptualized as globalization. Scholte (2007: 1473) concurs when he states that "the idea of globalization tends to remain as elusive as it is pervasive." While globalization has been viewed from various perspectives, depending on which ideological divide one belongs to, the most appropriate dimension of globalisation that is of essential relevance to this book is economic globalization.

Globalization as a concept entered the popular discourse of international political economy, politics, sociology, and development from the 1970s. However, the idea that it conveys in terms of the spatial flow of goods and services, movement of people from one region of the world to the other, cross-border trade and intercultural mingling of people, date back to earlier centuries (Scholte, 2008; Saul, 2005). At the conceptual level Jan Aart Scholte identifies four main dominant but inadequate strands of thought through which globalization has been defined and conceived by scholars across disciplines. These include: globalization as internationalization; globalization as liberalization; globalization as universalization; and globalization as westernization. According to Scholte (2007), globalization as internationalization refers to a growth of transactions and interdependence between countries in the form of more messages, ideas, merchandise, money, investments, pollutants, and people across borders between nations, states, and territorial units. On the other hand, globalization as liberalization denotes a process of removing officially imposed restrictions on the movement of resources between countries in order to form an "open" and "borderless" world economy. This also includes the removal of trade barriers, foreign exchange restrictions, capital control, and visa requirements (Scholte, 2008).

According to Scholte, globalization as universalism has been taken to describe a process through which various objects and experiences are dispersed to people in all inhabited parts of the earth. In this connection, globalization is interpreted to be homogenous with the global diffusion of cultural, economic, legal, and political convergence (Scholte, 2007:1476). The last strand of the dominant definition of globalization sees it as westernization in which social structures of western modernity such as capitalism, industrialization, rationalism, and urbanism are spread across humanity. The problematic of this westernization is the destruction of preexisting cultures and local self-determinations. Based on these four approaches to understanding globalization, Scholte goes further to define globalization "as the spread of trans- planetary, and in recent times also more particularly supra territorial-connections between people. It also involves reductions in barriers to trans-world social contacts-a shift in the nature of social space"(Scholte, 2008:1478). Notwithstanding the reservation of Scholte on the conception of globalization as liberalization, this approach aligns more with the focus of this book as the whole idea of free trade or regional trade agreements (RTAs) is a continuation of the post–World War II global order in which free trade is seen as one of the ways of promoting peace, stability, and progress (Gilpin, 2001).

Sobel (2005: 4) sees globalization as a "multiple processes by which people in one society become culturally, economically, politically, strategically and ecologically closer to peoples in geographically distant societies." He also notes:

> The processes of globalization include the expansion of cross border trade, the production of goods and services via multinational corporations, the movement of people, the exchange of ideas and popular culture, the flow of environmental degradation and disease from one nation to another, and the minute transfer of billions of dollars across borders in a nanoseconds.

Protagonists of globalization such as Anne Kruger, Jagdish Bhagwati, and Thomas Friedman have lofty expectations about globalization as a process that holds the magic wand for global prosperity. However, critical scholars such as John Saul, Ha-Joon Chang, and Joseph Stiglitz have argued stridently that such optimism is not just misplaced but misses the point as the power structures and economic system under which globalization is designed can only favor the advanced capitalist countries (Chang, 2007; Saul, 2005; Stiglitz, 2002). As such, by unifying economic systems that all countries, irrespective of their levels of development, are expected to follow, advocates of globalization show their interest in perpetuating the underdevelopment of underdeveloped regions of the world, such as Africa, Latin America, and to certain extent Africa, Latin America, and Asia.

In more than three decades of unfettered market-oriented globalism, the results in terms of meeting the goals of higher volume of trade, greater flow of foreign direct investment, and increased flow of capital across the world, have been mixed. While the quantum of these resources have increased geometrically, their impacts on the people, in terms of their living conditions, have been limited. To a great extent, the developed countries and some emerging economies such as Brazil, China, India, and Russia have witnessed significant transformation in their economies. However, the effects of the globalization process have been disastrous for most of the countries in what Collier (2007) calls the "bottom billion" regions of the world. Although the failure of the bottom billion countries to derive maximum benefits from globalization can be attributed to other domestic factors, such as the level of institutions, the quality of governance, and the absence of initial conditions for development, there is no doubt that the obsession of globalization with economic imperatives at the expense of society is a strong contributory factor.

As Polanyi (1947) argues, the idea of a self-regulating market and dis-embeddedness of the economy from the society is a utopian ideal that no economic system has been able to attain. The push for state withdrawal from economic activities over the past three decades has given prominence to the market as a neutral, self-adjusting, and self-correcting agent that is free from the corrupting influence of politics. However, events such as the global financial crisis of 2008–2009, which was occasioned by excessive risk-taking and greed by corporate executives, the proliferation of financial products with short-term high returns on investments, and lax state regulations, have proved that the neoliberal idea of a self-regulating market is unsustainable for development, whether at the core or periphery of global capitalism (Stiglitz, 2010; Harvey, 2010, 2007).

The consequence of over-preoccupation with economic globalization given the logic of the market is what is responsible for the cyclical crisis of capitalism, the failure of the multilateral trading regime (a typical example of which is the deadlock in the WTO-Doha Round of negotiation since 2001), and an increasing resort to RTAs. Mega regional agreements such as the proposed EU-USA Trans-Atlantic Trade and Investment Partnership and the Trans-Pacific Investment Partnership seek to achieve greater global interconnectedness outside the purview of multilateralism (World Economic Forum, 2014). As such, given the voice of developing countries at the World Trade Organization (WTO), especially in relation to the rise of China, global powers represented by the United States and Europe seek a different avenue of further integrating countries at the periphery of global capitalism under an economic system that is broadly defined by the logic of the market. The next section examines RTAs.

Regional Trade Agreements

RTAs have been part of the international trade regime, especially after World War II. According to Spero and Hart (2010), RTAs were made part of the General Agreements on Tariff and Trade (GATT) following pressures from the developing countries for a more inclusive international trade regime from the 1960s. RTAs are constructed within the context of regional integration as a means of expanding trade between members of the economic bloc. Jayaram (n.d:3) conceptualizes RTAs to "mean a subset of countries which liberalize trade between themselves but not vis-à-vis the rest of the world." They do this to achieve economies of scale and foster political and security cooperation.

RTAs connote trade relationship based on the principle of reciprocity and preferential treatment. While reciprocity implies that trade partners interact with one another on the basis of the absence of any form of trade barriers, preferential trade agreements (PTAs) usually occur between an advanced country and less developed countries. Also, while RTAs are products of negotiations among partners, preferential agreements such as the African Growth and Opportunity Act (AGOA) and the Everything But Arms regulation under the Lomé Convention, granted by the United States and the European Community to African countries, are done unilaterally. The AGOA is a PTA between the United States and qualifying African countries to export certain products such as footwear, luggage, watches, handbags, apparel, and flat wares. This agreement came into existence as

Title 1 of the Trade and Development Act of 2000. AGOA 1V, which took effect from 2006, extends Generalized System of Preferences for eligible countries in sub-Saharan Africa until September 30, 2015 (Trade.gov).

According to Freund and Ornelas (2010:3), there are two types of RTAs: Customs Unions (CUs) and Free Trade Areas (FTAs). While FTA members maintain autonomous external trade policies, CU members share a common external tariff. They also argue that the "distinction between the two affects the type of agreements formed, the member countries incentives to adjust external tariffs and welfare consequences" (Freund and Ornelas, 2010:3). In the global configuration of RTAs, FTAs are more common than CUs. It is however instructive that the largest RTA is the European Union (EU), which is a CU (Freund and Ornelas, 2010). Almeida, Fulponi, Shearer (2011:11) argue that "Regional Trade Agreements include three types of PTAs; free trade and regional integration agreements and customs union." They note that while previous RTAs focused primarily on market access, recent agreements, especially from the year 2000, have covered a wider range of issues such as competition, the environment, and intellectual property. In certain instances, services have also been included in the RTA negotiations between developed and developing countries.

Early economic theoretical formulations on RTAs promised trade creation and diversion (Viner, 1950). However, while the debate continues on the tendency of RTAs to create or divert trade, it has been argued that "RTAs have been the main instrument behind reciprocal liberalization, helping trade creation rather than diversion" (Freund and Ornelas 2010:4). While it may be true that RTAs help to create rather than divert trade, there are counterarguments that suggest RTAs such as the EU-EPAs are undermining multilateral trade. To a great extent, such RTAs also give more leverage to powerful economic blocs such as the EU, or countries such as the United States, to exert pressures on less developed countries in signing agreements on contentious issues under the multilateral trade regime. As Fioramonti (2011) argues, despite the lack of readiness of the African, Caribbean, and Pacific (ACP) countries to negotiate on the Singapore issues, the EU included it in the Economic Partnership Agreement (EPA) negotiations. The inclusion of the WTO plus issues such as services, government procurement, and intellectual property rights in the EPAs is an example of the leverage that a more powerful party could have on the less powerful one in an RTA.

Apart from the traditional idea of regional integration, which connotes geographical contiguity such as that of the European

Community, cross-regional integration has proliferated in recent times. It is driven by strategic partnerships and consideration for strategic political and economic interests of the partners. This cross-regional integration, such as the EU-ACP EPAs, has increased due to the stalemate in the push for greater multilateralism as defined by the Doha Development Round of negotiations under the WTO. RTAs, like the Multilaterals Trade Systems, are also geared toward the liberalization of trade.

However, RTAs allow for discrimination, at least to some level permitted by the Article XXIV of the WTO. As Islam and Alam (2009:1) argue, "despite being contradictory to the WTO's core objective of freer trade, its rule permits execution of PTAs, provided certain conditions are complied with." Such conditions include compatibility with the WTO rule on substantial liberalization of trade over a given period of time and that the beneficiary must be a less developed country (WTO, 1994). Countries resort to RTAs because of the relative ease and flexibility that underlie their formation. Compared to multilateral trade negotiations, which may take several years to conclude, RTAs may be concluded much earlier, depending on the ability of the negotiating parties to spell out the differences, outline their benefits, and remove recognized impediments. Apart from economic considerations, there is a political dimension to the formation of RTAs. The types of RTAs that are formed and the number of countries with which to form RTAs, are essentially political decisions. As Freund and Ornelas (2010) argue, the objectives of forming RTAs are not limited to the improvement of citizens' welfare. Rather, governments are influenced by geostrategic objectives, and their decision to form RTAs are most often reflections of the preferences of special interest groups that have influence on government decisions. VanGrasstek (2011:5) supports this position when he argues:

> Political considerations play a more important role in RTAs than in multilateral trade initiatives, and infuse the choices that countries make in the launch and conduct of RTA negotiations. Even more than a multilateral trade agreement, an RTA may represent the use of a commercial instrument to achieve political ends...An RTA might alternatively be intended for purposes that inhibit multilateralization, such as cementing the special relationship between two countries or, in the shorter term, as a reward or inducement that one country offers to another.

Apart from the aforementioned, developed economies such as the EU also deploy historical and cultural strategies to form RTAs, for example with former colonies. The political economy dimension of RTAs also manifest in the tendencies of developed countries to introduce contentious and inconclusive matters under negotiations at the multilateral levels into the RTA negotiations. This is done under the influence of subtle pressures and the promise of development assistance to lock developing countries into agreements on contentious issues such as services, government procurement, and competition.

Preferential Trade Agreements from Inception to the World Trade Organization

PTAs have been made part of the international trade regime since the 1960s. According to Spero and Hart (2010), PTAs are incorporated in the GATT in order to create a level playing ground for less developed countries. By Article XXIV of the GATT, developed countries are allowed to grant preferential assistance to less developed countries in the form of lower tariffs and exemption from duties on export. Preferential trade systems are usually encouraged by multinational corporations, who lobby their host governments to negotiate regional and bilateral agreements. The reasons for the involvement of multinational corporations and even domestic companies in the formation of RTAs are to enhance cost-efficiency and guarantee market access for their products. As Jayaram (n.d:3) argues, "it may be noted that economies of scale and regional production sharing are important insofar as they aid in designing the PTA and mustering political support."

PTAs are a departure from the Most Favored Nation principle of the WTO, which forbids discrimination by a country or group of countries against another country. PTAs facilitate free trade among its members. While some scholars such as Viner (1950) argue that PTAs create trade diversion, others such as Summers (1991) argue that they can create trade and improve the welfare of their members. According to Bhagwati and Panagariya (1996:82), PTAs are distinct from nondiscriminatory trade liberalization, and could harm both a member country and world welfare. PTA's could be "trade diverting" or "trade creating."

The second approach is the Dynamic Time-Path Analysis, which examines PTAs as either building blocks or stumbling blocks to free trade in a multilateral setting. Bhagwati (1991) concludes that PTAs serve as stumbling blocks to multilateral nondiscriminatory trade liberalization. There are also concerns that the proliferation of RTAs can have suboptimal outcomes for trading partners. For instance, the European Community (2005:1) notes in a report:

> The present situation (of proliferation of RTAs) is to the advantage of no one. While RTAs have become an indispensable trade policy tool for most WTO Members' pursuit of their economic developmental objectives, all Members face the risk that the agreements to which they are not parties could have negative implications for their own legitimate trade interests.

Bhagwati (1995) has also described the proliferation of the RTAs and PTAs as termites that eats deep into the multilateral trading system. However as VanGrasstek (2011:9) contends, PTAs or RTAs may "constitute down payments that countries might later incorporate in whole or in part, in their commitments at the multilateral level, while also establishing precedents for the inclusion of new issues within the scope of trade policy."

With due regard to the political economy of RTAs and the development in developing countries, Bhagwati's argument is ahistorical and reflects a lack of appreciation of the development challenges of less developed countries. His argument also betrays a firm understanding of power plays and the salience of national interests that undergird international economic relations. Such blanket arguments are not conversant with the history of economic development; the issue of free trade and the level of tariff that a country allows has always been subject to the national interests and strategic considerations of trading partners. As Chang (2007) and Stilglitz (2002) argue, developed countries used tariff and other nontariff barriers to protect their economies before opening them to global competition. Consequently, PTAs could be beneficial to a developing country such as Nigeria if the terms of agreement are developmental rather than an unqualified focus on the promotion of free-trade market access. There is a political economy dimension to the formation of a preferential trading system as it helps developing countries that are undergoing reforms to overcome resistance to such reforms from domestic forces that are opposed to free trade under a multilateral trade regime.

According to the WTO (2014), there are over 300 agreements in force. Appendix 1 shows the sharp increase in the number of RTAs from 1994–2010 when two thirds of the agreements came into force. This shows that the failure to conclude multilateral trade negotiations under the Doha Development Round is responsible for such proliferations. Given the importance of trade to economic growth, both advanced and developing countries have resorted to forming RTAs as a second best or even the best option for facilitating trade liberalization (Almeida, Fulponi, Shearer, 2011).

The Politics of the Global Trading System and Regional Trade Agreements

A central feature of the international economic order that was established after World War II is a system of flexible trade relations among nations, with open borders for tradable goods and services. The North, comprised the advanced capitalist countries such as the United States, Canada, Britain, Germany, France, and Japan, and the South comprised the developing countries in Africa, Asia, and Latin America. Both have been relating on trade matters on the basis of international agreements, initially under the GATT, which took effect in 1947, and later under the auspices of the WTO, which was established in 1995 after the conclusion of the Uruguay Round of trade negotiations.

Since World War II, liberalism, especially as embodied in neoclassical economics, has been the dominant theory prevailing in the international economic system (Hart and Spero, 2010). Following David Ricardo's laws of comparative advantage, liberalism and its other variants of neoliberal ideologies argue that free trade and complete openness or liberalization of domestic economies hold the key to economic development (Meier, 1984). Neoclassical economics propagates capitalist values such as commodification, individualism, self-interest, and private ownership. The importance of money not just as a means of exchange but as an item of value, was also emphasized. So also is the maximization of profit and promotion of foreign direct investment as a sure path to economic growth. As Fine (2009:3) argues, "the collapse of the post-war boom led to the emergence of a particularly virulent form of monetarism (the New Classical Economics) in which it was presumed that the state was at best ineffective and at worst a source of inefficiency." The New Classical Economics place premium on the market and more or less demonize the state as a hindrance to economic development, especially in Third World countries.

In their celebrated studies of openness and growth, Sachs and Warner presented empirical evidence of a positive correlation between economic growth and openness. From the perspectives of these authors, over the past 50 years, the countries that have done well, economically, are those like the newly industrializing countries of South East Asia that have pursued free trade through export-led industrialization. In view of such evidence, they argue that countries remaining on the fringes of globalization, like those found in sub-Saharan Africa, should follow the example of these globalizers (Sachs and Warner, 1995).

According to Rodrik (2006a) cited in Cruz (2008), the standard recommendations emanating from this neoliberal conventional rhetoric of international trade is that once an economy can eliminate government distortions, prices should automatically reflect the correct cost of production, and resources will be allocated optimally in resource-abundant countries. This also implies the dismantling of quantitative restrictions on imports, reducing import tariffs (and their dispersions), making the currency convertible for current account transactions, eliminating bureaucratic red tape and other impediments to foreign direct investment, and improving customs procedures. The inevitable consequence of such wholesale commitment to free trade will thus be increased specialization, capital accumulation, and technological progress brought about by increased competition.

Given these prospects, neoliberal doctrine presumes that the economy should exhibit an income and wage convergence with trade partners and bring about improvement in the standard of living at least in the short term (Cruz, 2008). The import of the neoliberal economic theory on trade, then, is that the faster trade distortions are removed, the sooner the economy will enjoy gains from trade, which will leave the market in the driver's seat to facilitate growth and promote industrialization. This theory further recommends the adoption of policies that increase the domestic level of competition through the privatization of state enterprises, deregulation of regulated markets, liberalization of trade and exchange rate, and other domestic reforms under what is known as Washington Consensus (Williamson, 1990).

At the root of the agenda for free trade, which the GATT and its successor, the WTO, were set up to advance and maintain, are certain interrelated ideologies and theories that find expressions in Adam Smith's and David Ricardo's classical economics, comparative advantage, free trade, and, of late, global capitalism and its attendant penchant for accumulation of wealth on the world scale. The logic of this ideology is that free trade leads to economic growth and prosperity. However, as Dani Rodrik and others have argued, both in the past and in contemporary times, there is no empirical evidence to suggest that trade openness leads to economic development (Rodrik, 2001). This is, in part, explained by the preponderance of national interests and politics that underpin the basis of the participation of countries in the negotiation processes, resulting in the regional and multilateral trade agreements that govern trade relations among nations (Gilpin, 2000).

For instance, the multilateral trade negotiation under the Doha Development Round has remained inconclusive. This is because the advanced capitalist countries have been accused of protecting particular sectors, such as textiles and agriculture, wherein the developing countries have some comparative advantages. On the other hand, these countries have been advocating for market openness in developing countries so that they can sell their manufactured products. There is a growing concern that the global governance architecture, which has subsisted since the end of World War II, cannot guarantee an equitable basis for progress and development for all countries of the world. As Farrell (2005:4) contends:

> Since the world has been unable to construct a truly global governance system, one that is comprehensive in scope and with the capacity to manage and regulate (including the possession of a legal enforcement capability underpinned by political legitimacy), the states have turned to other forms of cooperation at the regional level in order to deal with common problems and shared interests.

With particular reference to global trade, the stalemate in the Doha Development Round of trade negotiation has intensified the proliferation of PTAs, FTAs, and bilateral trading agreements, both among the developed countries and between the developed countries and developing countries. An example of this RTA is the ongoing negotiation of an EPA between the EU and the ACP. The North America Free Trade Area (NAFTA), which is an RTA between the United States and the Latin American countries, was one of the earliest forms of FTAs formed to enhance the free flow of trade between developed and less developed regions of the world.

Regionalism

The study of regionalism started to attract much interest and attention after World War II, especially with the successful integration of the European Economic Community. Since then, it has continued to attract scholarly attention from various disciplines and subdisciplines, especially the social sciences and international political economy (Winters, 1996). The various disciplines viewed regionalism from various perspectives and adopted different methodologies, thereby creating both ontological and epistemological problems to be studied

(Hettne, 2005). Given this foundational complexity, it is difficult to define regionalism in just a few words.

A region has been defined as "typically a limited number of states linked together by a geographical relationship and a degree of mutual interdependence" (Nye, 1987). In a broader conceptualization of a region, Hurrell (1995:38) attempts a definition that encapsulates its social, economic, political, and organizational features. He submits that "regions can be differentiated in terms of social cohesiveness (ethnicity, race, language, religion, culture, history, consciousness of a common heritage); economic cohesiveness (trade patterns, economic complementarily); political cohesiveness (regime type, ideology); and organizational cohesiveness (existence of formal regional institutions)." This view was also supported by Mansfield and Milner (1997 cf. Vayrynen, 2003) when they emphasized that geographical proximity and specificity are major defining traits of a region.

However, there is a problem with these sets of definitions as territoriality or geographical contiguity is no more a defining issue of regionalism in modern times. Also, ethnicity does not also define regionalism as countries inhabited by people of very divergent historical and ethnic backgrounds have formed regional integration arrangements for economic purposes. Regional integration efforts are being formed between noncontiguous states, such as the one between the EU and its former colonies, and between the United States and Israel.

Regions and regionalism are very dynamic concepts that have witnessed a lot of changes both in character and functions in recent times. As Vayrynen (2003) argues, the changes that regionalism or regional integration have witnessed encompasses methodological and substantive dimensions. For one, there have been changes in the level of analysis, which include global, regional, and national levels. During the Cold War, for instance, he contends that "most regions were either political or mercantile clusters of neighboring countries that had a place in larger international system" (Vayrynen, 2003:26). This informed membership of such organizations as the North Atlantic Treaty Organization (NATO) and the Organization of African Unity (OAU). Other forms of regional organizations replaced these "super regions" from the 1980s due to the "fragmentation of great powers and the need to react to the pressures created by economic globalization through local means" (Vayrynen, 2003:26). Another change in the conceptualization of regions and regionalism has been the differentiation between physical (geographical and strategic) regions and functional (economic, environmental, and cultural regions).

Joseph Nye (1987) provides a fresh departure from the complexities that are inherent in correctly examining regionalism and regional integration when he argues that the concept of integration groups too many disparate phenomena to be helpful, and should therefore be broken down into economic integration [the formation of a transnational economy], social integration [the formation of a transnational society], and political integration [the formation of a transnational political system]. His view was supported by Winters (1999:8) when he restricted his understanding of regionalism to "any policy designed to reduce trade barriers between a subset of countries, regardless of whether those countries are actually contiguous or even close to each other." This is analogous to regional economic integration.

There are conceptual similarities between regional cooperation, regional organizations and regionalism. Fioramonti (2014:5) notes that "while regional cooperation is nowadays broadly employed to describe the numerous cases of structured collaboration among governments in a given geographical area, regional integration describes specifically the process of suprationalization of authority in a given policy field, which requires some degree of shared sovereignty." Regionalism, both in its old and new conceptualizations encompasses both regional cooperation and integration. The combination of these features manifest in the nature of regionalism as a "multi-level, where social and cultural processes can precede, replace or strengthen economic integration." In Europe and other places, regionalism is underpinned by a constructivist tendency that requires the agency of political and technocratic elites who see larger benefits in the pooling of resources and the fostering of social interactions.

Other efforts made by scholars to conceptualize regionalism have been on the physical and functional characteristics of regions. In this regard, Castells' (1996; cited in Vayrynen, 2003) differentiation between a "space of places" and a "space of flows" bears further explanation as it is very relevant. Castells defines a place as "a locale whose form, function, and meaning are self-contained within the boundaries of physical contiguity" (Castells 1996:412). On the other hand, Castells's (1996 cited in Vayrynen, 2003) differentiation between a "space of places" and a "space of flows" bear further explanation as it is very relevant. Castells defined a place as "a locale whose form, function, and meaning are self-contained within the boundaries of physical contiguity" (Castells 1996:412). On the other hand, he viewed the space of flows as the material organization of time-sharing social practices that work through flows and networks (Castells 1996: 412). These networks are managed by power elites who have the capacity to organize the space of flows that are not restricted by physical contiguity (Vayrynen, 2003). Functional regionalism is issue-based rather than concern for the protection of borders or sovereignty. As Vayrynen (2003:27) submits, "the driving force in functional regions is either the economy (for example, production networks), the environment (for example, acid rain), or culture (for example, identity communities)."

Since regionalism and regional integration have such divergent views, it is important for one to locate the specific area on which research is focused. Though regional integration embraces issues of peace, security, and political unification, the concern of this book is the political economy of regionalism and integration defined by the concept of new regionalism, which is encapsulated under the idea of a free-trade area or PTA.

Harrison (2006:23) puts the connection between the economic integration and new regionalism in perspective. He argues that "the new regionalism has undoubtedly emerged with an overt economic focus, drawn out through its close links with institutional economics, economic sociology, and evolutionary political economy." This is justifiable when viewed against the premises of the preeminent position that economic development has occupied in development discourse over the past 50 years. The political economy aspect of regional integration is of critical importance in that rather than looking at the concept from a purely economic perspective, it brings out the political undercurrents that guide the relations between the parties, which in this case is the EU and the ACP countries, within the context of the EPAs.

The main differences between old regionalism and new regionalism have been clinically explained by Hurrell (1995a:332). He argues:

> To start with, new regionalism is very diverse in its nature, comprising a range of models/structures/processes of region building rather than the single norm expected of and advocated for first wave regionalism by neo-functionalists. Also, it can involve partnerships between states in the "North" and "South" (i.e., developed and developing countries, respectively), whereas previous regionalisms presupposed only North-North or South-South cooperation. Again, new regionalism varies enormously in the level of institutionalization of the various regions, whereas "old" regionalism had a very formal understanding of region—building that saw a lack of new joint institutions as a sign of weakness.

Also, new regionalism is multidimensional and fundamentally blurs the distinction between the economic and the political in contrast with its predecessor—old regionalism. Finally, new regionalism reflects, shapes, and requires the development of a regional sense of identity, whereas first-wave regionalism, as represented by its European variant, seriously underplayed and misunderstood issues of legitimacy, identity, and popular support (Hurrell, 1995). In an attempt to explain the new regionalism, Milner (1997 cited in Mena, 2000:6) argues that "if regionalism is a response to international pressures, liberalization should be across-the-board and if that is not the case, and if the liberalization pattern is in accordance with the preferences of industries that favour regional liberalization, then regionalism could be the result of domestic political interests."

Krueger (1995) agrees when she states that Free Trade Agreements have a tendency to reduce incentives for those interests that could have favored multilateral liberalization, and enhance the power of interests that are against it, because it is not in their favor to do so. This submission further complements the central argument of this book, in that it brings into fore the salience of politics both at the domestic and at the multilateral levels in negotiating for free trade agreements.

The study of regional integration and regionalism has been subjected to various theoretical interpretations. A very influential theory of regional integration is the European integration theory. This theory focuses on the creation of a common market and giving prominence to transnational economic interest. The aim is to avoid the recurrence of war and conflict, promote economic welfare, and protect a particular kind of economic model (Rosamond, 2000; Moravcsik, 1998).

In addition to this, there are theories that have been applied to the explanation of the phenomenon of regional integration. These theories can be found in the broad fields of political science, international political economy, and economics. The first of such theories is the realist theory of states' relations in the international system. This theory focuses on the state and its application of power to pursue the maximization of its interests in international politics (Waltz 1979). It conceptualized state behavior as a "consequence of bounded rationality" (Keohane, 1984:62). The realists also contend that there is no centralized authority or rules that govern interstate relations, except those which the changing necessities of the game and the shallow conveniences of the players impose (Anadi, 2005).

However, the conflictual nature of the international system that the realists project was rejected by some realists and neorealists as the theory failed to explain the decision of states to cooperate at regional levels on economic, health, humanitarian, and environmental issues, especially after World War II (Anadi 2005:136; Keohane, 1984:7). The neorealists posit that there is convergence of interests and benefits as states interact and cooperate either at the regional or international level. Other theories of regional integration can be explained from various dimensions (Akinboye and Ottoh 2005). These include federalist, pluralist, functionalist, neo-functionalism, interdependence theory, and regime theory. They were developed to provide explanations for the increasing penchant for collaboration and cooperation by states at the international level.

The various theories of regionalism outlined previously have viewed regionalism and regional integration within the prism of Western-Eurocentric conceptions of regionalism. As Richard Gibb argues, this market integration approach is closely linked to neoliberal development theory. One of the limitations of the market integration theory is its "one size fits all" approach, which fails to account for the nature, character, and evolution of regional integration in Africa (Gibb, 2009). The relevance of the argument is underscored by the fact that Africa has a very divergent history from Europe in terms of the dynamics of its political economy, state formation, institutions, and importantly, its location in the global capitalist system. Consequently, the past and the present attempts at fostering regionalism based on the European model may not bring about development in the subregion.

Regional Trade Agreements and Regional Integration

One of the major objectives of the European Community in proposing the reciprocal EPAs is to promote the integration of the ACP countries into the global capitalist system and to promote intraregional integration among the various negotiating regions. The EU based its argument for proposing a change from nonreciprocal-based PTAs to a reciprocal one on the need to comply with the rules of the WTO, which states that such relationships between an advanced economy and developing ones should be reciprocal and substantially cover all trade. The political economy aspect of regional integration is of critical importance in that rather than looking at the concept from a purely economic perspective, there is a need for a thorough appreciation of the political undercurrents that guide the relations between the EU and the ACP countries within the context of the EPAs.

A corollary of the economic orientation of regional integration is market integration. This is essentially a reflection of neoliberal economics that advocates free trade as a reliable and efficient vehicle for economic growth. In this regard, the conventional analysis of Bela

Balassa on economic integration has remained a reference point. He provides a five-stage process of regional integration. As Gibb (2009) submits, the Balassa model prescribes a process of progressive integration via several hierarchical steps. Belassa's model of regional integration includes preferential trade, free trade association, CUs, common markets, and economic union to finally, political union (table 2.1).

The first stage, a preferential trade area, is characterized by partial removal of internal quotas and tariff among members of the economic region. The second stage, the free trade area or association, is characterized by the full removal of internal quotas and tariff. CU is the third stage. The associated feature of this stage is complete removal of internal quotas and tariffs and the adoption of a common external customs tariff against Third World countries. The common market is another stage in the hierarchy. This is characterized by the removal of internal quotas, common external customs tariffs, and mobility. The stages of economic union have the characteristics of common market. But in addition to this, it entails harmonization of economic policies and the development of supranational institutions.

The last and the highest stage is the political union, which contains the previous features together with unification of political and

Table 2.1 Balassa's market integration model

	Removal of internal quotas and tariff	*Common External customs tariff*	*Free movement of land, labor, capital, and services*	*Harmonization of economic policies and development of supranational institutions*	*Unification of political and powerful supranational institutions*
Preferential trade/sectoral cooperation	•				
Free trade association	•				
Customs union	•	•			
Common market	•	•	•		
Economic union		•	•	•	
Political union	•	•	•	•	•

powerful supranational institutions. The EU-ACP EPAs effectively fall under the second stage of the integration as parties to the agreements are expected to ultimately remove barriers to trade among themselves on the basis of reciprocity. However, as Gavin and De Lombaerde (2005) argue, contemporary forms of regional economic integrations have more complex features than Balassa's model originally suggested. This is because it is imperative that effective trade liberalization will require more regulatory reforms by the participating governments, extending beyond the narrow area of trade/commercial policy to include harmonization of standards, redistribution policies, and greater consideration of how to manage the tendency for concentration of economic resources (especially finance, labor, and production facilities).

The preponderance of regional integration and the establishment of FTAs as a means of fostering development, is not limited to the trade relationship between the EU and Africa. Indeed the EU has made effort to sign intraregional trade and development cooperation agreements with other regions of the world. An example of this is Mercosur, which is a regional organization of some Latin American countries. Mercosur was established in 1991 by the Treaty of Asuncion among four Latin American countries—Argentina, Brazil, Paraguay, and Uruguay. Venezuela was admitted into the membership of the region in 2006 (EU, 2011).

The EU has not succeeded in establishing its proposed EU-Mercosur Free Trade Agreement due to the differences among the trading partners on the trade chapter. The negotiations for the proposed free trade agreement, between Mercosur and the EU, started in 1999 and collapsed in 2004.

The proposed FTA between the EU and Mercosur member countries was expected to cover not just goods, but issues such as services, investments, government procurement, trade, and sustainable development. Comparatively, it is instructive to note that the current structure of trade relations between the EU and Mercosur countries resembles that of the EU-ACP countries. First, the EU is the largest of Mercosur's trading partners representing about 20.7 percent of total Mercosur trade. It is also the largest investor in Mercosur. Second, the EU is the main market for agricultural products from Mercosur, accounting for 19.8 percent of total EU agricultural imports in 2009 (EU, 2011).

Correspondingly, EU exports to Mercosur are essentially industrial products, which include machinery, transport equipment, and chemicals. It therefore bears restating that the EU agenda in seeking the formation of FTAs with Third World countries, either in Africa or elsewhere, is geared toward seeking avenues for raw materials for its industrial complexes and a ready market for its manufactured products. While this may be a legitimate pursuit, the need to ensure that the development concerns of the other parties in the FTAs (such as the less developed regions of the world) are taken into consideration, is particularly imperative.

This chapter has elucidated on the historical and conceptual link between the global trading system and RTAs. I argue that the evolution of the post–World War II international trade regime has been informed by the logic of free trade and self-regulating market. While there is a global architecture for the governance of multilateral trade under the WTO, the contestations between developed countries and developing countries over issues such as agriculture, intellectual property rights, services, government procurement, and trade facilitation have more or less led to a deadlock in the negotiations that could further lead to the liberalization of international trade.

I have also demonstrated that while regionalism and the formation of RTAs that accompany them are not an entirely new phenomenon, these issues have gained more currency in recent years as more countries in the global south and north have resorted to the formation of RTAs as the second-best option for the promotion of free trade among themselves. Following Balassa's market integration model, the chapter posits that the free trade agreement that the EU plans to form with the ACP countries is the second stage in the integration process. With its focus on the EU-ACP EPAs, the chapter engages the debate on the politics surrounding the formation of North-South trade agreements. It also shows that EU relations with Mercosur can serve as a useful guide to African countries before they start the implementation of the EPAs. When the EU introduced some contentious issues such as services, investments, government procurement, trade, and sustainable development to the EPAs negotiations in 2004, the negotiation broke down. This was because member countries of Mercosur felt that any agreements on these issues at the regional levels would adversely affect their economic performance both in the short and the long run. Also, the fact that these issues remain inconclusive at the multilateral level under the Doha Round of trade negotiations show that they have serious implications for economic development in developing countries.

CHAPTER 3

Theoretical Framework of North-South Regional Trade Agreements

Various theoretical formulations have been developed to understand the relations of power between the advanced and the developing countries of the world within the context of global trade. In this chapter, I adopt an eclectic theoretical framework of analysis to address the contending views on the global capitalist system in which the formation of regional trading agreements (RTAs) have been cast over the past half-century. The theories also underscore the importance of trade, the political underpinning of RTAs like the (European Union) EU-ACP (African, Caribbean, and Pacific countries) Economic Partnership Agreements (EPAs), the unequal relationship between the North, in this case represented by the EU, and the South, represented by Nigeria, trade agreements, and the processes of negotiations.

Neoclassical and Neoliberal Political Economy Theories

Neoclassical and Neoliberal Political Economy theories have been used to explain free trade as a means of fostering economic development. They are basically pro-market theories that see no other role for the state than facilitating the market as an agency of development. As against the preponderance of wars and conflicts in Europe in the period before World War II, which were fostered by protectionism, liberal economic scholars argue that free trade among nations will facilitate peace and enhance security.

Although these scholars expressed preference for a multilateral trade regime, they also give credence to trade at the regional level through RTAs between the North and the South. One such liberal-based theory on regional integration, which took its relevance from the example of the European integration, is the integration theory. This theory focuses on the creation of a common market and giving prominence to transnational economic interests. The aim is to avoid the recurrence of war and conflict, promote economic welfare, and protect a particular kind of economic model (Rosamond, 2000).

In addition to this, there are theories that have been applied to the explanation of the phenomenon of RTAs. These theories can be found in the broad fields of political science, international political economy, and economics. The first of such theories is the realist theory of states' relations in the international system. This theory focuses on the state and its application of power to pursue the maximization of its interests in international politics (Wattz, 1979 cf. Anadi, 2005). It conceptualized state behavior as a "consequence of bounded rationality" (Anadi, 2005; Keohane, 1984:62). The realists also contend that there is no centralized authority or rules that govern interstate relations, except those that the changing necessities of the game and the shallow conveniences of the players impose (Anadi, 2005).

However, the conflictual nature of the international system that the realists project was rejected by some realists and neorealists as the theory failed to explain the decision of states to cooperate at regional levels on economic, health, humanitarian, and environmental issues, especially after World War II (Anadi, 2005:136; Keohane, 1984). The neorealists posit that there is a convergence of interest and benefits as states interact and cooperate either at the regional or international level. The various theories stated previously have been used to explain RTAs. But the dominant approach has been that of market integration, which has been considered from the prism of Western-Eurocentric conceptions of RTAs.

As Richard Gibb argues, this market integration approach is closely linked to neoliberal development theory. One of the limitations of the market integration theory is its "one size fits all" approach, which fails to account for the nature, character, and evolution of regional integration in Africa (Gibb, 2009).

The political leaders in the continent have looked toward Europe as a model of regional integration (Draper, 2013). However, the market integration approach on which the EU model of integration is based has not succeeded in the continent because Africa has a very divergent history from Europe in terms of the dynamics of its political economy, history of state formation, level of infrastructure, structure of the economy, institutions, and, importantly, its location in the global capitalist system. Consequently, the past and the present attempts at fostering regional free trade agreements based on a European model may not bring about development in the subregion. Given this reality, recent literature on integration in Africa has emphasized the imperative of developmental regional integration in which the emphasis goes beyond the removal of tariffs, to the development of infrastructures such as ports, rail lines, sea and airports, telecommunication, as well as the free movement of people (Oloruntoba, 2013).

Economists have at various times adopted different theoretical frameworks that encompass classical, neoclassical, and/or a neoliberal political economy approach in their attempt to recommend the best way for the allocation of resources in the society. Philosophers and scholars such as Adam Smith, David Ricardo, John Stuart Mill, Paul Samuelson, John Williamson, among others, have postulated that in order to maximize the well-being of the society, the market must be allowed a free hand to allocate resources.

As Gilpin (2001:46) argues, theories propounded by these philosophers and scholars "have had a significant influence on the trade, monetary and other policies of national governments." Early classical political economists like Adam Smith made a strong case for the promotion of private interest, comparative advantage, and specialization as well as profit maximization. The role of the state was to be limited to that of maintenance of security and protection of private investment. Besides, the state was expected to establish and enforce basic rules of the game.

Neoclassical economic doctrine is traceable to Paul Samuelson who attempted to synthesize microeconomics with the new macroeconomics exemplified by the work of John M. Keynes. As Gilpin (2001:46) notes, the assumptions of neoclassical economics are applicable to "the economics of Keynesian, monetarist, or other divergent schools of contemporary economic thought, because they are all based on similar assumptions regarding the nature of the market." He further stressed the point that "trade liberalization would lead to efficient trade patterns determined by the principle of comparative advantage; that is, by relative factor prices (of land, capital, and labor)" (Gilpin, 2001:198).

Neoclassical economics sees the market as a self-regulating and self-correcting smooth functioning machine that is governed by objective laws and universal principles. It is further based on the assumption that the free market, under some circumstances such as perfect information and oligopolistic competition, will bring about optimal allocation of given resources (Gilpin, 2001). Advocates of free trade also reject trade protection, which they argue has high costs to an economy with negative impact on income distribution (Smith, 1776).

Notwithstanding the near general consensus among neoclassical economists about the virtues of free trade, there is argument on the need to protect local industries. Scholars like Alexander Hamilton and Friedrich List argue that there is a need to protect infant industries from international competition until they are strong enough to compete against foreign products. List (1841) specifically argued that contemporary industrialized nations adopted protectionist policies as a means of safeguarding their infant industries. As Gilpin (2001:201) argues:

> List maintained that once their industries were strong enough to withstand international competition, these countries lowered their trade barriers, proclaimed the virtues of free trade, and then sought to get other countries to lower their barriers. Free trade, List believed, was the policy of the strong.

Ha-Joon Chang has carried this argument further in recent times: contrary to the claims of advocates of free trade, he notes, no country can develop exclusively on the back of a free trade policy. Indeed, Chang countered advocates of free trade by describing them as "bad Samaritans" who "kicked away the ladder" of protectionism so that developing countries of today will not be able to climb the same ladder to the level of industrialization that they have reached (Chang, 2007, 2004).

Neoliberal economics took the arguments of free trade further in the 1980s by prescribing various reforms that countries in economic difficulties must undertake in order to recover. While also placing premium on the market as the more effective agent for allocating resources, neoliberal economics paradoxically relies on the state to carry out privatization of state-owned enterprises, deregulation, devaluation, and liberalization of trade and finance (Harvey, 2007). The theoretical bent of the neoliberal economists is coterminous with economic globalization. According to Akinboye (2008:59), "one dynamic and fundamental force in the contemporary globalization process is economic liberalization, which has been embraced by virtually all countries and major international institutions within the global system." These institutions include the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO).

Neoliberalism also recommended liberal democracy as a form of government that can guarantee the freedom of the market to efficiently allocate resources. Liberal economics identifies trade liberalization as a sure path to economic growth (Sachs and Warners, 1995).

Although multilateralism is seen as the best option for achieving economic growth, some of the proponents of free trade hold the view that where multilateralism is not feasible, RTAs between the advanced capitalist economies and developing countries could also be a veritable avenue for facilitating economic growth. This is especially so as the economies of African countries are said to be too small for any meaningful integration to take place (Collier and Venable, 2008).

The New Economic Geography thesis, for example, in justifying the promotion of North-South regional integration, posits that countries in the South that may form regional integration "have a comparative disadvantage in manufacturing relative to the global economy." This will then result in a situation where stronger economies within the free trade zone will derive more benefits than the others, thereby leading to political tensions, which would ultimately undermine the integration process (Draper, 2010; World Bank, 2000).

The various neoliberal theories of regional integration stated earlier have been grossly inadequate to address the widening gap between the North and the South as its prescription of mutual benefit from international trade has remained inappropriate to address the development problems of the South. The failure of this model to guarantee economic growth and bolster industrialization in many of the developing countries is also premised on what scholars have identified as applying a wrong therapy for a festering ailment. For example, as Moritz Cruz (2008) has argued:

> Historical evidence indicates that in making trade an engine of economic progress, countries during the initial stages of their development benefited from static and dynamic gains of trade by applying policies outside the conventional rhetoric of free trade. They used, instead, trade barriers to protect their infant industries from external competition, actively adopting trade and industrial policies that included, among others, infant industry protection and export subsidies.

This view has also been expressed elsewhere by other scholars (e.g., Chang, 2007, 2002; Chang and Grable, 2004; Amsden, 2001). Ha-Joon Chang and Irene Grabel were more specific when they assert that Britain and the United States, which are the most strident missionaries of the gospel of free trade today, built their respective economies on the back of trade and industrial protectionism until such a time that their products could effectively compete with products from other countries (Chang and Grabel, 2004).

Neo-Marxist Theories: Dependency, Underdevelopment, World-Systems Theories

Apart from the aforementioned theories, neo-Marxist theories such as Dependency, World-System, and Underdevelopment have been developed to further interrogate the political and economic relationship between the global North and South. These theories are offshoots of Marxism, which was rooted in historical dialectics of materialism anchored on the notion that every society, either domestic or international, is made up of two classes—the oppressed and the oppressor—and that the position of each class is a function of its placement in the social relations of production. Marxism also explains the capitalist world-system as being characterized by imperial expansion by the center of world capitalism to the periphery through the use of force and violence, with the sole aim of establishing domination such that expropriation and exploitation of the resources of the peripheral societies will become easy and legitimate (Marx, 1867).

Dependency theory became popular in the 1950s as a reaction to the modernization theory. The modernization theory had sought to explain away the role of external influence on the underdevelopment of the Third World countries. Rather, it posits that Third World countries are not developed because they manifest some internal characteristics and qualities that are antidevelopment. Some of these qualities include a belief system that is crude, culture, attitudes and values of the people, low division of labor, absence of communication and infrastructures, and bad government and policies. The theory also states that Third World countries have failed to follow the path that the advanced capitalist countries of Europe followed in their journey to the present level of development. Consequently, modernization theory recommended that underdeveloped countries must follow a certain path or pass through some stages of development before they can reach the current level of the developed capitalist economies (Rostow, 1960).

The failure of the recommendation of this theory, most especially within the context of the activities of the United Nations Economic Commission for Latin America (UNECLA), in promoting economic liberalization in the 1960s prompted alternative thinking, which provided exogenous rather than endogenous reasons for the problem of underdevelopment in the Third World. The propagation of Dependencia theory owed much to the incisive works of Raul Prebisch, who was the head of UNECLA from 1948 to 1962.

A self-confessed neoclassical economist, his faith in the ability of the market to assure conditions of economic development was shattered by the economic depression of the 1930s and the magnitude of the effects that the crisis had on people in his domain and the world in general. In Prebisch's analysis of the global capitalist system, he recognized that it was generally full of class warfare, especially between the haves and have nots. He argues that the world economy was divided into the industrial centers made up of the United States and Western Europe on the one hand, and the commodity-producing periphery made up of countries in Africa, Asia, and Latin America. Due to the skewed and asymmetrical nature of the international capitalist system, the terms of trade would always work against the periphery because the center will deliberately and consistently exploit the underdeveloped countries. In the process, the rich countries will get richer, while the poor countries will get poorer (Prebisch, 1950).

Prebisch saw international trade as a means of exploitation and robbery committed by the industrial nations and their multinational corporations. Those who suffer from this injustice are the majority of the poor people in the Third World countries. He contends that by changing and gearing the institutional, production, and socioeconomic structures of a country toward the First World, colonialism had resulted in some structural problems in the underdeveloped countries such as export orientation and unbalanced growth. As a way out of this unprofitable relationship, a gradual delinking from the world capitalist system was suggested. This will take the imposition of high tariffs and the adoption of other nontariff barriers such as quotas and import licensing.

The development of infant industries was also suggested such that the industries would be kept away from competition until their products can effectively compete with those from the advanced capitalist economies. Another strategy that was suggested to extricate the underdeveloped countries from the unequal relationship was adoption of Import Substitution Industrialization (ISI), where permits were issued to import equipment for manufacturing at very cheap prices. The standard recommendations of the UNECLA were generally adopted in Latin America in the 1960s–1970s with significant results in economic development. However, the results in terms of overall economic development did not last long as the system was mired with internal contradictions that limited its utility as a reliable and sustainable economic policy. As Fosu (2013:2) argues, "IS policies failed in many developing countries primarily because such policies created rent seeking activities resulting in inefficiencies and the eventual collapse of the protected firms." The failure of this policy, fall in commodity prices and the problems in the global economy in the 1970s eventually made many countries in the global South vulnerable, debt ridden, and susceptible to the dictates of the developed countries in terms of economic policy-making.

Dependency is a condition whereby the forces and agencies that drive the development of a state lie outside its border (Odukoya, 2011). According to Toyo (2002:6 cf. Odukoya, 2011), "By dependence we mean the dependence of the country's economy on the desires and activities of transnational well as its dependence on an international division of labor and world exchange system which is neo-colonial." Four types of dependencies are discernible from the literature on North-South relations: direct economic dependence; trade dependence; financial dependence; and technical dependence or the importation of foreign technology (Szentes 1974; Gana, 1985). Dependency can also be manifested at the level of managerial control, production, price determination, and services (Toyo, 2002; cf. Odukoya, 2011).

Dependency theory viewed the relationship between the developed capitalist economies and Third World countries as that of exploitation of the latter by the former. This exploitation manifests in trade, finance capital, and labor. As Dos Santos (1975:231) argues:

> In analyzing the process of constituting a world economy that integrates the so-called "national economies" in a world market of commodities, capital and supply of labour power, we see that the relations produced by this market are unequal because development of parts of the system occurs at the expense of other parts. Trade relations are based on monopolistic control of the market, which leads to the transfer of surplus generated in the dependent countries to the dominant countries; financial relations are, from the viewpoint of the dominant powers based on loans and the export of capital, which permit them to receive interests and profits; thus increasing their domestic surplus and strengthening their control over the economies of the other countries. For the dependent countries, these relations represent an export of profits and interest, which carries off part of the surplus generated domestically and leads to a loss of control over their productive resources . . . the result is to limit the development of their internal market and their technical and cultural capacity, as well as the moral and physical health of their people.

This pattern of exploitative relationship is steeply rooted in the historical exchanges between the developed capitalist economies and the underdeveloped ones. In this regard, colonialism played a very significant role in ensuring that the forms of production in the peripheral countries are externally oriented. Cash crop agriculture was encouraged such that agricultural activities were geared toward export. This process led to paying less emphasis on the industrial development of the underdeveloped countries. Worse still, prices of both raw materials and manufactured goods were dictated by the monopolists at the center (Ake, 1981).

This form of colonial dependence was reinforced by the dominance of trade monopoly supported and encouraged by the colonialist state with its control over mines, land, and manpower in the colonized countries. Other forms of dependence were financial-industrial dependence and technological-industrial dependence. The financial-industrial dependence was characterized by "the domination of big capital in the hegemonic centers and its expansion abroad through investment in the production of raw materials and agricultural products for consumption in the hegemonic centers" (Dos Santos, 1975:32).

The technological industrial dependence manifests in the strong technological monopoly exercised by imperialists' centers. This is because the underdeveloped countries depend on the imperialist centers for the importation of machinery for their industrial development. This machinery is not sold as commodities in the international markets because they are patented by their inventors. This leaves room for manipulation and provides leverage for the imperialist center to design the terms of purchases such that it will favor their interests. The best way these interests can be protected is to ensure that multinational companies or their agents are sent to the underdeveloped countries to supply and service these machineries, thereby increasing the cost of acquisition and limiting the adaptation of such technology to the immediate environment of the underdeveloped countries (Dos Santos, 1970).

From Dos Santos's explanation of the dependency relations between the advanced capitalist countries and the underdeveloped countries, there is a system of world economic relations that is "based on monopolistic control of large scale capital, on control of certain economic and financial centres over others, on a monopoly of a complex technology that leads to unequal and combined development at a national and international level" (Dos Santos, 1975:235). As a way out of the dependency between the center and the periphery of global capitalism, Dos Santos suggests a violent revolution underpinned by both political and military confrontations, as well as serious radical socialization as a means of bringing about fascism or socialism in the Third World countries. However, evidences from countries where fascism and socialism have been adopted, such as Italy and Russia, show that these recommendations are limited in their practicability and utility in promoting economic development.

One of the major components of the dependency theory is the belief that the current system of international trade encourages the South to concentrate on a backward form of production (commodity) that prevents development, while the advanced countries of the North concentrate on the production of high value-added products, technology, and services. They contend that trade and investment in its current form removes capital from the South, and necessitates a form of dependence in which countries in the South will be borrowing from the Northern financial institutions, both public and private (Cardoso and Falleto,1979; Emmanuel, 1972).

For example, Emmanuel (1972) examines the structurally disadvantageous effect of international trade on the developing countries as a process of unequal exchange. The core of his argument is that the value of commodities on the international market is formed in a different way from that of national markets. This is because labor, in contrast to capital, is not very mobile across borders. He contends that the disproportionate inequality of wages, as compared to the value of labor power embodied in commodities, leads to a transfer of surplus from developing countries to the industrialized countries (Emmanuel, 1972). The issue of unequal exchange features prominently in the response of African policymakers on the EPA negotiations. For instance, concerns have been raised that the EPA has the tendency to lock-in African economies into perpetual production of raw materials, while they continue to import manufactured products from the EU (Fioramonti, 2011). While it is consistent with the principle of neoclassical economics for resource-rich countries in Africa to concentrate on the production of raw materials on which they have a comparative advantage, historical evidence shows that this is not sustainable over a long time (Fosu, 2013). Besides, the conflicts, wars, and political instability that are associated with the struggle for rent on resources in these countries have contributed to keeping most of the countries in this region in the bottom billion in global development ranking (Collier, 2007).

Other scholars who used the dependency theory to analyze the unequal relationship between the advanced capitalist economies and the Third World countries include Onimode (1982); Ake (1981); Amin (1976); and Baran (1968). A common thread of thought that binds these scholars together is the fact that the economic backwardness of the underdeveloped countries is historically and structurally determined. Historically, the form of political economy that colonialism imposed on the developing countries is such that they will be permanently dependent on the advanced capitalist countries in finance, trade, technology, and institutions. Structurally, the economies of the developing world countries are externally oriented for exports of raw materials. This caused some disarticulation as rural-urban migration and wage labor became the order of the day.

The infrastructures that were constructed only helped to link the colonized countries to the ports where raw materials are exported to the advanced capitalist countries. Even though these scholars also used dependency theory as a framework of analysis, they differ from Dos Santos on the way forward for the extrication of developing countries from their dependent position. For instance, while Dos Santos recommended violent confrontation, scholars like Ake (1980) and Amin (1990), among others, recommended socialism and restructuring of the domestic political economies of the Third World countries from raw material-based to manufacturing as a way of fostering development.

A related theory for the explanation of the asymmetry in the relationship of the advanced capitalist countries and the underdeveloped countries is the theory of underdevelopment. A leading proponent of this theory is Andre Gunder Frank (Frank, 1967). In his historical study of Latin American countries such as Chile, Brazil, and Argentina, he came to the conclusion that the histories of these countries as encapsulated under the manner of their incorporation into the world capitalist system has weakened their capacity for autonomous development. He regarded the advanced capitalist countries such as the United States and Western Europe as metropoles, while the underdeveloped countries were regarded as satellites. He refuted the claims of the modernization theory that economic development is a sequential stage that all countries must pass through. From the conception of the theory of underdevelopment is the understanding that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries. These relations are an essential part of the structure and development of the capitalist system on a world scale (Frank, 1966).

The theory of underdevelopment also brought into fore the inextricable link that the internal institutions, politics, and values of the satellite countries have with the metropoles. Furthermore, the underdevelopment of Latin American countries, which to a great extent is representative of other developing countries, is a fallout of many years of integration into the world capitalist system. As long as the economies of the satellite countries are oriented toward servicing the needs of the metropolitan countries, the underdevelopment of the satellite countries will be assured. "This underdevelopment is generated by the very same historical process, which also generated development, that is, the development of capitalism"(Frank, 1966 cited in Corbridge, 1995:31). Frank cited the case of Japan, after the Meiji restoration, as a classic case of a satellite country that was industrialized without being integrated into the metropole. He concludes that any of the satellite countries that wishes to develop must necessarily follow the path taken by Japan. Frank (1966) argues that this will take a well-determined effort by the people in the satellite countries.

Like the dependency theory, the theory of underdevelopment posits that the problems of underdevelopment in the developing countries are not just internally induced, but historically determined; that the postcolonial experiences of these countries are inextricably linked to the pattern of production established by the colonialists. These theories follow a similar line of argument: The form of capitalism existing between the advanced capitalist countries and the Third World countries is deliberately designed to favor the former at the expense of the latter. The two theories differ on the way out of the crisis of underdevelopment that Third World countries are faced with. While dependency theory suggested the gradual delinking and the promotion of industrialization through import substitution industrialization, the theory of underdevelopment recommends people's action and determination as a way of fostering economic development (Furtado, 1964).

The relationship between the core capitalist countries and the developing countries has also been analyzed through the theoretical framework of world-systems. This neo-Marxist approach to the understanding of world-systems was developed by Immanuel Wallerstein in the 1970s to provide an alternative explanation to the modernization theory, the liberal framework of analyzing the Third World in the 1950s. His aim was to "provide a new theoretical paradigm to guide investigations into the emergence and development of capitalism, industrialism and nation states" (Skocpol, 1977:1075).

Wallerstein's (1979) criticisms of modernization include the (1) reification of the nation-state as the sole unit of analysis; (2) assumption that all countries can follow only a single path of evolutionary development; (3) disregard of the world-historical development of transnational structures that constrain local and national development; and (4) explaining in ahistorical terms the ideal types of "tradition" versus "modernity," which are elaborated and applied to national cases. His research agenda focused on five issues which include: the functioning of the capitalist world-economy as a system; the how and why of its origin; its relations with noncapitalist structures in previous centuries; comparative study of alternative modes of production; and transition to socialism.

According to Wallerstein, the modern nation-state exists within a broad economic, political, and legal framework that he referred to as a "world-system" (Wallerstein, 1974). The world-system is also a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence. It is a world economy integrated through the market rather than a political center, in which two or more regions are interdependent with respect to necessities like food, fuel, and protection, and two or more polities competing for domination without the emergence of one single center forever (Goldfrank, 2000).

Wallerstein' analysis is premised on the understanding that just as individual behavior cannot be understood without reference to the sociocultural system in which he or she is a member, individual societies or nation-states cannot be understood without reference to the world-system in which it is embedded. Modern nation-states are all part of the world-system of capitalism; this must be understood in order to be able to correctly explain the trajectory of the underdevelopment of the Third World countries.

This global capitalist system was established for the protection of the interests of the capitalists, with the headquarters in Europe. Wallerstein posits that there is a division of labor that refers to the forces of and relations of production to the world economy. This division of labor further leads to the existence of two interdependent regions called the core and the periphery. While the core focuses on capital-intensive production, the periphery focuses on labor-intensive production. There is a semi-periphery, which acts as a buffer zone between the core and the periphery, with manifest characteristics of the core and the periphery. The theory identifies that the relationship between the core and the periphery is structural, with power hierarchy as the main feature between the core and the periphery. He emphasized the role of technology in defining where a part of the world belongs in this structural relationship. While the advanced capitalist economies, which constitute the core, have a well-developed technological base, the Third World countries, which constitute the periphery, have a low technological base. A very important component of the world-systems theory is the understanding that peripheral countries are "structurally constrained to experience a kind of development that reproduces their subordinate status" (Chase-Dunn and Grimes, 1995 cf. Vela, 2001:4).

There is a political dimension to the world-systems approach. Wallerstein sees nation-states as variable elements within the system, which are used by class forces to pursue their interests. According to him, this is especially true of core countries, which in the past used imperialism to establish economic and political dominance over peripheral countries. He recognizes the presence of hegemonic powers, from the core of global capitalism, that maintain a stable balance of power through which free trade is enforced to their own advantage. He identifies the regular cyclical movement in the world economy, which formed the basis of his periodization of modern history. His conclusion is that a time is fast approaching for the emergence of a socialist world government, which he sees as the only alternative world system that will lead to a high level of productivity. This could be achieved by changing the channel of global distribution and by integrating the levels of political and economic decision-making (Wallerstein, 1979).

The world-systems share certain characteristics with the dependency theory as well as the theory of underdevelopment, as it recognized the role of history in the subordinated position of the developing countries in the global capitalist system. Wallerstein's submission that the state is used by business interests in the core to pursue narrow objectives is also very valid. It also went ahead of the dependency theory by recognizing semi-periphery countries that manifest some characteristics of the core and the periphery. As Amin and Wallerstein contend, it is the "deep logic of the capitalist mode of production itself that yields the nodal positions within the global structure that nations occupy." This submission finds expression in Wallerstein's analysis of core-periphery and semi-periphery relationships (Amin, 1980; Wallerstein, 1979).

The world-systems theory describes the international economic relations of the last few centuries as a capitalist world economy. It is a world system because it contains a single division of labor (which has expanded since the sixteenth century and now comprises all known parts of the world) and multiple cultural systems. This system is capitalist in that it is based on production for the world market. It is a world economy because there is not one political structure that controls the worldwide division of labor (Wallerstein, 1974: 347–348). From Wallerstein's point of view, the fact that there has never been one power center that was successful in unifying the capitalist world economy into a single political system is the prime explanation for the persistence of capitalism (Hout, 1999).

Robinson (2004:75) provides a fresh perspective to this argument with his theory of global capitalism and the formation of a new Transnational Capitalist Class (TCC). The TCC includes the dominant forces that control economic policies and practices in both the global North and South. The class is made up of multinational corporations, international trade and financial institutions, modern day financial oligarchy in the core and the periphery of global capitalism, as well as the states in the North and South, which are instrumental in formulating and implementing policies that serve the interests of this class at the expense of the people. He notes:

> The TCC is in the process of constructing a new global capitalist historic bloc. This new global ruling bloc comprises various economic and political forces led by the TCC whose politics and policies are conditioned by the new global structure of accumulation and production. It is the logic of global accumulation rather than of national accumulation that guides the political and economic behaviors of this ruling bloc…At the center of the globalist bloc is the TCC, made up of the owners and managers of the TNCs and other capitalists around the world who manage transnational capital. The bloc also includes the elites and the bureaucratic staffs of the supranational agencies such as the International Monetary Fund (IMF), the World Bank (WB) and the WTO. The historic bloc also brings together major forces in the dominant political parties, media conglomerates, and technocratic elites and state managers in both North and South, along with select organic intellectuals and charismatic figures who provide ideological legitimacy and technical solutions.

What Robinson has successfully surmised is the existence of a well-coordinated and organized supranational network, a global structure of accumulation, upon which a neoliberal capitalist order is constructed. When it appears as if the objective of free trade cannot be quickly achieved at the multilateral level, such as through the WTO, key actors at the global level such as the EU and United States have resorted to the formation of RTAs with their former colonies and allies at the periphery of global capitalism as an alternative arrangement for promoting free trade.

The commodity-chain approach is a recent extension of world-systems theory. This approach posits that production and international trade have led to the emergence of a global manufacturing system in which production capacity is dispersed to an unprecedented number of developing as well as industrialized countries (Gereffi and Korzeniewicz, 1994). It provides a further understanding of the complexities in the modern production system. For example, it states that "industrialization and core status are no longer synonymous because of the dispersion of parts of the commodity chain through a network of labor and production processes, whose end result is a finished commodity" (Hopkins and Wallerstein 1986:159 cf. Hout, 1999) comprising raw material supply, production, export, and retail marketing across the world. This theory states that while economic activities in the countries of the core tend to shift to the service sector and to technologically sophisticated parts of manufacturing, both of which produce relatively high value-added products, the semi-periphery and the periphery tend to end up with the comparatively low value-added activities like the supply of raw materials or semi-processed goods.

The relevance of this new approach is that it provides an insight into the changes in the international division of labor that makes possible regionalist arrangements such as the EU-ACP EPAs. These changes lead to the effective regionalization of economic activities, with the creation of new ways of capital accumulation in the form of production networks and export processing zones, among others. To the world-systems theorists, any form of arrangement like the EU-ACP EPA is essentially a functionalist one that enhances the capacity of the core for greater degree of accumulation at the expense of the periphery.

From the Marxist perspective, the solution to the inequality between the North and the South is for the South to delink from the system. However, the structuralists like Wallerstein believe that the system can be restructured for even development. The structuralists approach also recommends the combination of import substitution and regional integration with the goal of diversifying production away from agriculture and raw materials and toward manufacturing and services. Despite the obvious antagonism of the structuralists to the neoliberal theory, they seem to converge at this point as they both submit that regional integration could be a means of economic development. Notwithstanding, the regional integration that the structuralists advocate is South-South based, while that of the neoliberal is North-South oriented.

Johan Galtung employed Wallerstein's terminology of the center and periphery in explaining the relationship dynamics between the EU and its former colonies found in the ACP countries. He described this relationship as that of "collective colonialism" (Galtung, 1973:73), arguing that the European Community created a kind of vertical division of labor, in which the former colonies are perpetually encouraged to specialize in the production of raw materials, labor, and market. On the other hand, European countries supply capital and knowledge in the form of multinational corporations' research and investment.

Galtung's view on the RTAs that the EU has been forming with the ACP countries over the years is that the former is fragmenting the latter. He stresses the point that the EU has always been trying to force its Eurocentric pattern of development on these former colonies (Galtung, 1973:59). Goodison (2007) shares this view when he notes rather poignantly that "there is a real risk that EPAs could be closing off even the most preliminary moves in the direction of industrialization, which is very fundamental to the economic development of any nation, as far as the evidence of history is concerned." This is because the EPAs will lead to a situation where subsidized exports from Europe will serve to "destroy local markets and predatory investment asset-strips infant industries' in ACP countries" (Goodison, 2007:248). These arguments also received some ferment from Gibb (2009:2), who notes that the West, represented in this case by Europe, "has been able to successfully assert and re-impose a cultural, economic, linguistic, and political agenda for regional integration on the South . . . thus, throughout the developing world and in particular, sub-Saharan Africa, regional integration schemes have been established in terms of a completely misconceived analogy with the European Union."

These arguments are relevant to the extent that the negotiations of EU-ACP EPAs, like the preceding Yaoundé and Lomé Conventions, was conducted with the respective economic blocs on an individual basis, while the EU negotiates as a single bloc. This is despite the fact that six regional groupings have been carved out of the ACP regions. This separate mode of negotiation has a tendency of further weakening regional integration efforts of the ACP subregions like the Economic Community of West African States (ECOWAS); the Caribbean Forum of African, Caribbean and Pacific States (CARIFORM); and the South African Development Community (SADC). This theory is also valid to the extent that the EU-ACP EPA is structured to make the ACP countries continue to specialize in the export of raw materials, while the European counterparts will be exporting manufactured products and services. This is evident by many nontariff barriers that the EU inserted into the EPA which effectively hinder export of manufactured products from Nigeria and other ACP countries to the EU.

However, an evaluation of these neo-Marxist theories, such as Dependency and World-Systems, has revealed some shortfalls; especially in the light of the changing configurations of power between the global North and the global South. As Hoogvelt (2001:11) argues, historical materialism has failed in three respects:

> First, in the lack of awareness of its own historical boundedness; second, in the pre-Gramscian conception of a unidirectional connection between economic structure on the one hand, and institutions and ideas on the other; and third, in the altogether too abstract and deterministic presentation of an unfolding history in which the progressive transformation of modes of production through the dialectic is a forgone teleological conclusion.

The failure of Soviet-type communist social-economic arrangement and the gradual integration of the Eastern European countries into the global capitalist system, especially after the end of the Cold War between the East and the West, bear this argument out.

Also, the South as an economic category is not as it was when the Marxists and the structuralists propounded their theories. Some of the countries in the South—like Brazil, Russia, India, South Africa, China, and India (BRICS)—are increasingly assuming more positions of prominence in international, political, and economic relations as their economies have grown significantly over the past 30 years. Conversely, the countries at the core of global capitalism are seriously undergoing some structural disarticulations that have led to deceleration in their economic growth. Countries such as Italy, Ireland, Portugal, Spain, Greece, and now Cyprus have adopted various austerity measures as a way out of their economic problems.

As the stalemated Doha Development Round has clearly shown, trade relations between the North and the South can no longer be subjected to the whims and caprices of just one country or a group of countries. The changing balance of economic power is equally reinforced by the declining influence of the United States, which has served as a form of hegemon since the end of World War II. This decline is now being counterbalanced by the BRIC countries, especially China.

Over the past three decades, there have been several changes in the theoretical framework of analysis of the relations between the North and the South. Few of these theories attempt to synchronize the differences in the neoliberal and radical theories. One of these is the Critical Social Theory advanced by Robert Cox. As Hoogvelt submits, Cox "managed to synthesize and transcend the neo-realist and neo-Marxist approaches, reintegrate the separate sub-fields of international economic relations and strategic studies, and overcome the structure/agency dichotomy" of these theories (Hoogvelt, 2001:10). According to Hoogvelt, Cox challenged existing theories of international relations on the grounds that they are too obsessed with relations between states; for failing to develop conceptual apparatuses that may account for the many trans-societal linkages that are growing up; and for not being critically aware of their own roots. According to Hoogvelt, Cox's theory examines the world order and historical change in the organization of world affairs (Hoogvelt, 2001; Cox, 1981).

Following Anthonio Gramsci's notion of hegemony, Cox "developed the notion of hegemony as a 'fit' between power, ideas and institutions to explain the stability of capitalist class relations' national social order." He employed historical structure as a concept, which he defined as a "particular configuration between ideas, institutions, and material forces. The core of this theory is the possibility of change anchored on an alternative future against the present circumstances. Hence this differs from the posture of both Marxist and neoliberal theories, that are essentially deterministic" (Hoogvelt, 2001; Cox, 1981).

The relevance of this theoretical background in the analysis of EU-ACP EPAs, and the implications for economic development in Nigeria, is to situate the current EU's drive for the full liberalization of economies in the ACP regions within the context of neoliberalism. As Brown contends, "the current EU-ACP development cooperation, much like the historical pattern of relationship between EU and its past colonies has been restructured to reflect liberal and multilateral norms of international relations (Brown, 2000)."

As such, both the multilateral framework of negotiation under the WTO (which is now stalled due to entrenched interests and uncompromising positions of the North and the South on the issue of market access to agricultural products and services), and the RTA, such as the EU-ACP EPA, are cast in the mold of neoliberalism and its penchant for the promotion of free trade. Gibb (2009:705–706) agrees with this view when he argues:

> Developing-country regional integration has been locked into a set of ideologies closely associated with the increasingly contested notions of development, and in particular, modernity . . . regional integration in sub-Saharan Africa has been rationalized and pursued within the

> context of three principal theories, each closely allied to a development theory paradigm. First, modernist conceptions of development promote a market integration approach to regional integration based on the liberalization of intraregional trade designed to abolish discrimination between contracting parties; second, dependency-led thinking has in the past promoted developmental cooperation and integration, incorporating import-substitution programmes and protectionism . . . finally, the neoliberal Washington Consensus of the past over 20 years has prioritized open regionalism, a variant of the market integration approach, as a mechanism to enhance multilateral liberalization and promote integration in the world economy.

The salience of this argument is that regional integration and the various North-South partnership agreements and development efforts in sub-Saharan Africa have been informed by the logic of the market, which fails to incorporate nonmarket factors such as the nature and character of the states in the subregion as well as the indigenous political economy of the African nations. Even though this work has adopted a mixed theoretical approach in its explanation of the issues involved, the researcher considers the views of the structuralists as being a very relevant framework for the analysis of the work.

However, the various theories that are categorized as structuralists are deterministic and this tends to limit their usefulness in explaining the power relations between the North and the South in the global capitalist system. For instance, while they focused exclusively on the determination of the advanced capitalist economies to impose free trade on the less developed countries and make them permanently consigned to exporting raw materials, they failed to clearly articulate the domestic, socioeconomic, and political problems of a developing country like Nigeria, which make it impossible for the country to compete in the international capitalist system, or any of its variants such as RTAs.

Given this limitation, this book adopts the theory of global capitalism to analyze the EU-ACP EPA, and its implication for economic development through the export of fisheries in Nigeria. The theory of global capitalism, which was developed by William Robinson, is particularly relevant to our argument as it captures, in a comprehensive manner, the pervasive influence of the TCC in the promotion of free movement of trade, investment, and capital. The theory points out the contradictions that are inherent in the free trade argument, as it shows how the state is still being actively used in the service of corporate interests in negotiating trade agreements such as the EU-ACP EPAs (Robinson, 2004). The theory of global capitalism was anchored on the radical perspective on globalization. In setting out the theory, Robinson contends:

> globalization is the underlying structural dynamic that drives social, political, economic, and cultural-ideological processes around the world in the twenty-first century and is therefore linked to our individual and group geographies . . . global capitalism has generated new social dependencies around the world . . . indeed, global capitalism is hegemonic not just because it has the ability to provide material rewards and to impose sanctions. (2004: xv)

The theory, according to Robinson, involves three dimensions—transnational production, transnational capitalists, and the transnational state (Robinson, 2004:xv). While the theory of global capitalism belongs in the class of critical theories, it is different because it was able to identify the weaknesses about imperialism in the other theories. As Robinson argues, previous theories about imperialism "failed to acknowledge the historical specificity of the phenomena they addressed, tending to extrapolate a transhistorical conclusion regarding the dynamics of world class formation from a certain historical period in the development of capitalism" (Robinson, 2004:45).

The emphasis on transnational production and the transnationalization of the state in the epochal globalization process bears some striking relevance to the arguments advanced by this book. Equally important is the inextricable link between economics and politics. At the global level, the TCC exerts a strong influence on trade, industrial, and finance policies. Given the transnational position that the juridical state has assumed, its autonomy to formulate policies that are considered developmental has been unduly circumscribed in the face of the pressures from the TCC. This is important when Robinson's description of the TCC is taken into consideration. For instance, he stresses the point that "the new transnational bourgeoisie, or capitalist class, comprises the owners of transnational capital, that is, the group that owns the leading worldwide means of production as embodied principally in the TNCs and private financial institutions" (Robinson, 2004:47). According to him, "this class is transnational because it is tied to globalized circuits of production, marketing, and finances unbound from particular national territories and identities and because its interests lie in global over local or national accumulation" (Robinson, 2004:47).

It is obvious that the EU initiated negotiations on the EPAs in consideration for seeking market access for European firms and their products in the ACP states. The EU brings its strong political force and resources to bear on the negotiations through the adoption of the carrot-and-stick methods. Part of the transnationalization of the production processes and the initiation of uniformity in the global capitalist system is the proliferation of North-South RTAs such as the EU-ACP EPAs. The display of power over, and subtle intimidation of, reluctant ACP states that are yet to sign the EPAs reflect the hegemonic power of the TCC, which in this case is represented by the EU.

It is instructive to note that the fact that Nigeria has consistently opposed the EPAs is not on account of the agreement till now is not on account of any autonomy that the Nigerian state has relative to other countries that have signed either the full EPAs or the Interim EPAs. Nigeria and its indigenous bourgeoisies are part and parcel of the TCC. What has kept the country from signing the EPAs is the active involvement of the civil society organizations and, to a large extent, the organized private sector, whose interests will be adversely served by the EPAs. Since 2003, when negotiations on the EPAs started in Nigeria, relevant civil society organizations have been involved in making sure that the country derives maximum benefits from the agreements. In this regard, business member organizations such as the Lagos Chamber of Commerce and Industry; National Association of Chambers of Commerce, Industry, Mines and Agriculture; Manufacturers Association of Nigeria; and National Association of Nigerian Traders, as well academic think tanks like the Trade Policy Research and Training Programme at the University of Ibadan, have either organized or actively participated in various seminars, workshops, and meetings aimed at dissecting the cost and benefits of the EPAs to the members of the business associations, and Nigeria's economy in particular. Although some exporters, such as members of the Cocoa Processors Association of Nigeria, have been negatively affected by the failure of Nigeria to sign the EPA at the expiration of the first deadline in December 2007, there is more or less a consensus among members of the civil society and business member organizations that regardless of any current pain or loss, it will be in the long-term interest of Nigeria to negotiate a trade deal that will not hamper the efforts of the country toward industrialization.

The involvement of the civil society organizations, and the influence that their advocacy has on government decision-making, relates to the role of politics as a defining factor in trade policy formulation. Milner and Kubota (2005) establish a link between democracy and trade policy. Although their argument ran counter to the Nigerian experience with the EPAs, in that democracy actually facilitated the participation of civil society organizations in the negotiations and the subsequent decision of the government to hold the initialization of the agreements until it was sure of deriving meaningful benefits. These authors show that policymakers in democracies respond to the preferences of voters even on trade policy matters. Regime type also affects a government's decision on trade policy.

With the particular case of Nigeria, the argument made by Haggard and Kaufman (1995) that differences within regime types, such as democracies and autocracies, seem to matter more for trade policy than regime types itself, does not apply to Nigeria. This is because the three civilian regimes that succeeded the military in 1999 have maintained the same pattern of involving the civil society groups in trade policy. Rather, the differences in regime types have affected trade policy in the country. Whereas the military government under the late General Sani Abacha signed the WTO treaty without recourse to the civil society in 1995, the democratic government under three successive civilian leaders since the commencement of negotiations on the EPAs in 2003 has necessitated the inclusion of the civil society organizations.

Concerns over the likely negative implications of the EPAs on the ACP economies have also generated intense opposition from civil society organizations in Europe and other parts of the world. Nongovernmental organizations such as Oxfam, Actionaid, Third World Network, South Centre, and so on, have carried out various studies and advocacy to convince individual countries in the EU, as well as their parliaments, to either jettison the EPAs or revise the draft agreements to reflect the development concerns of the ACP countries (Oxfam, 2006). The international opposition to the EPAs is a reflection of the growing solidarity between the working classes in both advanced and developing countries. As Polanyi (1947) has presciently warned, the emergence and consolidation of such social forces will lead to the inevitable end of an economic system that tends to favor capital above labor. To a great extent, this global solidarity and opposition to the EPAs have served to enhance the ability of weak countries in the ACP region to gain more time in making demand for a more equitable trade deal with the EU.

Conceptual Framework

This section of the book provides a synthesis of the various theoretical perspectives that have been interrogated in the preceding section. It also provides a schematic flow of the main issues discussed. The framework of analysis meets the requirement of a social science theory as set out by Martinussen (1997: 346 cf. Odukoya, 2011):

a. Provides a clear statement of the ontology and epistemology of the adopted framework. This entails making clear "the conception of reality, of the nature of society, and how this reality can be analyzed and comprehended."
b. Provides clarity about the "normative premises and political priorities."
c. Synchronizes concepts and theoretical propositions with basic assumptions in a logical and consistent pattern.
d. Defines a statement about the scope of application of the framework.

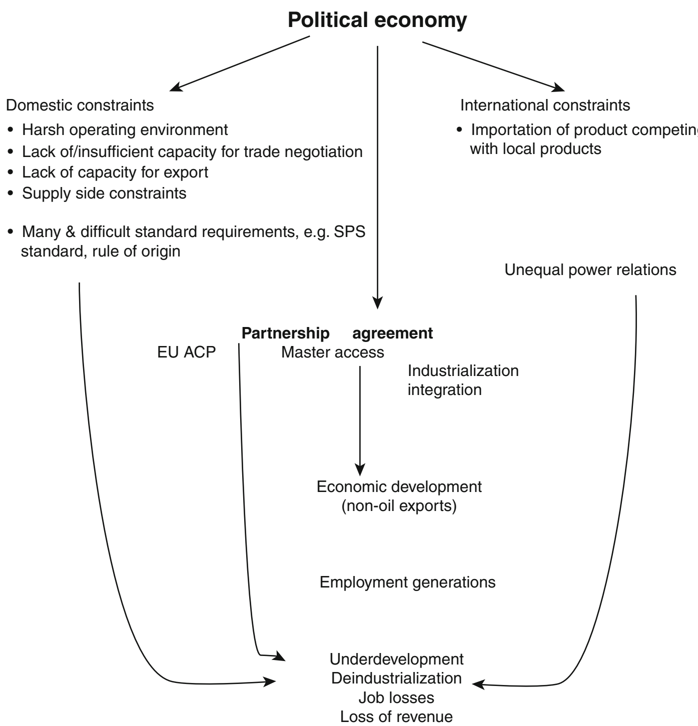

Figure 3.1 Relationship between EU-ACP and fisheries export and non-oil sector in Nigeria

The Schematic Flow of the Conceptual Framework

The main problem was whether given the political economy imperatives of a North-South Partnership Agreement like the EU-ACP EPA, Nigeria's economy can be diversified through non-oil exports. The political economy of the relationship was examined from both domestic and international dimensions. At the domestic level, I argue that the nature and the character of the Nigerian state grossly affects its capacity to negotiate effectively enough to derive benefits from the partnership agreements. This lack of capacity manifests in various forms. First, the economy of the country is overdependent on oil, which provides rent for the political elites. The easy money that oil rents provide makes it unattractive for politicians to make the diversification of the economy a high priority.

Although there are various promises by political elites about visions and transformation agendas, these have not been backed up by the necessary political will or implementation of necessary policies that can bring about the much needed socioeconomic transformation in the country. Second, the bureaucracy, which is the machinery of governance, is to a very large extent ill-equipped and ill-prepared to execute the programs of the government, and, importantly, to engage with the outside world, especially on issues of trade policy formulation and negotiations on trade and investment agreements.

Negotiations on trade agreements is a very serious and professional business that requires intensive preparation in such areas as data and disaggregation; appreciation of the technicalities of tariff and non-barriers and their implications on the economy; patriotism; and an understanding of the salience of politics and national interests as they affect the relationship between countries and lobbying. In all these scores, the bureaucracy in Nigeria falls short of international standards because of self and sectional interests.

Third, the country is also faced with supply-side constraints. Granted that the EU promised 100 percent market access to products from Nigeria, but companies in Nigeria face serious distortions that affect their capacity to export to the European market. Such distortions include policy inconsistency, poor infrastructures, and the high cost of funding. With special regard to the fishery export subsector, there are challenges of insecurity on the high sea as pirates hold fishing vessels hostage and sometimes kill or maim the captains on board. The government has not been able to adequately address this challenge. In the absence of fishing port terminals, for instance, the fishing companies also find it expedient to run their vessels on diesel

24 hours a day, for as long as they are on the high sea. This is done at a high cost given the fact that under the deregulation regime, diesel sells at the international market price of energy products.

At the international level, the book examines the salience of politics in the partnership agreements between the EU and the ACP countries. Although the EU-ACP EPAs presuppose partnership, there are problems in this conceptualization as it is essentially a partnership between two unequal partners—a lender and a borrower, a giver of aids and a receiver of aids. The EU and Nigeria are markedly different in terms of economic performance as measured by gross domestic product, standard of living as measured by per capita income, and in their relative position and power in the global power equation. It is on the basis of this observation that this book is different from others that have examined the likely implications of the EPAs on the economy of Nigeria from a purely econometric perspective. Such studies include Oyejide et al., 2010, 2009; Andiamananyara, Bretton, Uexkull, and Walkenhorst, 2009; Bilal, 2008; and World Bank, 2008.

Preoccupation with econometric studies has led to the misapplication of policy since the end of World War II as these studies deliberately ignored consideration of perspectives from other social sciences such as political science, sociology, and psychology. The method of analysis that is adopted has also been based on various assumptions that prefer abstraction and models to reality. It has turned economic discipline to what Fine (2009) called "Zombie economics." Consequently, rather than seeing the EPAs from a purely economic perspective, this book emphasizes the centrality of politics. In this supposed partnership agreement, politics is reflected in the manner of the negotiation, which include subtle threats and intimidations, promises and assurances that cannot be validated based on previous experiences, the sequence and timing of negotiations, as well as the adoption of carrot and stick tactics, and strategies of divide and rule.

Politics play a significant role in these negotiations: The motivation of the EU in pushing for the signature of the EPAs with Africa cannot be separated from geopolitics as manifested in the increasing importance of the emerging economies such as China, India, Brazil, Russia, and South Africa, in the continent. In view of this reality and the changing configuration of global economic power in favor of these countries, the EU seeks to maintain its hold over its former colonies in order to continue to have a secure access to raw materials and a ready market for its manufactured products (Adebajo and Whiteman, 2012).

Various theories were adopted to explain the trajectory of the North-South Partnership Agreements as represented by the EU and the ACP countries. Proponents of regional free trade agreements employ classical, neoclassical, neoliberal, and the new geography theory to explain that free trade and the formation of North-South free trade agreements could be beneficial to the economies of countries in the South, such as Nigeria. Their argument is premised on the fact that when countries specialize in their areas of comparative advantage, they tend to do well economically. Besides, they emphasize that export-led industrialization is key to achieving economic convergence by a developing country such as Nigeria. Also, in justifying their preference for a North-South partnership agreement, such as the EU-ACP EPA, the new geography theory argues that because of the small economies of the South, a regional free trade agreement will only favor the hegemons among them as against all members of the free trade areas (Collier and Venables, 2008; Bhagwati, 2004; Sachs and Warner, 1995; Ricardo, 1817).

Various critical theoretical perspectives from the dependency to its variants, such as the theory of global capitalism, have shed light on the intricacies of power relations between the global North and the global South. Dependency theory and its variants, world-systems theory and the theory of underdevelopment, underscored the inequality in the global capitalist system and considered the centrality of history as a causative factor in this unequal relationship. They differentiated between the core, which is represented in this book as Europe and the periphery, which is represented by Nigeria. While dependency theorists emphasized the imperial nature of global capitalism, world-systems theory explained the historical cycles and trends in the world system.

Although these theories have been criticized for failing to provide justification for the high economic growth in the South-East Asian countries that share a similar history with African and Latin American countries (dependency), and for subsuming the state under a world system, the book shares the position of the dependency theory, especially as utilized by Johan Galtung in explaining the unequal relationship between Europe and its former colonies. Johan Galtung employed Wallerstein's terminology of the center and periphery in explaining the dynamics of the relationship between the EU and its former colonies found in the ACP countries. He described this relationship as that of "collective colonialism" (Galtung, 1973:73).

Galtung also argues that the European Community created a kind of vertical division of labor, in which the former colonies are perpetually encouraged to specialize in the production of raw materials, labor, and market. On the other hand, European countries supply capital and knowledge in the form of multinational corporations' research and investment. Galtung's view on the RTAs that the EU has been forming with the ACP countries over the years is that the former is fragmenting the latter. He stresses the point that the EU has always been trying to force its Eurocentric pattern of development on these former colonies (Galtung, 1973:59). His view aligned with Frank's (1967) categorization of the relationship between the North and the South as that of development at the core or metropole (comprising advanced countries) and underdevelopment at the periphery or satellite (comprising underdeveloped countries).

The theory of global capitalism, which was developed by William Robinson, best captures the relationship between the EU and the ACP states under the EPAs. This is because it correctly situates the relationship within the context of the increasing transnationalization and the globalization of the production process, which makes seeking market opportunities abroad an imperative task for the hegemonic class at the core of global capitalism. The previously mentioned theoretical and conceptual narratives serve as the foundation on which other aspects of the book are built. Although postcolonial Euro-Nigeria relations have evolved over time through a dynamic process that started with the nonreciprocal based Yaoundé and Lome Conventions to the nascent reciprocal based EPAs, a constant defining feature of this relationship is transnationalization of capital.

Projection of power and ideology as well as maximization of interests has defined this relationship. A change in the relative importance of Africa to Europe has led to reduction in the volume of aid and development assistance that flows to the continent. Adebajo and Whiteman (2012:6) reinforce this point when they note that "the financial prioritization of Africa (and the Caribbean and Pacific Companions) has faded as more and more financial provisions find their way to Asia and Latin America, even if the European Development Fund even now derives from the Commission's budget." Notwithstanding the various development assistance that EU has granted to Nigeria and other African countries, the idea of cooperation and now *partnership* that underlie such gestures has been "occluded by continuing dependence, which worsened after Africa's economic crisis of the 1980s" (p. 6). In a bid to internationalize its neoliberal ideology, the EU has introduced various political dimensions such as promotion of a certain version of good governance, human rights, rule of law, and the increasing participation of the private sector in economic activities as conditionalities for granting development assistance to these countries (Hurt, 2003; Brown, 2000).

The prerogative of the EU in unilaterally initiating various summits, forums, and proposals for agreements with African countries further demonstrate the extent of power that the former wields in its relationship with the latter. For instance, while the negotiations on the EPAs was ongoing in 2007, the EU initiated the EU-Africa Lisbon summit with some of the issues under the EPAs completely replicated in the summit. Apart from the Tripoli summit of 2010, the EU-Africa summit of 2014 was another in the series of such unilateral initiatives whose rationale and tangible benefits to the continents remain to be seen. The dependent relationship that Africa has with the EU is historically enshrined and part of the Anglo-American global imperial design that seeks to maintain a hegemonic control over the continent and other peripheral regions of the world (Wade, 2013; Ndlovu-Gatsheni, 2013). As mentioned in chapter 9 of this book, one of the ways that Africa can extricate itself from such global imperial design is through formation of developmental integration on the basis of South-South cooperation. Although there are challenges to the realization of such objectives, they represent a viable alternative strategy of development cooperation for the continent.

CHAPTER 4

History of Euro-African Relations: From Yaoundé Convention to Economic Partnership Agreements

The history of Euro-African relations dates back to the first contact of European traders with Africans dwelling in the coastal areas. This first contact led to trade in ivory, gold, and other items that were exchanged for glasses and manufactured products from Europe. This relationship was mutually beneficial and nonthreatening (Bathily, 1994). However, industrial revolution in Europe and the need for slave labor to work in sugar plantations led to the trade in human beings. The transatlantic slave trade lasted for more than 400 years, during which millions of Africans were shipped like commodity to Europe and the Americas (Rodney 1981). Contestation for power and resources among world powers such as France, Britain, and Germany led to the bifurcation and division of the African continent among the super powers at the Berlin Conference of 1884–1885 (Adekeye, 2010). The imperial conquest of Africa paved way for the establishment of full colonial control over the apparatus of government and economy of almost all the countries in the continent.

As a product of capitalist development, colonialism ensured "the colonies were fashioned in such a way that they would permanently service the accumulation needs of the fully capitalist economies" of the North; in our own case, that of the European Union (EU) (Biel, 2000). This was evidently manifested in the nature of the political economy that was established, which ensured that attention was shifted to the production of export-based cash crops. Provision of infrastructure, such as railway networks, was also provided to link the ports to the hinterland where the products can be brought to the ports for exports (Ake, 1981). Amin (1988) argues:

> The fundamental non-linearity of historical experiences between the industrialized and the underdeveloped countries is rooted in the colonial role of imperialism and its contemporary equivalent, neo-colonialism. It was an integral part of the logic of the colonial system to keep the colonies under primary production, technologically backward and underdeveloped.

The combination of narrow specialization in primary production and concentrated trading partners, all reflect the nonviable integration of the Third World countries into the world economy. This is with respect to such basic indices as the share of external trade in the economy of the ACP countries, the commodity composition of exports, low intraregional trade, and unequal exchange and trade fluctuations. A new international economic order that favors free trade and liberal international relations was established by the superpowers under the leadership of the United States after World War II (Gilpin, 2001).

The General Agreement on Tariffs and Trade (GATT) was one of the Bretton Wood Institutions put in place after World War II to manage trade relations between the North and the South. However, the Third World countries felt the arrangement was not in their interest because the Kennedy Round of Negotiations of 1964–1967, which was the first Round, in which they participated actively, did not favor them. Restrictions placed against Third World manufactures, such as those producing textile products and clothing, remained higher than the acceptable standard; agricultural protectionism, including that on tropical products, remained intact; and quantitative restrictions and nontariff barriers remain prevalent (UNCTAD, 1968).

In reaction to this, the Third World countries protested and in 1968, agreements were reached on the principle of establishing a preferential scheme, which was based on nonreciprocity. It was within the context of this agreement, which was enshrined in Article XX1V of the GATT, that the EU-ACP relationship found expression. This article allows the Third World countries to export their commodities to the EU market duty-free. The first in the series of these preferential trade agreements was the Yaoundé Convention, signed in 1963, which was between Associated African and Malgache Countries and the European Economic Community (EEC). The agreements covered trade, financial, and technical cooperation. It included the

14 countries that were previously under French colonial rule (including the two former United Nations trust territories of Togo and Cameroun), three former Belgian dependencies (including the two former UN trust territories of Rwanda and Burundi, and one former Italian trust territory). According to the EC (2012), cooperation between the EU (at that time the EEC) and countries in sub-Saharan Africa, the Caribbean, and the Pacific (not yet an ACP group) started in 1957 with the signature of the Treaty of Rome, which gave life to the European Common Market.

The Yaoundé Convention was part of the larger Rome Treaty of 1957. Part 4 of the treaty provided for the creation of European Development Funds (EDFs) aimed at giving technical and financial aid to African countries that were yet to gain political independence, and with which some states in the EEC had some historical links (EC, 2012). The aim was to ensure mutual cooperation geared toward development in both EEC member countries and the former colonies. The Yaoundé Convention ensured that the six countries (EC-6) made up of Germany, France, Belgium, Italy, Netherlands, and Luxemburg allowed duty-free access for products from the non-European countries to enter Europe duty-free. This was to be achieved through the creation of a free trade area (FTA) between the EEC and the Associated States "by phasing out all tariffs on commodities traded among member states and between the two organisations over a 12 to 15 year-period" (Cheng, Osuji, and Sissoko, 1998: 7). In recognition of the disparity between the industrial capacity among EEC members and the newly independent countries, the Rome Treaty provided various safeguard measures which will help the signatories countries in Africa to protect their industries. Whiteman (2012:31) notes that the high point of postwar Euro-Africanism came after the Treaty of Rome established the European Community in 1957. He argues that France ensured that the other partners in the Rome Treaty accepted the association of overseas territories in such a way that will ensure that the interests of these African territories are taken into consideration.

Yaoundé 1 expired in 1969 after five years and was replaced by Yaoundé 11, which took effect from 1 January 1970 to 1975. Both Conventions were similar in that they were geared toward expansion in trade between the EC-6 and the former colonies. For instance, under Yaoundé 1, the "EC agreed to eliminate progressively their custom duties on tropical products, not covered by the Common Agricultural Policy, exported by the African Associated States (AAS), and to impose, for a limited period, a Common External Tariff (CET) against similar commodities imported from other developing countries such as cocoa, coffee, and bananas" (Cheng, Osuji, and Sissoko, 1998:8). The Yaoundé 11 came with some modifications, which limited the contributions of the Conventions to the overall development of the newly independent countries.

Although France has established a support price for commodities emanating from its former colonies in Africa, in the form of buying those commodities higher than what it obtains on the world market, the EEC ensured that this support price was gradually phased out. In a similar vein, the EC-6 also denied the AAS' request that the EC should protect AAS' export commodities from non-AAS competitors. The denial of this request was even more problematic as the three major products on which the community reduced tariffs for other developing countries (coffee, cocoa, and palm oil) were the major foreign exchange earners for the AAS countries. Although the generalized system of preferences (GSP) that the EEC had with these states were desirable given their past unequal terms of trade, the GSP could not do much to facilitate the development of the former colonies due to both internal factors and deficiencies implicit in the conventions.

With the United Kingdom added to the EEC in 1973, the 20 Commonwealth countries in the African, Caribbean, and the Pacific (ACP) region were allowed to join the existing framework of relationships between the EEC and former colonies. A more comprehensive framework of this relationship took effect in 1975 with the launching of the Lomé Convention. The Lomé Convention was between the EC-9—the three additions to the original six being the UK, Ireland, and Denmark—and the ACP countries. The Lomé Convention spanned a period of 25 years from 1975 to 2000. The Lomé Convention was markedly different from the previous Yaoundé Convention as it included the following features: 1) the adoption of a system of nonreciprocity, in which favorable conditions are granted to the ACP countries to export duty-free to the EC countries; 2) a greater level of market access of the ACP states to the EC; 3) a redefinition of the rule of origin in favor of the ACP states; 4) the provision of a special protocol regulating sugar; and 5) the provision of a special treatment for beef, rum, and bananas (Cheng, Osuji, and Sissoko, 1998:9).

The implication of these provisions and incentives was that about 99.2 percent of the ACP exports were given duty-free and quota-free access to the European Community. The EEC also put in place an Export Earning Stabilization system (STABEX) to help the ACP states stabilize earnings from primary and semi-processed products on exports to the EEC states. This is particularly important as it helped to cushion the effects of the fluctuations in the international price of commodities. Under this scheme, the EEC made money available to the ACP countries that suffered any shortfall in their export earnings. The second important scheme designed by the EEC for the mineral-rich ACP countries, was the Mineral Exports Stabilisation Program (STYMIN) which was aimed at stabilizing earnings from the export of minerals, especially during fluctuations in the international prices.

The generosity of the Lomé Convention shows a possible commitment of the EEC member states to the overall development of the former colonies. However, Spero and Hart have argued that the nonreciprocal basis of the relationship and the creation of STABEX, among other incentives, was a direct response to the relative economic importance of the Third World countries at that time (Hart and Spero, 2010). Indeed, scholars have further emphasized the relationship between the New International Economic Order and the introduction of STABEX. As Cheng, Osuji, and Sissoko (1998:10) argue, "another major influence on the conception STABEX was the New International Economic Order whose proposals, particularly, the objective of establishing an index system linking the prices of exports from developing countries and to the prices of their imports from developed countries, appealed to the ACP." Adedeji (2012:89) concurs when he asserts that "the first Lomé Convention was very much a child of the strong geopolitical power of ACP countries vis-à-vis that of the West in the context of the Cold War, the oil crisis of 1973, and the demand by third world countries for a 'New International Economic Order in the 1970s.'"

Regardless of the geopolitical interests that informed the establishment of the schemes, they were not able to contribute significantly to the overall economic development of the ACP region, while the schemes lasted. This is because of the inherent structural deficiencies in the schemes such as the small amount of money involved in offsetting the disarticulations that changes in the international prices of commodities could cause to the economies of the ACP countries. Also, by encouraging the ACP countries to specialize in the export of raw materials, the schemes more or less predisposed them to an economic policy that favored the export of raw materials, which as Sindzingre (2008) argues, is insufficient to bring about sustainable economic development.

Given the destructive effects of colonialism on the economies of the ACP countries, for which most of the EEC members could not be absolved of blame, a genuine effort to develop former colonies during those early days of their independence should have included: deliberate programs that can facilitate industrialization through value chain; development of infrastructure; investment in education and health; and so on. As Adedeji (2012) and Holland (2003) separately argued, Europe has demonstrated far more commitment to helping her poor neighbors in continental Europe since the fall of the Berlin Wall than it has done for Africa in more than 500 years of their relationship. At the end of the Lomé Conventions, the amount of products coming from the ACP countries into the EU markets declined from 6.7 percent in 1976 to 3 percent in 1998. Also, overall, the EU aid to Africa has decreased progressively from 69 percent of total EU aid in 1986 to 58, 44, and 29 percent in 1990, 1994, and 1998, respectively. Overall, the total ACP share of the EU aid between 1986 and 1998 was 44 percent (Adedeji, 2012).

Within the same period, diversification from traditional products remained limited as 60 percent of total exports are concentrated in only 10 products. In all, Lome Convention eventually developed into a very complex tool of cooperation with too many objectives, instruments, and procedures, which limited its ability to drive economic development in the ACP countries. As Bach (2011: 6) argues, "by the early 1990s, preferential access given to ACP exports had not prevented these from losing ground on the EU market due to competition from South East Asian and Latin American producers." Lack of supply-side capacity, institutional weaknesses among other factors limited the ability of the ACP countries to maximise the potentials inherent in the Lome Conventions to advance socioeconomic development in the subregion.

Article XX1V of the GATT allows for FTAs (or Customs Unions) between trading partners, with reciprocal tariff concessions beyond the level of Most Favored Nation, provided that "substantially all" trade is liberalized within a "reasonable" length of time. This forms the basis of the EU regional integration efforts. Also, the GSP established under the GATT Enabling Clause of the 1970s, allows for a more favorable and nonreciprocal treatment of exports from developing countries. However, this came to an end in 2000 after the signing of the Cotonou Partnership Agreement (CPA) between the EU and the ACP countries. According to the duo of Bradley and Bradley (2010), the objectives of the ACP-EU Partnership as stipulated in the CPA (Part 1, Title 1, Chapter 1, Article 1) are:

> To promote and expedite the economic, cultural and social development of the ACP states, with a view to contributing to peace and

> security, and to promoting a stable and democratic political environment. The Partnership shall be centred on the objective of eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy.

The CPA paved the way for the substitution of the nonreciprocal trade preferences for reciprocal free trade arrangements, in combination with a broad agenda of regulatory policies and supporting measures that are the Economic Partnership Agreements (EPAs) (Farber and Orbie, 2009). In 2005, the EU-ACP CPA also "recognized the failures of the Lomé Convention to reduce poverty in the ACP countries and therefore set new goals for poverty reduction and increased aids, within the context of the Millennium Development Goals" (Hart and Spero, 2010). However, these goals still remained largely unmet.

The proposed EPAs, which covers both trade and non-trade issues, was expected to have taken effect by January 2008. However, at the end of the negotiation in December 2007, only one out of the six ACP regions involved signed a full EPA; namely the Caribbean countries of the CARIFORUM, including, the Dominican Republic, Guyana, Haiti, and Surinam. Interim EPAs have been negotiated with a number of other ACP countries (e.g., Cameroun, Ghana, Cote d'Ivoire, Zimbabwe, Botswana, Fiji, and Papua New Guinea) and subregions. Other countries have reverted to preferential market under the GSP (e.g., Congo Brazzaville, Nigeria, Gabon), and its Everything But Arms variant for the Least Developed Countries (e.g., Sudan, Angola, DR Congo, Liberia, Senegal) (Farber and Orbie, 2009).

Even though Article 36 (1) of the EU-ACP Cotonou Agreement expressed the compatibility of the EPA with the World Trade Organization (WTO) trading agreements, contentious issues under the stalemated Doha Development Rounds—such as investment, competition, government procurement, and trade facilitation have been incorporated into the EPAs negotiation. This was forcefully stated by the EU, thus:

> Excluding all commitments on trade-related rules (e.g., services, investment, government procurement, trade facilitation, intellectual property rights and competition) would be very difficult to reconcile with Cotonou. Moreover, rules are the essence of the development dimension of EPAs. On these areas, it is clear that the EC does not look for access for its companies. Its objective is to promote regional harmonization as well as regional preferences so that operators would

> be faced with predictable transparent and enforceable rules. A step-by-step approach with Review Clauses in order to define an acceptable package of EPA rules would be an acceptable compromise. (EC 2006b: 5)

The current posture of the EU concerning its trade relationship with the South has some historical, political, and ideological connotations. According to Stephen Hurt, the signing of the Cotonou Agreement means politics is now at the center [of the relationship] with its emphasis on political dialogue and effective management of aid (Hurt, 2003).

The EPAs were preceded by Lomé Convention 1 to IV which existed from 1975 until the launching of the CPA in 2000. The assessment of the performance of Lomé Convention both by the EU and the ACP countries showed that it did not meet its objectives of poverty reduction and development. For instance as the EU observed:

> The principle of partnership has proved difficult to carry through. Dependence on aid, is short-terminism and the pressure of crises has increasingly overshadowed relations. The recipient country's institutional environment and economic and social policy have often constituted a major constraint on the effectiveness of Community cooperation. The Union must bear some responsibility; its procedures have also limited the effectiveness of its aid. The impact of trade preferences has been disappointing on the whole. (EC, 1997)

Despite the preferential access that the Lomé Convention gave to the ACP countries, the ACP export performance deteriorated over the past three decades. Its share of the EU market declined from 6.7 percent in 1976 to 3 percent in 1998. Within the same period, diversification from traditional products remained limited as 60 percent of total exports concentrated on only 10 products. It was also observed that the Lomé Convention was not compatible with the new international rules agreed through the WTO (Adebajo and Whiteman, 2012). In all, the Lomé Convention eventually developed into a very complex tool of cooperation with too many objectives, instruments, and procedures, which limited its ability to drive economic development in the ACP countries.

Apart from the technical deficiencies in the Lomé Convention, which made it impossible to achieve its stated objectives, scholars have argued that various exogenous factors were responsible for the changes in the pattern of the trade and development cooperation between the EU and the ACP countries. Some of these factors include the end of the Cold War, enlargement of the membership of the EU itself, the dominance of the neoliberal ideology (which promotes free trade as the main route to economic development), and reducing the role of Africa in the international environment.

On the implications that the end of the Cold War had on Euro-African relations, for instance, Babarinde and Orbie (2003:5) observe:

> The dismantling of the symbolic Berlin Wall that had partitioned the European landscape during much of the post-world war 11 affected ACP-EU relations in at least two significant ways: On the one hand, it broadened the horizon and scope of the EU's external economic relations, that is, the EU had to re-define its relationship with its Central and Eastern European (CEE) neigbours, but in the broader context of its overall external relations.

In redefining this relationship, the EU committed itself to funding the reforms undertaken by the CEE countries. This obviously led to deploying more funds to these countries as they now attracted more attention from the existing EU countries. The integration process in the EU and the imperative of enlargement, which the change in the international environment required, also "presented detrimental (if unintended) consequences for the developing world beyond Europe's borders" (Holland, 2003:162). For example in 1995, while 8.6 percent of the EU's imports and 10.2 percent of exports were from and to CEE countries, in the same year, the Lomé States only supplied 3.7 percent of the EU's imports and took just 3.1 percent of exports (Holland, 2003).

The change to the Cotonou Agreement and the resultant reciprocal-based EPAs is also a reflection of the changes in the international environment. In particular, preferences for free trade by core capitalist economies, of which the EU is a prominent member, presented a strong stumbling block to the continuation of a nonreciprocal trade relationship, which the Lomé Convention represented. The establishment of the WTO gave a legal and political effect to the regime of trade liberalization, which deemphasizes preferential trade relations between the advanced capitalist economies and developing countries. Holland (2003:162) puts this in a more specific perspective, thus: "the pervasive trend towards trade liberalization and the WTO orthodoxy were at odds with the traditional preferential aspects of Lomé."

Article XXIV of the WTO, which provided for preferential agreements such as the Lomé Convention, has become an object of criticism from other developing countries that are outside the preferential arrangement. The EU's preference for free trade as an economic ideology also made it imperative for it to seek compliance with the WTO rule of reciprocity with its trading partners. As Gibb (2000:477) contends:

> The EU's primary justification for having to renegotiate Lomé rests with the essentially external pressures emanating from the multilateral regulatory system. The multilateral erosion of the ACP preferences, together with the EU's assertion that Lomé is no longer consistent with the rules of the multilateral system, has led the Union to conclude that an EU-ACP trading relationship based on reciprocity and free trade is inevitable... Multilateralism, driven by globalization and policed by multilateral institutions supported by the world's principal economic powers, is acting to undermine Lomé.

It has also been argued that the EU's acquiescence to the WTO's demand for compliance with the principle of reciprocity cannot be viewed from an entirely legal position. It is a political response to pressures from advanced capitalist economies that control the WTO. As such, the change from a nonreciprocal to reciprocal relationship between the EU and the ACP countries can be viewed as a consequence of the prevalence of multilateralism, which is driven by globalization and supported by the principal economic powers such as the United States, Japan, Canada, and the EU (Fioramonti, 2011).

What is very clear from this is that irrespective of the claims by the EU that a reciprocal- based relationship with the ACP countries will further help to integrate the region into the global capitalist system, the issue of compliance with WTO rules was only a cannon fodder to perpetuate or rationalize the ideology of free trade, to which the EU has committed itself. After all, with enough political will, the EU could have sought for more extensions or waivers from the WTO; the safeguard measures under the WTO allow for concessions that take the development concerns of the less developed countries into consideration when they enter into trade agreements with developed countries.

Also, the end of the Cold War made the struggles for ideological dominance of the ACP between the West and the East, for which the ACP countries were used as bases for contestation, nearly extinct. In the process, the relevance of the ACP countries became highly discounted. The EU was also disappointed with the performance of the Lomé Convention as it failed in its developmental objective. This is despite the fact that aid provided through the Lomé mechanism amounted to 52 percent of the EU's total external aid in 1990 (Holland, 2003).

However, if the end of the Cold War discounted the relevance of Africa to Europe's strategic planning, the increasing engagement of emerging economies of the global South—such as China, Brazil, and India—with sub-Saharan Africa, has provoked a flurry of activities aimed at the formation of various partnership agreements with Africa. Examples include the Lisbon Joint Africa-EU Strategic Partnership Agreement and the EPAs (Odock, 2010). Although scholars like Spero and Hart (2010) have argued that Africa is marginally relevant in terms of the volume of trade and investment to Europe, the fact that Africa remains home to raw materials that industries in Europe need, and the fact that the huge population of Africa provides a market for finished products from Europe, shows that the continent cannot be neglected.

The Cotonou Partnership Agreement and Economic Partnership Agreements

The CPA of 2000 paved the way for the substitution of the nonreciprocal trade preferences for reciprocal free trade arrangements in combination with a broad agenda of regulatory policies and supporting measures—that is the EPAs (Farber and Orbie, 2009). However, under a generic (and therefore WTO compatible) offer known as the EBA, exports from the Less Developed Countries were guaranteed access to the EU market Quota Free and Duty Free (QFDF). The main feature of the CPA which made it different from the preceding Lome Convention is reciprocity. Article 37.7 of the CPA provides for the establishment of FTAs, which will lead to the elimination, on an asymmetrical basis, of all trade restrictions between the parties (EU, 2000).

Under the agreement, it is expected that the ACP countries would open their economies for products originating from the EU and vice versa. From the EU perspective, the reciprocity and liberalization principle that underlies the CPA is meant to boost the capacity and competitiveness of African economies, reduce prices for consumers, stimulate investments, and foster transfer of technology and knowledge. These features are key components of the EPAs (Asante, 2010)

The proposed EPAs, which are meant to cover both trade and non-trade issues were expected to have taken effect by January 2008. However, by the end of the negotiation in December 2007, only one out of the six ACP regions involved had signed a full regional

EPA, namely the Caribbean countries of the CARIFORUM. Transitional (Interim) EPAs were signed with a number of other ACP countries (e.g., Cameroun, Ghana, Cote d'Ivoire, Zimbabwe, Botswana, Fiji, Papua New Guinea) and subregions (e.g., the East African Community, ESA). Other countries have reverted to preferential markets under the GSP (e.g., Congo Brazzaville, Nigeria, Gabon) and its Everything But Arms (EBA) offered to least developed countries

Besides the issue of WTO compatibility, the key objectives assigned by EU to the EPAs was to foster more integration among the various subregions on the one hand and to enhance the integration of the ACP states into the global economy (Stevens and Kennan, 2005). However, there are concerns that given the structure of African economies (in terms of size, composition of products, and competitiveness), and the possibility of trade diversion, FTAs like the EPAs may pose a challenge for economic development in the subregion (Sindzingre, 2008; Kennan and Stevens, 2005).

The previous agreements between the EU and the ACP countries, that is, Lomé (1–1V) were based on the principles of nonreciprocity and they were not compatible with the rules of the WTO (Oyejide, 2004). The Agreement was signed between the EU and 77 ACP countries on June 8, 2000 in the Benin capital of Cotonou (Holland, 2003). Some of the objectives of the CPA include the following:

- In Article 1, the CPA aims to promote and expedite the economic, cultural, and social development of the ACP states, with a view to contributing to peace and security and to promoting a stable and democratic political environment. It also states that the partnership shall be centered on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy (EC, Art 1, 2000). Article 2 of the CPA outlines what the EU called four fundamental principles that will govern the relations between the EU and the ACP:
- The equality of the partners and local ownership of the development strategies was emphasized in the sense that the ACP states shall determine the development strategies for their economies and societies in all sovereignty.
- Fostering a wide range of inclusiveness through the participation of civil society organizations and the private sector in economic and political affairs in the agreement.

- Adoption of a culture of dialogue and the fulfillment of mutual obligations between the partners.
- Provision for "differentiation" among the ACP countries concerning their latent capabilities and ability to participate in the global economy. The CPA made provision for the level of development of the countries in the ACP by categorizing some as Least Developed Countries and others as Non-Least Developed countries (Holland, 2003).

Article 37.7 of the agreement provided for the establishment of FTAs that would lead to the elimination of all trade restrictions among the signatories (EU, 2000). It was expected that the ACP countries would open their economies for products originating from the EU and vice versa. From the EU perspective, the reciprocity and liberalization principle that underlies the CPA is meant to boost the capacity and competitiveness of African economies, reduce prices for consumers, stimulate investments, and foster the transfer of technology and knowledge. These features are also considered to be key components of the EPAs (Asante, 2010).

Adenikinju and Alaba reinforce the view of the EU, thus "the priority on the content of the Cotonou Partnership Agreement is the development and poverty reduction of the developing country partners." In addition, the EU also promised to focus attention on the realization of other objectives. These include the "deepening of trade integration process in West Africa, cooperation between the EU and the Economic Community of West African States (ECOWAS), enhancement of competition of enterprises located in the ACP, capacity building and upgrading, and to improve access to the EU markets" (Adenikinju and Alaba, 2005:8).

The European Commission (2006a) also argues that openness to imports (which a reciprocal trade relationship under the CPA provides) will lead to increased efficiency and reduction of costs for industry and consumers, while helping to deal with restructuring and political costs. Yet, the EU also recognizes the fact that there are restructuring costs that are associated with trade openness (Sindzingre, 2008).

Given the previously stated objectives, the EU has consistently maintained that the CPA and the resulting EPAs are meant to boost economic development of the ACP states through regional integration. As Asante (2010:49) submits:

> The EU strongly argues that, in addition to anything else, by building on the African regional integration processes, EPAs should contribute

> to the establishment of effective regional markets in Africa, thus attracting and stimulating both domestic and foreign investment, a necessary condition for sustainable development.

Other objectives of the EU in proposing the EPAs include the following:

- Foster the smooth and gradual integration of the ACP countries into the world economy by increasing the quantity and diversity of their trade.
- Achieve sustainable development and contribute to poverty eradication.
- Regional integration through the expansion of markets and pooling of resources.
- Strengthen integration between the ACP states and the EU to improve access by European companies to their markets (UNIDO, 2007).

The protagonists of the EPAs saw it as benign with a possibility of unleashing the growth potentials of the ACP countries. To this end, they argue that EPAs will achieve the following for the signatory regions and countries:

- Boost the inflow of direct European Investment to the ACP countries.
- Ensure the locking in of trade liberalization process in these countries.
- Restructuring of the ACP economies by combining a modified framework of incentives for economic agents (propelling them toward a more efficient use of resources with the EU financial and technical support) (Bilal, 2008; ECDPM, 2002).

However, scholars have argued that rather than accepting the EU's prescriptions as a well-intentioned dose of policies from a friendly partner, the contents of the CPA and especially the EPAs are nothing but a well-crafted design to advance the neoliberal bent of the EU (Soludo, 2012; Asante, 2010; Hurt, 2003; Brown, 2000).

For instance, as Asante (2010:49) argues, "the EU has a clear policy of advocating regionalism as a step toward multilateralism, and hence its sustained encouragement of developing countries to establish regional trade blocs, just as Europe did." This emphasis is detrimental to the long-term interests of the ACP countries because of the differences in history, capacities, and levels of development between these countries and the EU. Goodison (2007) reinforces this view when he noted that while it took the EU about 25 years to harmonize its agricultural policies, and even longer to reach its present level of integration, it expects the ACP countries to form regional integration within a space of less than 20 years.

If this integration agenda under the EPAs is carried through without significant changes in its current mode, and without substantial commitment to meeting the development concerns of the ACP countries, there is a very high prospect that it will lead to further marginalization of the ACP countries in the global economy for several reasons. First, free trade as being canvassed by the EU has not been proven to guarantee economic development for any country (Cruz, 2008; Chang, 2007, 2003; Chang and Grabel, 2004). Second, the regional integration agenda of the EU under the EPAs will further weaken the industrial capacities of the ACP countries; products from the EU will serve as ready substitutes for the products from the few remaining manufacturing outfits in the subregion, due essentially to quality and price advantages (Kwanashie and Ukaoha, 2009).

Third, it is evident that in the event the EPA is signed by the ACP countries, there will be a high cost of adjustment (Oyejide et al., 2009). Although the EU has promised to make some aids and grants available to cushion the structural disarticulation in the economies of the ACP countries, the current crisis in the Eurozone has cast some doubt about the EU's capacity to actualize such promises. This doubt is reinforced by the failure of the EU to meet its financial obligations in the rested Lomé Conventions (Babarinde and Farber 2003). It has been estimated that the adjustment costs of the EPAs run into millions of Euros. In West Africa alone, the adjustment costs in terms of loss in revenue, capacity-building, and other related issues, is estimated at about 2, 789 million euros. This is the highest of the economic groups in Africa (Milner, 2005)

Parties to the EPAs have divergent views on the interpretations of the legal provisions of the WTO on the prerogative of forming preferential trade agreements and what constitutes a reasonable time. These issues are covered under the WTO rules on regional trade agreements, under which the EPAs fall. For instance, Article XXIV of the GATT 1994 provides that "any interim agreement shall include a plan and schedule for the formation of such a customs union or of such a free trade area with a reasonable length of time"

(WTO,1994). The WTO's understanding of a "reasonable length of time" is:

> The "reasonable length of time" referred to in paragraph 5 (c) of Article XXIV should exceed 10 years only in exceptional cases. In cases where Members parties to an interim agreement believe that 10 years would be insufficient, they shall provide a full explanation to the Council for Trade in Goods of the need for a longer period. (WTO, 1994)

Article XXIV also states:

> A free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV, and XX) are eliminated on substantially all the trade between the constituent territories in products originating in such territories. (WTO, 1994)

The European Commission has latched onto this provision and interpreted these clauses to mean that 90 percent of the trade in goods between the two parties must be liberalized over a period of 10–12 years (Ochieng and Sharman, n.d.). There is no doubt that the WTO provisions gave wide latitude for an opportunistic interpretation, especially by a trade partner seeking for ways of maintaining previous market access, like the EU. Although the EU has (due to insistence by the ECOWAS group) now agreed to a longer period of at least 15 years on Group C products, which will be liberalized from 2025, there are still contentions on the degree of liberalization to be allowed (Oyejide et al., 2010).

The exploration of the EU-ACP historical trajectories may suggest that the EU policy toward Africa, in particular, is a general reflection of the policies of the member states. However, there are variations. While there is no doubt that the maximization of national interests dictates foreign policy objectives of sovereign states, the domestic environment in terms of key actors, the ideology of political parties in government, as well as the involvement of the civil society organizations (broadly defined by their sophistication), play important roles in the engagement of states with one another. As such, while the European Commission may make policies in relation to the ACP countries, individual member countries of the bloc also make policies that reflect their domestic environments.

More than any other previous agreements between the EU and the ACP, the EPAs negotiations have become unduly long and complicated. There are both horizontal and vertical dimensions to these complications. At the vertical level, the EU and African countries have been locked in debates and arguments over the perceived costs and benefits of the agreements, particularly on African economies. While the EU is convinced that the EPAs will help African countries to boost the competitiveness of their economies and give consumers a wide array of options through access to diversified products, address supply-side constraints, and help in building trade related infrastructures, many African countries have expressed fears that the EPAs will not only affect their revenue base, most of which come from import duties, but will also undermine the growth of their manufacturing sectors.

They also have concerns that the EPAs will lead to loss in policy space, deindustrialisation, loss of jobs, disruption of existing or planned customs unions and the displacement of existing regional trade and regional production capacities (European Parliament, 2014). Counter arguments form the EU that they will help these countries to build capacity and provide development fund to offset the costs of adjustment have not convinced most of the African countries to sign the agreements.

The horizontal complications can be seen in the disagreements among member states of the Economic Community of West African States on the best way to proceed with the negotiations. Until ECOWAS signed the agreements in July 2014, there were disagreements among key members of the subregion such as Nigeria, Ghana, and Cote d'Ivoire on the terms, sequence and conditions for signing and implementing the agreements. For instance, while Nigeria opposed the sequence of full liberalisation and generally preferred more developmental EPAs, Ghana and Cote d'Ivoire pushed for the conclusion of the EPA negotiations due to the overarching importance of the EU as the main market for the country's cocoa and banana (European Parliament, 2014).

CHAPTER 5

Eurozone Crisis and Its Implications for the Funding of Economic Partnership Agreements

This chapter examines the Eurozone crisis and the likely implications that it could have on the ability and capacity of the European Union (EU) in funding the adjustment costs of the Economic Partnership Agreements (EPAs) for Nigeria and other countries in the West African subregion. As stated in the preceding section, the EPAs will have various revenue implications for the signatory countries in terms of loss in revenue from the removal of tariffs and the cost of building capacity of institutions and infrastructures, which are necessary to address supply-side constraints. Although the EPAs are supposed to facilitate the development of the African, Caribbean, and the Pacific (ACP) countries, the historical and contemporary challenges of these countries in terms of huge infrastructural deficits, gaps in service delivery and expectations, and inadequate institutional capacities, make it imperative for the EU to make adjustment costs available to the ACP countries to meet these challenges. Indeed, the EC has a European Development Fund (EDF) of 23.970 billion euros for the tenth EDF, and member states agreed on 29.089 billion for the eleventh EDF. There are concerns about a reduction in what was proposed (34.276 billion) by the EU and what was approved by the EU member states. The issue of using certain criteria on governance as a means of determining which country is eligible to access these funds, have also been raised by civil society organizations (Concord, 2013).

The global financial crisis of 2007–2009 has been described as the worst economic crisis since the global depression of the 1930s. The sheer magnitude of the crisis makes this description appropriate. Over a period of two years, millions of jobs were lost, homes were repossessed as mortgages were unable to service their loans, and companies collapsed as banks became unable to lend money due to liquidity problems. Many reasons have been advanced for the crisis. Some of these include the greed and excesses of managers of financial institutions, especially in the United States, who on account of their desire to make excessive profits developed sophisticated financial instruments through which they advanced loans at unsustainable interest rates to borrowers. They also made speculative investments with the expectation of high profits within a short timeframe (Stiglitz, 2010).

The sub-prime mortgage crisis in the United States actually laid the foundation for the crisis (Kotz, 2008). It has also been attributed to the failure of regulation as the financial institutions were granted too much latitude in their operations (Stiglitz, 2010). Although the financial crisis started in the United States, its effects reverberated across the world. Europe, in particular, has been badly hit by the crisis as many countries, especially those within the Eurozone, have been severely affected, with many of them adopting austerity measures as a way out of the crisis.

A few of these countries—Ireland, Portugal, Italy, Greece, and Spain—resorted to seeking rescue packages from the IMF. According to *The Economist*, "GDP shrank in the euro area by 0.2 percent in the second quarter of 2012." This shrink in GDP is a fallout of the decline in productivity as well as imports and exports (*The Economist*, 2012). Although a lot of improvements have been witnessed in the PIIGS countries over the past two years, problems such as high debts and budget deficits, and slow or negative growth, still remain (Strategic Comments, 2012).

The link between the crisis and the involvement of the EU with the ACP countries is underscored by a long historical relationship and the large role that the former plays in the economy of the latter. From the colonial years through the period when African countries gained political independence from various European countries, Europe has been the dominant trade and development partner to African countries. As Carbone (2009) argues, Europe has been the single largest donor to developing countries. In view of the changes in the configuration of the global economy, especially with the increasing importance of the countries in the South, such as Brazil, Russia, China, India, and South Africa, Europe is concerned about the need to preserve what it probably thought to be its traditional enclave, Africa. It was in a bid to secure this paternal right of ownership that the Joint African-EU Strategic Agreement was launched in Lisbon in 2007.

It was aimed at, among other things, providing assistance to Africa, while preserving the unique historical and cultural ties between the two regions. As the global financial crisis is seriously affecting many member countries of the EU, it is imperative to ask the following questions: To what extent can the EU fulfill its promises of giving grants and aid to African countries under the present circumstances? How should Africa respond to the new EU that may likely emerge in the aftermath of the crisis, especially on issues of market access for its products under the various trade and development agreements? What options are available for Africa both in terms of seeking foreign assistance and forming integration arrangements for development?

This Joint Strategic Partnership Agreement covers issues such as conflict prevention, human rights and good governance, debt, regional integration, food security, HIV/AIDS, and the like. As the donor, the EU expects African countries to flow with its neoliberal ideology in areas of trade, investment, and financial liberalization. In consideration of this, more development assistance in the form of aid and grants will be made available to the continent. But is there a link between the Africa-EU Joint Strategic Partnership and the increasing influence of countries of the global South—such as Brazil, India, China, and Russia—in Africa?

The increasing engagement of China with Africa and other dynamics in the political economies of emerging economies in the global South has spurred higher levels of cooperation with other countries. Major countries in Asia and Latin America such as Japan, India, Korea, Turkey, Brazil (especially under former President Lula) and so on have increased the tempo of economic and political relations with Africa (see Oloruntoba, 2014) through hosting various summits involving political leaders of Africa and the private sector. After many years of bickering over Chinese engagement in Africa, the United States joined the fray in 2014 by hosting the first ever US-Africa summit involving 47 African heads of states in Washington DC.

The increasing competition for Africa's resources and market is not lost on the EU. Thus, from 2000, the EU has been involved in one form of programmes, summits, or partnerships. The first of this kind was the EU-Africa Summit in Cairo, Egypt in 2000. The summit was aimed at reinforcing the partnership between Europe and Africa. According to Chevallier (2007:2) "the summit yielded the Cairo Declaration and the Cairo Plan of Action, both addressing the issues of trade, debt, political issues, peace building and conflict prevention, and development concerns." However nothing substantial was done to actualise these declarations until 2005 when the EU adopted what it called the EU Strategy for Africa. The Strategy was aimed at demonstrating that Africa occupies a priority position in the foreign policy of Europe through a set of guidelines that can help in addressing the identified issues. As Chevallier (2007) notes, the EU Strategy for Africa did not reflect any partnership as it was solely designed for the EU. Perhaps it was in recognition of the failure of this unilateral approach to engagement with Africa that the second summit was named Joint Africa-EU Strategy at the Lisbon, Portugal summit of 2007.

Other Euro-African summits were also held in 2010 and 2014 respectively, which highlighted the importance that the EU appears to place on Africa. However, scholars have argued that despite the lofty objectives that informed these summits and the accompanying Strategy papers, they have been hampered by the "absence of clearly stated priorities and the problems of coordination with ENP or the RECs" (Bach, 2011:43). Lack of enough financial commitments to funding the various initiatives and absence of critical sectors of the African community in drafting the various strategies also limit their relevance in fostering deeper Euro-African relations.

While these summits were held to lock in Europe's avowed interests in spreading its values of rule of law, democracy, peace, and development cooperation in Africa, the two continents have also been engaged in a long and tortuous negotiation toward a new regime of trade and development cooperation under the EPAs since 2002.

Global Economic Crisis and the European Union Economy

Though the global financial crisis started in the United States and its effects reverberated across the world, scholars have expressed the view that the "roots of the crisis are multiple, global in their reach and highly complex" (Cameron, Clark, and Jones, 2010:39). These authors also note that the freeze in US credit, faltering corporate investment, and reduced consumer spending, impacted European exports first. The consequences of the European financial sector's purchase of large quantities of collateralized debt obligations—so-called toxic assets—from the US banks from 2002 became apparent (Cameron, Clark, and Jones, 2010:39). The impact of the financial crisis in Europe and other parts of the world is due essentially to financial globalization, which has accelerated the volume, velocity, and value of global financial flow over the past three decades. The increasing importance of finance and capital mobility in the global economy is itself a reflection of the dominance of neoliberal ideology in the leading capitalist economies of the world, such as the United

States, Britain, and Germany, and the world in general, wherein the market is seen as an impartial agent for allocating resources and ensuring optimality (Spero and Harts, 2010; Kotz, 2008; Harvey, 2007). The quest for profit maximization and high returns on short-term investments has resulted in low priority being given to manufacturing and production. Rather, financialization—a process that involves the increased trading of securities, equities, bonds, financial derivatives, and other very complex financial instruments—has become a key feature of economic globalization.

Although the world economy is made of up of interconnected issues of trade, investment, finance, and environment "globalization of finance has become a crucial and distinctive feature of the world economy" (Gilpin, 2001: 261). More than any other sector, there has been a massive increase in the volume, variants, and velocity of international capital all over the world. This has led to greater integration of the world economy. As Gilpin (2001:261) further argues, "the daily turnover in currency exchanges increased from US$15billion in 1973 to US$1.2trillion in 1995; the equity and bond markets also grew and became more global." These figures have gone higher in volume over the past years. There have been strong debates by scholars on whether the cyclical crises associated with economic globalization are incidental or an inherent part of the workings of the global capitalist system.

While some economists believe that the crises are an inescapable part of the workings of capitalism, some believe that such crises should be historically determined and placed within the context of their occurrence. On the former, Kindleberger's argument that the world has witnessed several crises, which he described as "maniacs, panics, and crashes" with profound deleterious effects on the global economy, is worth examining (Kindleberger, 1979 cited in Gilpin, 2001:264). His view was also supported by Minsky's financial instability theory of financial crises. The theory argues that financial crises constitutes an inherent part of the workings of global capitalism. This is observable from the predictable pattern and processes that resulted in the previous financial crises, which are observable in subsequent crises (Minsky, 1982, cited in Gilpin 2001).

International mobility of capital has profound effects on domestic economies of countries, especially those in the Third World. Although evidence of these effects in the literature varies across countries, there have been concerns on how to regulate the movement of capital at the global and the domestic levels. As Mattli and Woods (2009:1) explain, "regulation is increasingly global as elements of the regulatory process have migrated to the international or transnational actors in areas as diverse as trade, finance, the environment, and human rights." Two dominant but different views permeate the debate. The first strand of argument sees the need for global regulation as justifiable because the current global governance architecture and the rules that underpinned them have been set by the advanced capitalist economies in their own interests, and certainly not in the interests of the poor countries (Stiglitz, 2006, cited in Mattli and Woods, 2009). The second strand of the argument is that global regulation enhances the efficiency of the market in that it helps to remove unprofitable domestic regulatory regimes. A leading advocate of this view is Bhagwati (2004 cited in Mattli and Woods 2009:2).

The failure to regulate finance, both in the United States and in Europe, was responsible for the escalation of the global financial crisis. Much more, it was caused by the hegemony of the free market or neoliberal model. As Birdsall and Fukuyama (2012:52) argue, "if the global financial crisis put any development model on trial, it was the free-market or neoliberal model, which emphasizes a small state, deregulation, private ownership and low taxes." Paradoxically, it was the state that came to the rescue of the market when it failed.

In Europe, as in other places where the effects of the financial crisis were and are still deeply felt, the globalization of finance; easy credit conditions that encouraged high-risk lending and borrowing practices; coupled with international trade imbalances; real estate bubbles that eventually went bust; fiscal policy choices related to government revenues; and expenses such as high-entitlement spending—were responsible for the crisis.

The Eurozone is a monetary union with a membership of 18 countries. The Eurozone crisis itself has been associated with many factors. One of the main causes is the incongruence and disconnection between the institutional framework of economic integration and political integration of the Eurozone countries.

As such, while the EU is economically integrated (with member countries at varying degrees of development), the institutional framework for political decision-making that could have prevented the debt crisis that started in Greece is very weak and tedious. The controversy around the role of Germany and Chancellor Angela Merkel in endangering the resolution of the crisis, especially in lessening the impact on Southern countries such as Greece, Spain, and Italy, demonstrates the reality of divisions and distrust within

Europe. Macmillan (2014:35) uses the "Fourth Reich" narrative as a discursive approach, noting:

> Europe is increasingly disintegrating into two Europes, not only economically but also in identity terms . . . as Germans appear increasingly to define themselves in contrast to supposedly lazy and profligate Greeks and Southern Europeans in general, Mediterranean and Atlantic European identity is increasingly defined against a supposedly, eternally cold, brutal, colonizing Germany.

According to Avellaneda and Hardinnan (2010:3), "the creation of the Euro introduced a set of perverse incentives toward fiscal expansion, which were supposed to be managed at the domestic level." Despite this, the European Council lacks enough coordinating capacity to instill the needed discipline on the domestic decision-making of its member countries. Other related factors, which could prove instructive to policymakers in the ACP countries, have also contributed to the escalation of the Eurozone crisis. The debt crisis in countries like Greece, Italy, Ireland, Portugal, and Spain (GIIPS) is also a reflection of the international context of the global economy in several ways. First, the diversity in the size of the European economies and their level of development creates room for trade imbalance. Second, the relationship between the successful export performance and the low demand led to a situation where "German bank assets exceeded domestic requirements" (Avellaneda and Hardinna, 2010:3). This scenario made investments from Germany to flow outward to other countries within the EU, thereby leading to the availability of personal and corporate credit facilities. This also brought about the surge of indebtedness in noncore European countries.

Third, in what is reminiscent of the housing bubble in the United States, "low interest rates and expanded availability of personal credit generated conditions conducive to house price inflation across Europe, especially in Ireland and Spain" (Fitzgerald and Geofrey 2010). Other than the above, it has also been argued that the Eurozone crisis is a fallout of the risky behavior of banks. This is due to the failure to regulate these financial institutions both at the EU level and also at the international level. As de la Rosiera (2009) and Lanchester (2010 cited in Fitzgerald and Geofrey 2010:7) argue, "the rapid expansion of the financial sector across Europe far outstripped EU institutional capacities to oversee and regulate it."

As the crisis unfolds, there is a drastic reduction in the revenue profile of European countries. Austerity measures have been introduced in countries such as Britain, Italy, Greece, Spain, and Ireland. The most affected of these countries have been forced to adopt reform measures that have far-reaching implications for their economies. Many of these European countries are also enmeshed in debt that will take them a long time to settle.

Although the member states of the EU control about 50 percent of the contributions of the aid and official assistance to Third World countries (Carbone, 2009), decisions on funding of projects and programs rest with the EU (Holland, 2003). Consequently, there is a likelihood that the Eurozone crisis will affect the ability of the EU to fund the development aspect of the Lisbon Strategic Partnership Agreements, as well as the EPAs. This submission is further corroborated by the unfolding scenario in which the European Union Bank is saddled with the responsibility of releasing fund to rescue the economies of the peripheral countries in Europe, like the GIIPS. The reduction in the EDF for the 2014–2020 is an indication of the possible effect that the Eurozone crisis might have on the EU's ability to fund the adjustment costs of the EPAs

Africa-European Union Strategic Partnership Agreement: An Overview

In view of the changes in the global structure of power, the EU developed a European Security Strategy in 2003 as a guide to its strategic engagement with important and emerging actors in internationals affairs. This document outlines the determination of the EU to take on more "diplomatic and political roles in a rapidly transforming, multipolar world" (Islam, 2012:154). Through the European Union Security Strategy, the EU emphasized four main points, which include, its willingness to take on more global responsibilities to tackle a range of problems, including global poverty and disease, terrorism, and the proliferation of weapons of mass destruction, a commitment to forging "strategic partnerships" with key countries such as the United States, Canada, Japan, China, and India, as well as with the United Nations and other international and regional organizations to ensure peace and security and tackle both immediate and distant threats, a determination to become an ethical and normative power striving to strengthen global governance by exporting its values—democracy, human rights, rule of law, and free markets—to other nations and the use of "soft power" to spread these values (Islam, 2012:154). It was in the context of this broad approach to a renewed engagement with other parts of the world that the Africa-Europe Union Strategic

Partnership Agreements was forged. As such, the EU recognizes that its global relevance goes beyond economic cooperation to include consideration for peace, security, and diplomacy. As Islam (2012:155) argues, “these agreements have helped to dispel the long-standing worldview of the EU as an economic giant but a political dwarf.”

The focus of the Africa-European Union Strategic Partnership Agreement was well captured in the forward to the Agreement thus:

> The EU-Africa Summit in December 2007 in Lisbon marks the beginning of a new era in the relationship of our two continents. As direct neighbors and bound together by historical, political and economic ties on the basis of common values, we Africans and Europeans have decided to use the enormous potential of our partnership to jointly find answers to the common challenges of today’s globalized world…Of course the EU will remain the most important development partner of Africa. But EU-Africa cooperation becomes more of a “two-way road” where both sides benefit in social, economic and political terms. In the future, the EU and Africa will systematically and jointly address common challenges such as migration, energy and security and to work together on global issues such as climate change, trade, human rights and HIV/AIDS. (Solana, 2008)

Before delving into the contexts and the contents of the Joint Strategic Agreement between the EU and Africa, it is instructive to state that the EU has never been short of innovating various models of fostering partnership and development with the ACP countries, as a group, or with Africa as a region. Hence, from the precolonial “Voyages of Discovery” during the fifteenth century, which laid the basis for the establishment of full economic and administrative control over the entire territory of Africa, through to the Yaoundé Convention, Lomé 1–1V, and the Cotonou Partnership Agreement, the EU has always been adept at designing various schemes and strategies of engagement with Africa. Such initiatives are usually presented as enlightened self-interest that has been successful in enticing African leaders (Odock, 2010:362).

It is also important to note that the EU-Africa Strategic Partnership Agreement was launched just as the deadline for the signing of the EU-ACP EPAs was expiring in 2007. As Odock (2010) argues, the negotiations of the EPAs have been stalled on a number of issues; these include the main objectives that the scheme is designed to pursue: the modalities for establishing new trade areas (FTAs) between the two partners, agreement on the appropriate sequencing of trade liberalization, establishing a mechanism and framework of support for local industries, and putting in place a common regional external tariff. While one would expect that the EU will take time to address the contentious issues raised by the ACP group of countries on the EPAs, such that the expected "mutual" benefits could be realized, it went ahead to launch the Strategic Partnership Agreement. It is therefore not unlikely that other reasons beyond the issue of development cooperation (which the provisional EPAs substantially covered) were behind the launching of the EU-African Strategic Partnership. In his critique of the EU's development policy toward the ACP countries, especially the Cotonou Partnership Agreement, Flint (2008 cited in Hurt 2010:160) argues: "the continued dominance of neoliberal thinking in EU policy toward the ACP states results in neither a genuine focus on poverty alleviation nor a convincing case for sustainability."

The EU-African Strategic Partnership Agreement was coined with both empirical and subjective elements covering the history of the relationship between the two regions, cultures, economic development, and good governance. It also went past the present position of the two economic regions and envisaged a common future within the global capitalist system. As Odock (2010: 363) opines:

> The Lisbon Declaration setting up the Africa-EU Strategic Partnership identified three critical elements that defined the context of the new partnership. These include the many bonds that unite the two continents such as history, culture, geography, a common future, as well as an affirmed community of values over respect for human rights, freedom, equality, solidarity, justice, the rule of law and democracy.

The vision of the Strategic Partnership Agreement was also clearly stated in Article 4 of the Lisbon Declaration, thus:

> The purpose of this Joint Strategy is to take the Africa-EU relationship to a new, strategic level within a strengthened political partnership and enhanced cooperation at all levels. The Partnership will be based on a Euro-African consensus on values, common interests and strategic objectives. This partnership should strive to bridge the development divide between Africa and Europe through the strengthening of economic development and the promotion of sustainable development in both continents, living side by side in peace, security, solidarity, prosperity and human dignity. (EC, 2008)

No doubt, these are great and desirable goals. But the history between Europe and Africa does not give much reason to be hopeful that this new agreement will be different from the previous ones. The Joint Strategic Partnership also has the following as its core objectives:

- Reinforce and elevate the Africa-EU political partnership to address issues of common concern.
- Strengthen and promote peace, security, democratic governance, and human rights.
- Jointly promote and sustain a system of effective multilateralism with strong representative institutions.
- Facilitate and promote a broad-based and wide-ranging people-centered partnership.

These objectives are to be achieved under four thematic issues that include: peace and security, governance and human rights, trade and regional integration, and development. A timeframe for achieving these objectives was also set. Between 2008 and 2010, substantial progress was expected to have been made in the following areas:

- Africa-EU Partnership on peace and security;
- Africa-EU Partnership on democratic governance and human rights;
- Africa-EU Partnership on trade, regional integration, and infrastructure;
- Africa-EU Partnership on the millennium development goals;
- Africa-EU Partnership on energy;
- Africa-EU Partnership on climate change;
- Africa-EU Partnership on migration, mobility, and employment; and
- Africa-EU Partnership on service, information, society, and space (Odock, 2010:367).

A critical look at the various objectives listed above shows very serious contradictions in the expressed intents and actual practice. On the issue of political cooperation, for instance, it is obvious that until the Arab Spring of 2010–2011, which saw changes in political leadership in countries like Tunisia, Egypt, and Libya, most countries in Africa have been under political leadership that cared little for democratic values, which the Africa-EU Strategic Partnership Agreement aimed to uphold. Yet, these countries represented by their various leaders were signatories to the agreement. On the issue of migration, the EU has been hostile and often set aside its avowed commitment to human rights and humanitarian values when dealing with African immigrants, especially those unskilled ones who had to go through the desert or the sea in search of a better life in Europe. The strategic partnerships have also been faulted for their inability to achieve the aims for which they were formed. Among other weaknesses of the strategic partnerships, Islam (2012) notes that the agreements were signed with countries that could pose as competitors or even adversaries to the EU. This observation is apt as countries such as the United States with a penchant for the deployment of hard military power as against the soft power of the EU can pose as either competitor or adversary to the EU, especially on issues of global concerns. An example was the invasion of Iraq by the United States in 2003, notwithstanding string reservation from the EU. Divisions within the member nations of the EU, especially on foreign policy issues also constrain the significance of the strategic partnership agreements in relation to the importance of the EU in global affairs (Islam, 2012).

The role of the EU in the regional integration efforts on the African continent has also received copious attention from literature (Ashante, 2010; Odock, 2010). The consensus among these scholars is that the EU by its various actions is causing further fragmentation of the continent by forming free trade agreements with various countries. Rather than supporting autonomous regional integration efforts in Africa, the EU is much more committed to enforcing the integration of the countries in Africa to the global capitalist system.

Given the above scenario, it can be argued that the Africa-EU Strategic Partnership Agreement is not motivated by any new desire for a better relationship between Africa and Europe, but a perpetuation of the old unequal relationship that makes Africa perpetually dependent on the EU on virtually everything, ranging from political processes, to culture, and economic policies. It can also be further argued that the Strategic Partnership Agreement could be a strategy to keep African countries in forced solidarity with the EU at the multilateral level, on such contentious issues as climate change and trade liberalization. The need to build such solidarity is reinforced by the changes in the structure of the global capitalist system, where emerging economies in Asia and Latin America are gradually changing the balance of power.

The Joint Africa-EU Strategic Partnership Agreement covered a plethora of issues that range from peace, governance, human rights, and development. These broad issues were phrased in words that betray any doubt about the genuine intention that underlined the agreement. Given the high premium that inadequate capital represents in the discourses on Africa's developmental challenges, the agreement's provision on financial assistance is examined here.

Subsection 112 of the Agreement reads:

> The two sides will work closely together to secure appropriate funding, and to enhance the accessibility of financing sources, to give effect to this Joint Strategy and its successive Action Plan. The implementation of the Joint Strategy and the initiatives to be developed in this framework will be supported by existing financial respective scope and their relevance to the objectives and activities concerned such as the European Development Fund (EDF), the Development Cooperation Instrument (DCI), the European Neighbourhood Policy Instrument (ENPI), the Instrument for Stability, as well as the Thematic Programmes and by EU financial institutions such as the European Investment Bank (EIB).

This shows that the EU will take the lead in financing the various action plans and projects slated for accomplishment in the Africa-EU Strategic Partnership Agreement. However, the current Eurozone and global economic crises will determine the extent to which the EU will have the capacity to fund the partnership.

According to a study carried out by the Overseas Development Institute, a UK-based think tank, the ongoing Eurozone sovereign debt crisis is likely to affect developing countries through three main transmission channels: financial contagion, Europe's fiscal consolidation effects, and exchange rate effects. On the first point, the study argues that due to the crisis, the European banks may experience significant losses, making them cut credit lines to developing countries to ensure capital adequacy ratios in their domestic banks (Isabella, Jodie, and Kennan, 2011).

The implication of this first point on the Strategic Partnership Agreement and the EPAs is threefold. First, by cutting credit lines to developing countries, the companies in those countries will continue to struggle for survival as a result of the high cost of funding, say in Africa. Second, by cutting credit lines, some countries in Africa may even find it difficult to execute their projects because many of them depend on borrowing and grants from European banks and governments to balance their budgets. The combined effect of these on African economies is that it will render them incapable of performing their role in the Strategic Partnership Agreement, thereby reinforcing their dependency on Europe for further financial assistance. Third, the financial contagion will also affect the European economy when the demand for, and consumption of, European goods decreases in Africa.

The ongoing Eurozone crisis, the study further shows, will affect Europe's fiscal consolidation. Due to the crisis, fiscal consolidation has led to a situation where various governments in Europe have slashed spending, with some making plans for cuts in public spending never seen since World War II. In the UK, the government has announced a huge cut in state spending of about 83 billion British pounds by 2011–2015; France is planning to cut spending by 45 billion euros; and Germany has unveiled plans to cut public spending to the tune of 80 billion euros (Isabella, Jodie, and Kennan, 2011). These cuts will certainly lead to cuts in aid and assistance to African countries. Additionally, the various austerity measures in Europe will affect demand for African commodities, manufactured goods, and services.

The Africa-EU Strategic Partnership Agreement also addresses issues of migration and how this should be managed between the two continents. However, in view of the ongoing crisis, it is not far-fetched to see that Europe will take more drastic steps to curb the inflow of migrants. Even at the best of times, the EU has demonstrated high-handedness in handling the issue of migration, especially those of unskilled immigrants. There is every indication that the crisis will further worsen the plight of African migrants to EU countries. The primary concern of the EU will be to ensure the rehabilitation of its citizens affected by the crisis in terms of job-replacement, social provisioning, and income redistribution.

Development Options for Africa in a Period of Crisis in relation to the European Union

Before presenting what I consider viable options for Africa during this period of global economic crisis, it is imperative to state that although the content of the Africa-EU Strategic Partnership Agreement presupposes a renewed commitment of the EU to the realization of the development aspirations of African countries, history, and the salience of politics and national interests underpinning interstate relations that foreclose simplistic assumptions. In relation to the expectations of African countries under the Africa-EU Strategic Partnership Agreement, Sessay (2010:260) argues:

> It is important to recall that history has consistently shown that the long historical links between Africa and Europe have not always worked to the benefit of the former…just as the Lomé Conventions which held sway for over four decades failed to make any lasting impact on the

> continent's economic development profile and human development indices. It is doubtful from such a perspective, if the new relationships, no matter what they are couched, will make a significant departure in real terms, from pervious Euro-Africa relations and agreements.

Hurt (2010) reinforces Sessay's argument when he notes that the EU places the Lisbon Treaty within its development policy, whose coherence has been called into question. He notes that within the context of EU development policy under the Lisbon Treaty, "its economic and /or security interests continue to dominate" (Hurt, 2010:160).

The relevance of the arguments above to this discourse is best understood when viewed against the fact that some of the previous agreements between the EU and Africa were signed during the period of economic growth and prosperity of the former. The question remains that if Africa did not benefit from such agreements during a period of growth, what's the assurance that the continent will derive any benefit during a period of crisis, such as is being witnessed in the EU at the moment?

Another pertinent issue that has generated debates on EU-Africa relations is the notion of partnership, which is implicit in the various agreements, not the least being the Africa-EU Strategic Partnership Agreement. It is a partnership between two unequal partners, where the dominant partner does what it wants and the dominated partner takes what it must (Nwoke, 2008). To what extent can the two continents, with such vastly unequal powers in economic, institutional, and military might, claim to be partners? In economic terms, Sessay (2010:260) provides a sharp contrast in the economic powers of the two continents:

> While the total population of the AU's 53 countries that signed into the partnership agreement in 2007 was 876 million and that of EU states was 456 million, almost half of the AU's. However, the GDP of the 53 AU was only 1,939 billion dollars compared to the EU's 11, 107billion. Lastly, the GDP per capita of the 53 AU states was US$2, 407 compared to 26, 397US$ for the EU.

Mathews was even more forceful when commenting on the supposed partnership between western powers and African countries. She submits:

> There has been considerable variation in the relations between Africa and the West over the last few centuries. Different eras have seen

> different relations, and different countries and institutions of the West have varied in the nature of their relations with Africa, with relations between the two regions more often than not, being characterized by exploitation of Africa by the West. While it may be unfair to assume, on the basis of past experiences, that the West is necessarily a bad partner for Africa's development, it certainly cannot be assumed that all western countries and institutions are helpful well-intentioned partners eager to further Africa's development." (Mathew, 2004:504)

What can be deduced is a lack of appreciation of the salience of national interests, especially in the relations between developed economies and developing countries. If the empirical evidence of the previous and ongoing relationship between the EU and Africa is anything to go by, it can be argued that what informs Europe's various projects and preoccupations with Africa has never been an intention to transform the continent from a Third World to a first or even a second world, but to maintain the hegemonic control of its member countries through which they have unhindered or unchallenged access to the raw materials that are so abundantly available in the continent, as well as markets for their manufactured products. While the EU cannot be blamed for pursuing the interests of its members, consideration for geographical contiguity and a long historical relationship could have dictated a more benign and mutually beneficial relationship between the EU and Africa (Adedeji, 2012).

What options exists then for Africa's development within the context of the unending global crisis? As such, even though Africa is considered as the region with the fastest rate of economic growth, how can the continent manage its economy in such a way that the global and Eurozone crisis will not adversely affect its long-term growth?

First, Africa must reorganize its politics to reflect the developmental challenges that the continent faces. That is, politics must be welfare-oriented and not used as a means of private wealth accumulation (Falola, 2012). At the country level, politics must be restructured to ensure that only people who have the intellectual know-how and ideological orientation geared toward development are allowed into the public space. This will necessarily imply observance of strict democratic ethos, one that guarantees one man, one vote.

With few exceptions, politics in Africa has been conducted on the principle of a zero-sum game, in which winners takes all and the losers lose everything, sometimes including their own lives (Ake, 1994). Rather than serve as an agent for fostering capital accumulation and building institutions that can bring about development, the state in Africa has been largely used as an instrument of oppression, exploitation, and extraction (Englebert, 2009). Political institutions, such as political parties, the parliament, and electoral management bodies, have more often than not become hostage to powerbrokers who use these institutions to subvert democratic processes.

Also, the third wave of democratization has been conceived and operationalized in terms of liberal tenets of freedom, rule of law, individualism, and subordination of the politics to economics (Hobson, 2012; Ake, 1994). Part of the reorganization of politics in Africa will require a reconceptualization of democracy in terms of building democratic institutions, whose main objectives will be to advance the cause of the society through participatory politics and inclusive governance. In view of the failure of the market and increasing calls for its regulation, economics must be subordinated to politics in such a way that redistributive policies receive higher attention and priorities. Such policies would help to reduce poverty and inequality, which are at the root of crisis, state failure, and violence in different parts of Africa today.

Second, much has been said about the imperatives of good governance as a panacea for African development. However as Khan argues, it is important to demarcate market-enhancing governance from growth-enhancing governance. While the former is geared toward making the market as the ultimate factor in allocating resources, the latter focuses on the prioritization of development. Therefore, African leaders must pay attention to growth-enhancing governance.

Third, in order to build a virile economy in this period of crisis, Africa must maintain fiscal soundness and macroeconomic stability. This will require cutting wastes in public spending, a situation that is endemic in the public sector in virtually all African countries. Fourth, major efforts must be made to diversify trading partners and products. Although the increasing importance of China and other countries in the South can be said to be a sure alternative, care must be taken not to repeat the old pattern of dependency between Africa and the West in their new relationship with the Asian countries, especially China and India. To avoid this pitfall, foreign economic policymaking in Africa must be the preserve of specialists in international political economy and lawyers who understand the preponderance of politics and national interests.

It is also imperative for African countries to diversify their product portfolio from minerals, metals, and raw commodities. Deliberate attention must be paid to industrialization, through which value can be added to the raw materials before they are exported. Industrialization holds the key for economic development as it has numerous multiplier effects such as job creation, learning experiences for national competiveness, national branding, and revenue-generation for the government through corporate taxation. When the processed products are exported to other countries, they also give room for the generation of foreign exchange and improved payment positions.

Lastly, it is time that Africa paid more attention to regional integration efforts in the continent. Rather than pander to the EU and its unending partnership agreements, Africa must look inward to reengineer the Abuja Treaty to ensure that the terms of the treaty are strictly followed. Nigeria, Kenya, and South Africa, three regional hegemons in the continent, should take the lead in this renewed initiative. The African Union must strip itself of dependence on Europe for funding or on China for building secretariats. With genuine commitment, African countries can effectively fund the activities of the supranational organizations, which can then coordinate the regional integration activities. The current momentum for regional integration in the continent, especially in relation to the Tripartite Free Trade Agreements involving the Common Market for Eastern and Southern Africa, East African Community, and the Southern Africa Development Community, should be sustained (UNCTAD, 2012). Although there are challenges in terms of missed deadlines and a half-hearted commitment of political elites, the momentum is on to ensure the actualization of the tripartite free trade agreements in the subregion. As argued in chapter 10, in order to make regional integration serve the purpose of development in the continent, the approach must go beyond the promotion of market access. Indeed, issues of industrialization; region-wide infrastructural development in terms of roads, ports, and air travel should be given high priority. These aid seamless movement of factors of production and more cultural interactions across the continent.

This chapter has looked at the Africa-EU Strategic Partnership Agreement within the context of the global economic crisis, especially the Eurozone crisis. It found that as the crisis persists, the EU will find it difficult if not impossible to fund the implementation of the Agreements. Since the crisis will also have a contagion effect on Africa, the continent will also not be in a position to provide its own counterpart funding. The need for caution in expressing optimism that the Joint Strategic Partnership Agreement will bring about development in Africa is informed by history; previous agreements and collaborations between Africa and the EU have not brought about any meaningful development in the continent. It is also informed by the fact that rather than see the push for this agreement from purely humanitarian perspectives, it must be understood from the perspective of geopolitical considerations. The increasing attention of emerging economies like Brazil, Russia, India, China, and South Africa, on Africa, portends both present and future challenges to the EU, and thus it must find a way of maintaining its hold in the continent. Rather than relying on the agreement to jumpstart development in the continent, the book recommends that Africa must look inward, restructure its politics and economy, reinforce regional integration, and engage cautiously with new trade partners from Asia and other parts of the world.

CHAPTER 6

Economic Partnership Agreements and Their Implications on Macroeconomic Developments in Nigeria

The likely implications of the Economic Partnership Agreements (EPAs) on the Nigerian economy are discussed in this chapter. The discussion is informed by previous engagements between the EU and African, Caribbean, and Pacific (ACP) countries, of which Nigeria is a prominent member, on issues of trade and development cooperation. It is also based on various studies that have been carried out on the EPAs and their likely effects on macroeconomic policies and development in Nigeria. Although ECOWAS and other regions in Africa have signed the EPAs, the implementation is yet to start. It is after the commencement of the implementation that the implications of the various studies that have carried out the agreements will either be validated or negated. This will depend so much on what the EU does with African countries, especially in relation to the adjustment costs. Although the EU sees the EPAs as a veritable agreement that will help the contracting parties integrate into the global economy, boost regional integration, facilitate massive reduction in poverty, and boost institutional development of the ACP countries, the studies that have been carried out on the EPAs, both in the global North and South show, that it will have some negative effects on the economies of the participating countries, especially in the ACP states.

It is also very problematic in that whether a country signs or doesn't sign, such a country will be affected in one way or the other. As Onah (2010: 34–36) argues, some of the implications of the EPAs include the following:

- By 2020, all countries that have adopted full or Interim EPAs are expected to have duty-free access for all their exports to the

EU market. In return, they will grant duty-free access to about 80 percent of their imports from the EU. They will also be allowed to continue to protect about 20 percent of their sensitive imports from liberalization.

- It has been estimated that some two-fifths (or 40 percent) of the countries involved (55 of the ACP states) would lose about 20 percent of their customs revenue as a result of liberalization of their import trade. Similarly, three-quarters (or 75 percent) of these states would sustain a loss of about 40 percent of their customs revenues.
- A major argument advanced by the EU in favor of the EPAs is that they would foster regional integration. However, it has been shown that they would have a negative impact; for instance, negotiations for EPAs have led to strained relations and frictions within many regional groupings that make up the ACP.
- EPAs will have adverse consequences for the realization of Pan-African integration. This is because the configuration of African countries eligible for EPAs is not in line with the membership of Regional Economic Communities. Consequently, the creation of Free Trade Areas and Customs Unions on the basis of EPAs will therefore tend to undermine, rather than strengthen, the integration efforts in Africa.
- The broadening of the scope of EPAs to include trade in services, investment, competition policy, and government procurement (contentious issues in the ongoing Doha Development Round under the auspices of the World Trade Organization—WTO), will be problematic for African countries and regions negotiating EPAs. This is essentially so as most of the countries in Africa have limited capacity and experiences in services liberalization, especially at the regional, continental, and multilateral levels.
- Adoption of EPAs will likely aggravate poverty in developing countries and perpetuate their reliance on the exports of primary products. This is because competition in manufactured products between two unequal partners (the EU and the ACP states) will hinder industrialization in the ACP states.
- There is also no evidence that the EU will make new finance available to the ACP states to meet the shortfall in capacity and remove supply constraints. There are also new conditions that are made contingent on having access to development assistance. Such conditions include rule of law, respect for human rights, accountability, liberal democracy, and the like; though these requirements are desirable in their own right, their inclusion in

the EPAs may further weaken the policy autonomy of the ACP countries.

The trio of Lionel Fontage, Cristina Mitaritoma, and David Laborde of the France-based Centre d'Etudes Prospectives et d'Information-French Institute for Research on the International Political Economy published an impact study of the EU-ACP EPAs in the six ACP regions. This study, published in 2008, was based on the use of the dynamic partial equilibrium model at the Hs6 level and found the following:

- On average, the ACP countries are forecast to lose 70 percent of tariff revenues on the EU's imports. The study found that the most affected region is ECOWAS.
- The final impact on the economy depends on the importance of tariffs in government revenue and potential compensatory effects.
- Any moderation in the long-term and visible effect will mainly depend on the capacity of each ACP country to reorganize its fiscal base and shift to other forms of taxation (Fontage, Laborde, and Mitaritonna, 2008).

Although the study concluded that on the basis of tariff revenues from other sources, the effects of EPAs on these countries will be slight, there were many problems with the study. First, by the admission of the authors, the study was based on a partial equilibrium model, which only considered the demand side without looking at the supply-side constraints that are faced by the ACP countries. Also, it is problematic to assume that if EPAs are signed, the revenue losses will be limited as a result of income from import tariffs from other regions of the world. This is because those other regions or trading partners, such as the United States and the Asian countries, which are increasingly developing more market share with the ACP countries, will also ultimately press for lower tariffs for their products. This will further worsen the fiscal position of the ACP countries. In its study on the likely implications of the EPAs on the economies of the ACP countries, the South Centre (a think tank of the global South based in Geneva, Switzerland) finds that the EPAs will lead to:

- tariff revenue losses and the associated costs of creating new forms of tax administration;
- adjustment measures for loss of competitiveness and restructuring of domestic industries;

- added costs to create new regional units and develop institutions to address the harmonization and coordination of customs procedures, border controls, standardization, and the like; and
- creating safety nets to address employment losses in sectors particularly affected by EU competition, including skills retraining.

In Nigeria, as in many other ACP countries, tariff is a very important source of government revenue, being the second major source of income after oil, and more than 50 percent of this is derived from imports from the European Union (EU). Therefore, the assumption of the study that the final impact of the EPAs on the economy depends on the importance of tariffs in the government revenue base—misses the point. Additionally, basing the moderation of the costs of adjustment on the ability of the participating countries to reorganize their fiscal base and shift to other forms of taxation, will only compound the economic position of the ACP countries.

For instance, as Oxfam (2006) and others have argued, lowering tariffs will further remove the competitiveness of local industries, lead to loss of employment, and reduce capacity utilization for manufacturing companies with serious social consequences. In this scenario, the latitude for tax collection would have been severely affected as the tax base would have been constrained. Besides, most countries in Africa lack institutional capacity to collect taxes. Where that capacity seems to be present, the high percentage of the population whose livelihood depends on the informal sector (which is rarely captured in official statistics), make it more difficult to collect taxes. Given the low level of regular energy supplies, functional hospitals, and a lack of social support for the vulnerable segments of the population, the incentive to pay taxes is usually very low. Recent reforms both at the subnational and the national levels in Nigeria have increased the rate of tax collection by government agents. Yet, if local industries lose their competitiveness due to a new influx of cheaper product imports from Europe, the tax base will be severely eroded. The cost of establishing an efficient tax system constitutes another cost of adjustment for the ACP countries when they sign the EPAs.

In a World Bank study entitled "Assessing the Economic Impacts of an Economic Partnership Agreements on Nigeria" by Andriamananjara et al., using the World Bank's Tariff Reform Impact Simulation Tool the authors found that the impact of an EPA on total imports into Nigeria will be slight. This is in part because the EPA will likely allow the most protected sectors to be excluded from liberalization, and also because where substantial tariffs are involved, much of the increase in imports from the EU will occur at the expense of other suppliers of imports (Andriamananjara et al., 2009). Again, this submission did not take cognizance of the fact that those other trading partners from whom trade diversion is expected are stronger than Nigeria, and may also likely insist on lower tariffs in exchange for development assistance and market access to their own markets.

The World Bank study also recommended that Nigeria should remove the import ban on some products, and that such removal would undermine a major reason for cross-border smuggling and pave the way for a return to normal regional trade flows. However, these import bans are necessary to protect infant industries, at least in the short term. As Ha-Joon Chang has variously argued, this is consistent with the strategies adopted by developed countries in their early stages of economic development. Consequently, if EPAs can only benefit Nigeria when the import bans are removed, then it is not in the long-term interest of Nigeria to sign the agreement, as the only option for the country will be to remain an exporter of primary commodity to the European markets, while the country continues to import manufactured products, even when such can be manufactured locally (Chang, 2007, 2003).

This position is even in tandem with the EU's own Sustainability Impact Assessment, which submits that "while liberalization might encourage consumers (in ACP countries) to buy products at affordable prices, it might also accelerate the collapse of the modern West African manufacturing sector" (EU 2003, cf. Oxfam, 2006:5). The argument that the protected sectors will be excluded from liberalization over a period of 15 to 20 years, also fails to recognize how long it will take those companies to reach the level of competitiveness with products from the EU flooding the market. As Goodison (2007) argues, this period is too short compared to the experience of the EU in terms of the years that it took the various countries to reach the level of competitiveness.

The two studies, though similar in their findings, failed to incorporate the challenge posed to ACP countries on the issue of reciprocal market access between the EU and the ACP states, given the existing gap in their levels of development. Besides, the ACP states also face tremendous supply-side constraints that hinder their competitiveness. Alaba puts this in perspective when he notes that "development of infrastructure is crucial to trade facilitation, trade development, and creating an enabling environment for development in general." He further noted that with particular regard to transport infrastructure, physical links in Africa are not adequate for a meaningful integration, as African transport networks remain fragmented, with existing links being in dismal conditions. This will inevitably lead to high transport costs and a high cost of trading in and beyond Africa (Alaba, 2009).

Some of the challenges the EPAS pose to the ACP states include rule of origin, sanitary and phytosanitary standards, and agriculture subsidies from the European countries. The EU has made it a part of the terms of agreement that ACP countries must comply with its standards before products from ACP countries can enter its markets.

Another study undertaken by the Nigerian Ministry of Commerce and Industry and authored by Oyejide, Kwanashie, Adenikinju, Bankole, Adegbenro, Oghayei, and Ogwuche (2010), includes the following findings:

- Full liberalization of trade between the EU and Nigeria will likely increase total imports by $331.3million (1 percent of total imports); with tariff revenue losses of $469.6 million (29 percent); total tax revenue on import losses of $494.6 million (16 percent); and total tax revenue on imports and domestic production losses of $473 million (3 percent) in the first year of signing the EPAs.
- Production losses will likely follow the loss of domestic market share to imports, which will normally be followed by retrenchments and retirements.
- The free-trade EPAs will have negative impacts in Nigeria in the areas of production and employment, given the present production structure where industrial firms are producing at about 40 percent capacity utilization.

This study, like the previous one, clearly shows that the EPAs might just be another means of perpetuating the economic interests of its architect, the EU, rather than being an instrument of fostering economic development in the supposed partner countries. Actionaid, an international nongovernmental organization, in its own study authored by Ochieng and Sharman (n.d.:5) stated that the EPAs will likely:

- construct new and unfair trade rules by creating free trade areas between the EU and regional groupings of ACP countries;
- reduce the policy space that ACP countries need to develop their economies and eradicate poverty;
- lead to significant losses in ACP countries;
- undermine regional integration; and

- grant European corporations greater rights over African economies.

The study also corroborates other studies that the EPAs will lead to deindustrialization of the ACP countries. Contrary to the position of the EU that the EPAs are imperative for the Euro-African trade relations to meet the reciprocity requirement of the WTO, the Actionaid study states that, "the developing countries have right to special and differential treatment under WTO rules and that any new trade agreement between the EU and ACP countries must preserve and expand this right" (Ochieng and Sharman, n.d.:3).

Additionally, some of the likely side effects of the EPAs, according to (ECDPM, 2002), include:

- increasing the profit margins of European exporters, rather than lowering the prices to consumers and ACP importers;
- a sharp reduction in customs and duty revenues, which a diversification of fiscal receipts would not compensate in the short and even medium term;
- pushing ACP countries to liberalize their trade regimes at a "sub-optimal" rate as compared to what they would do unilaterally;
- hindering the diversification of ACP trade with non-EU partners;
- complicating regional integration (by treating countries belonging to the same regional grouping differently); and
- strengthening the old Lomé reflexes that focus ACP attention on obtaining trade preferences (in Brussels) instead of adopting a more active stance on multilateral trade issues.

The submission shows that the EPA will favor the EU in several respects, and not ACP countries

Partnership or Paternalism? EU-ACP Economic Partnership Agreements

When the EU launched the negotiations of the EPAs in 2002, it was presented as a different mode of relationship from the Lomé Conventions. The Lomé Convention and the PTAs that underpinned it was unilateral because the EU gave what concessions it felt it could give to the ACP countries. The changes in terms of the relationship either in the areas of funding, technical assistance, or market access were essentially at the discretion of the EU. Even though the Lomé

Conventions reflected the neoliberal theoretical bent of the EU, the prevailing international economic order in the early 1970s gave the ACP countries an opportunity to negotiate some favorable concessions (Hurt, 2010).

The notion of partnership in the EPAs presupposes that mutual respect, deference to ideological orientations, and recognition of the peculiar position of the parties would be part of the guiding principles of the engagement. However, events so far have proved otherwise as the EU has carried on as the benevolent and paternalistic party that knows best what is good for a supposedly independent but immature adult. This attitude manifests first in the sacrosanctity of the neoliberal economic doctrine of free trade, which is based on the principle of comparative advantage. Despite the various faulty assumptions of this principle and the failed result of previous flirtation with it over the years, the EU continues to advance it on the basis of "no alternative to the market."

The Cotonou Agreement and the EPAs appear to be a continuation of the neoliberalization of the EU-ACP relationship as it essentially builds on trends that have developed over the history of the various Lomé Conventions. This agrees with Hurt (2003) view that the language of the Cotonou Agreement cleverly blends ideas of consent and coercion (central to the Gramscian perspective). To him, consent is achieved through notions of "dialogue," "partnership," and of ACP states "owning" their development strategies. While coercion is present in the EU's presentation of EPAs as the only viable alternative, and also through the frequent review of aid with conditions attached (Hurt, 2003).

Hurt's observations have been confirmed several times over in the course of the EPA negotiations. For instance, as the deadline for signing the EPAs elapsed in December 2007, the EU threatened to restrict market access to products from ACP countries that refused to sign the full EPAs. In order to avoid the sanctions, and because of the dependent nature of some countries in West Africa (such as Ghana and Cote d'Ivoire) on Europe, they were left with no option but to sign the Interim EPAs. For a country like Nigeria that refused to sign when the deadline expired in 2007, the import of products such as processed cocoa started attracting higher duties from European importers. As Nigeria also automatically reverted to the old Generalized System of Preferences, the country could not benefit from the more favorable rule of origin regime that the EU made available to countries that initialed the Interim EPAs. This is particularly relevant to fishery exports as the current regime of the rule of origin is very restrictive (Carbone, 2009). Nigeria's application to be considered for GSP+, which is friendlier, was rejected.

To underscore the coercive power of the EU, and in line with the neoliberal bend of its foreign policy, the Cotonou Agreement and the EPAs that followed it included a clause covering human rights, good governance, and rule of law, which the ACP states opposed during the negotiations of the previous Lomé Conventions. Although it is desirable for ACP countries to work within the context of universally accepted norms of constitutionalism and respect for human rights, the fact of their sovereignty should have precluded the EU from making these issues as part of the conditions for granting aid to offset the costs of adjustments that may emanate from the agreements. If the EPAs are based on the principle of mutuality of interests and partnership, the conditions and the terms of negotiating the partnership would have been mutually agreed upon and respected. But this has not been the case as the EU continues to dictate the pace, twists, and terms of the negotiations.

Rugumamu essentially underscores the continuation of the relationship of unequal exchange between the EU and the ACP countries, thus:

> Despite the preferential access to the EU market that was offered under various Lomé Conventions, ACP exports to Europe have deteriorated during the past two-and-a-half decades of trade and aid cooperation...the ACP's share of total EU imports fell from 6.7 per cent in 1976 to 3 percent in 1998. This reflected the declining share of the ACP in world trade, which was cut in half from 3 to 1.5 percent during the same period. (Rugumamu, 2005: 114)

The fall in commodity prices, diversification of the EU's sources of raw materials, and the development of substitute products are responsible for this decline and they have far-reaching implications for the ACP economies. The one-sided nature of power and prerogatives to say one thing and do exactly the opposite, or apply the rules to one's advantage in a relationship supposedly based on partnership, has been further interrogated by Bradley and Bradley. They contend that power asymmetries infiltrate all aspects of the EU-ACP partnership, including provisions designed to govern the relationship (Bradley and Bradley, 2010). For instance, the EU talks about provision for "consultation procedures" as enshrined in Article 9, which specifies that respect for human rights, democratic principles, and the rule of law are the essential elements of the partnership and that good governance is its fundamental element. Article 96, Paragraph 27 of the Agreement:

> foresees that in cases of violation of one of the essential elements, one party can invite the other party to hold consultations . . . consultations under Article 96 aim at examining the situations with a view to finding a solution acceptable to both parties. If no solution is found, or in emergency cases, or one party refuses the consultations, appropriate measures can be taken. (EU, 2006)

This threatening provision is at variance with the principle of mutual respect in any formal negotiation. Also, even though the provision is phrased to allow either party to invoke it, only the EU has ever done so. This reflects the division of power within the relationship. To underscore this, all 14 cases to date in which consultations were undertaken in accordance with Article 96 were subsequent to alleged violations by ACP states. The fact is that the EU has violated many rules such as the human rights of ACP immigrants in EU member states, the shipping of toxic waste on EU-registered ships, the abuse of the rights of workers on the ships working on the high seas, fraud and corruption in EU member states, and the failure to disburse promised aid to offset the cost of adjustments in ACP countries (Bradley and Bradley, 2010).

However, the ACP countries lack the capacity to, as it were, impose the so-called appropriate measures as defined in Article 96 on the EU. The ongoing sovereign debt crisis in countries such as Greece, Portugal, Spain, Italy, and Ireland—the result of poor corporate governance—should ordinarily warrant the invocation of Article 96 by ACP countries against the EU; but because they are the weaker partner in the supposed partnership, they cannot do so. Also, the balance of power trickles down to any other manifestations, including the extent to which joint fact-finding missions are deployed to political hotspots by the ACP-EU Joint Parliamentary Assembly (Bradley and Bradley, 2010). In this relationship of unequal partnership, the EU is at liberty to use development aid, trade preferences, and other carrots, to push its agenda and interests, and sometimes uses these sticks as threats to compel the ACP countries to follow their prescriptions on matters of economic and political importance.

Also, in justifying a new arrangement with the ACP countries under the EPAs, the EU argued that not only did it affirm the value of EU-ACP relations in a multipolar world, but also that the relationship would help to enable the kind of world development that is more compatible with European political and social values (CEC-DG VIII.

1997a: vi cf Brown 2000). This is the repetition of conceiving imperialism and colonialism as a "civilizing mission."

Another basis for the inequality in the relationship between the EU and the ACP countries is the sheer differences in the level of development of the two economic regions. According to Oxfam International, the EPA negotiations are being conducted between 25 EU countries, which have a combined GDP of $13,300 billion, and six groups of ACP countries. Among these ACP countries are 39 of the world's Least Developed Countries. The smallest group, the Pacific Island, has a combined GDP of only $9 billion, which is 1,400 times smaller than the EU's.

The largest of this group, which is West Africa, is more than 80 times smaller than the EU in terms of GDP. In 2005, the total GDP for the ACP was a mere $425 billion, just 3.2 percent of the EU's GDP. The ratio of the ACP GDP to that of the EU is a mere 3.1. In these scenarios, the obvious inequalities effectively place the EU in a position of advantage over the ACP countries on matters being negotiated. This is especially so because these figures reveal the

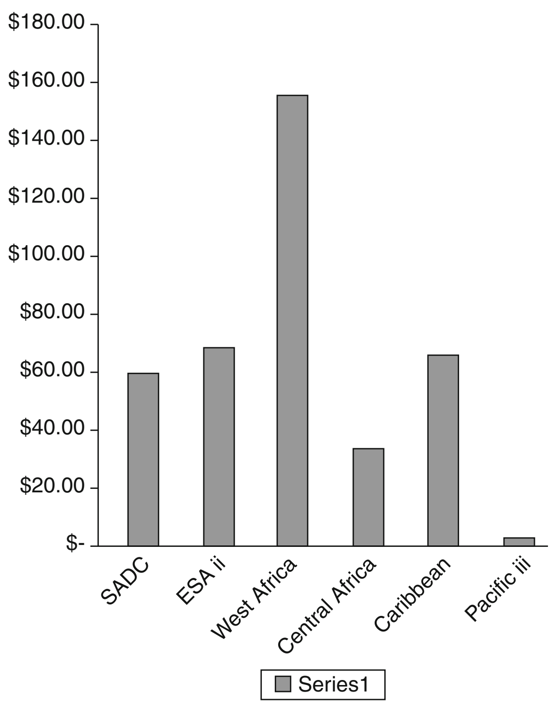

Figure 6.1 EU-ACP GDP ratio

relative economic strength of the parties to the negotiation, which also determines their bargaining powers (Oxfam, 2006).

This inequality is also underscored in the fact that the EU has been setting the agenda for the negotiation. Initially, the EU hinted that the negotiation will be between the EU and ACP regions as a whole, but later unilaterally changed the negotiations to be between the EU and subregional economic blocs in the ACP states, thereby worsening the problems of regional integration. While one cannot blame the EU for the inability of ACP countries to fund the process of the negotiation of the EPAs, it goes without saying that the EU has been responsible for travel expenses of negotiators from Africa as well as paying for experts who carry out the negotiations.

Such benevolence passes for paternalism more than partnership. Contrary to the claims of the EU that the EPAs is a relationship of equality and partnership, the whole process of negotiation evinces paternalism of the EU and dependence of the ACP states.

There are differences in the share of the ACP economic blocs. For instance, whereas the West Africa region has the largest ratio of GDP to the EU, the Pacific has just $9 billion. The idea of forming partnerships on equal terms with these regions, which are disparate in terms of economic capacity, is equally very problematic.

Trade Liberalization or Economic Development?

One of the EU's main arguments for launching the EPAs is that through trade liberalization, ACP economies will be fully integrated into the global economy, thereby facilitating a greater flow of trade and increased income. The EU is also of the opinion that asymmetrical reciprocity or liberalization will help to bridge the development gap between the EU and developing countries (EU, 2000). Another major plank of the EU position in the EPAs is the provision of market access to products from developing countries that are parties to the agreements. However, scholars have argued that beyond market access and trade liberalization, the developmental concerns of the developing countries must be given better priority. Rodrik (2001) noted that it is not enough for developing countries to have access to the markets of advanced economies; market access alone cannot guarantee development because the Third World countries face many supply-side constraints that limit their ability to leverage that access. It is therefore imperative for the developing countries to press for their concerns when negotiating trade agreements, either at the bilateral or multilateral level.

The argument that trade liberalization and enhanced market access may not automatically lead to poverty reduction has a historical import.

Developing countries that liberalized their economies following the adoption of the Bretton Wood Institutions' induced structural adjustment programmes of the 1980s and 1990s, ended up worsening their socioeconomic conditions as jobs were lost due to the closure of vibrant manufacturing and textile industries. Cheap and substandard products from Asia and developed countries also flooded the economies of Third World countries, thereby displacing and crowding out locally produced goods (Mkandawire and Soludo, 1999; Olukoshi, 2004).

This view was also supported by Ochieng and Sharman (n.d.: 5), who submits:

> Trade liberalization plus enhanced market access does not necessarily equal poverty reduction: most poor countries undertook extensive trade liberalization in the 1990s, and also received some degree of preferential market access from developed countries but performed dismally in reducing poverty.

As Ha-Joon Chang has variously argued, history clearly shows that developed countries, such as the United States, Britain, and other European countries, and even newly industrializing countries (NICs) in East Asia, rode on the back of protectionism, especially of infant industries, to get to their current level of development. In contemporary times, there is still evidence of protectionism in one form or other in these countries through the use of tariff and non-tariff barriers, such as giving subsidies to farmers in Europe in order to offset the market price of agricultural commodities (Chang, 2007, 2003). This study supports these submissions and reinforces the need for developing countries, of which Nigeria is one, to formulate trade and industrial policies that carefully "use protectionism and other policies that can encourage backward and forward linkages, learning and adoption of technology" (Ochieng and Sharman, n.d.). Though trade promotion and creation of market access trade and market are good for economic development, they must be carried out in such a way that the development priorities of the countries concerned, especially the welfare of the poor, is given due consideration. This requires a policy space that enables countries to adopt a mix of policies that are cognizant of the realities of their political economies. This policy space is not feasible for Nigeria and other ACP countries under the EPAs because the EU continues to mount untold pressures on the remaining ACP countries to sign the agreements. Beyond policy space is the need to mainstream aid and grants to boost both backward and forward linkages for trade promotion in the developing countries concerned. Rather than spending billions of dollars in subsidizing agriculture, which end up distorting market prices for products from developing countries, developed countries should commit more resources to helping to overcome the supply-side constraints. They must also remove constraints to exports from developing countries (Soludo, 2012).

EU Funding Provisions for the EPAs

In order to allay the fears of ACP countries in terms of the massive adjustment costs that they will incur because of the effects of the EPAs on their economies, the EC has assured that enough finance will be made available for these countries. In this regard, Peter Madelson, former EU Trade Commissioner, once quipped that "EPAs will not fail due to lack of financial support" (*The Standard*, April 23, 2007). Such assurances resonate well with officials in the Ministries of Finance in the ACP countries because they are mostly concerned with having enough funding to prepare budgets, as well as private sector operators who may see such funds as a veritable source of funding to address the trade-related infrastructures in these countries (South Centre, 2007).

The aid for trade, which covers the adjustment costs of the EPAs, involves financing the following areas of adjustment that will be affected in the economies of the developing countries: a) Technical assistance to help governments and private operators gain knowledge of trade opportunities and how to access them; b) Capacity-building to help increase the capacity of developing countries to deal with trade policies, rules, disputes, and the like, through the training of government officials; c) Assistance to accompany institutional reforms, to help create a framework for sound and well-functioning institutions for trade, including strengthening customs authorities, quality assurance, and tax systems; d) Support for infrastructure-building to help link the goods produced to regional or international markets by improving roads and ports and the like; and e) Adjustment assistance to help the transition costs associated with tariff reductions, preference erosion, or declining terms of trade, through fiscal support.

Adjustment costs for the implementation of the EPAs are to be funded from the EDF funding cycle (2008–2013), totaling 22.6

billion euros. Although the adjustment costs for the implementation of the EPAs will vary per region countries, it has been shown that this amount may not be enough to meet the costs of adjustment. A study by the Commonwealth Secretariat on the cost of financing the implementation of the EPAs shows that a whopping 9.2 billion euros in assistance will be required. This total cost includes:

- € 3.3 billion for fiscal adjustment support;
- € 2.1 billion for trade facilitation/export development support;
- € 1.5 billion for production and employment adjustment assistance; and
- € 2.3 billion for skills and productivity enhancement support (Grynberg and Clarke, ed., 2006).

It would appear that this amount is far lower than what is provided for in the EDF. Yet, as the South Centre's report shows, the tenth EDF is by no means an exclusive EPA assistance fund, and covers a range of other objectives and programs, including governance, rural development, water, education, health, agriculture, environment, civil society support, and the like. This diversion of aid is known as "box shifting" (South Centre, 2007:10).

Also, based on the experiences of these countries with respect to accessing the EDF under Lomé 1–1V, the trade-related assistance of ACP countries must be assessed in light of its sufficiency, timely disbursement, predictability, and efficiency to meet the costs of implementing the EPAs (South Centre, 2007:4). Studies show that from the fourth EDF of 1975 to 1980 to the ninth EDF from 2000 to 2007, the highest percentage of the amount paid out relative to the amount budgeted was 43 percent under the fourth EDF, and the least was 20 percent under the eighth EDF between 1995–2000 (Clarke and Grynberg, 2006). While some of the difficulties in accessing the funds lie with the beneficiary countries (due essentially to their inability to meet the conditions set by the EC), the bureaucratic processes and the poor organization of the EDF, as well as the disbursement procedures, are key factors.

As mentioned in the previous chapter, the economic challenges that some members of the EU are facing, and the need for the EU to rescue the Eurozone from total collapse, have implications for how funds can be released to meet the adjustment costs of the EPAs. Thus, giving regard to the massive disarticulations that the EPAs will have on the economies of the signatory countries in the form of disruptions of the production structures, unemployment, and loss in revenue, developing countries that have now been forced to sign the EPAs may actually be heading for more socioeconomic and political problems. For example, although the EU recently offered 512 million euros to Nigeria to boost electricity supplies, the country is still faced with serious problems such as insurgency and a high rate of poverty that may threaten the continued existence of the country as one entity. The loss in tariff revenues, increased unemployment (which the EPAs would inevitably cause), and the gradual decline in earnings from oil exports, may aggravate the country's current challenges.

The chapter has discussed the findings of the various studies conducted both in Europe and Africa on the possible effects of the EPAs on African economies. Although the findings are slightly different from one another, there is a general consensus that the EPAs will lead to loss in tariff revenues in signatory countries. The studies also show that the agreement will have negative effects on the infant industries in these countries. While it serves no useful purpose for African countries to continue to depend on aid and handouts from the EU and other donors (see Moyo, 2008), the disruptions that the EPAs will cause to African economies make it imperative for the EU to not just provide additional funding to the eleventh EDF, but make it easier for the eligible countries to access those funds. Rather than allowing the money to remain unclaimed, thus leading to most of them being frozen like the case of Nigeria under the eighth EDF, the EU could create a measurement and evaluation system that will ensure proper and productive utilization of the funds.

CHAPTER 7

Economic Partnership Agreements and the Non-Oil Exports in Nigeria

This chapter contains an analysis of how the non-oil sector of the Nigerian economy will be affected by the Economic Partnership Agreements (EPAs). Although Nigeria's oil constitutes about 85 percent of the country's exports and more than 90 percent of foreign revenues, the non-oil sector is gradually taking shape and increasingly contributing to the national wealth.

The EPAs are structured to cover different aspects of the economies of negotiating countries. Some of the main areas of the Nigerian economy where the EPAs will likely have effects are services, agro business such as cocoa exports, and the fisheries subsectors. Despite the dominance and suffocating influence of oil on the economy of Nigeria, these sectors hold great potentials as alternative sources of revenue and employment-generation for Nigeria. This is even more compelling against the backdrop of the increasing need for the diversification of the economy from oil, which currently accounts for more than 90 percent of foreign exchange earnings.

Services

With the liberalization policies of the 1980s and 1990s, the service sector received massive financial investment from both domestic and foreign investors. The deregulation of the telecommunications sector and the launch of the global system of mobile communications in 2001, constitute a watershed in the development of the service sector in Nigeria. Professional services such as engineering, architecture, legal services, and communication technology have also continued to expand in operations. Although the service sector is not excluded from the challenges that other sectors of the economy are faced with, the sector has been contributing to job creation, revenues, and overall economic growth in Nigeria. Given the potential of the service sector to diversify Nigeria's economy and contribute to its sustained growth, how will it be affected by the EPAs? What are the frameworks that govern the sector within the context of the EPAs? How can Nigeria position the service sector to derive benefits from the EPAs?

The Cotonou Agreement reaffirms the commitment made under the General Agreement on Trade in Services (GATS), a treaty negotiated at the World Trade Organization (WTO), and confirms that the African, Caribbean, and Pacific (ACP) countries must receive special and differential treatment. As Oxfam (2006) notes in its report, this provision of the Cotonou Partnership Agreement directly contradicts the principles of GATS, which stipulates that the liberalization of services is to be agreed upon on a case-by-case, opt-in basis (or positive list), rather than blanketed. Following the neoliberal economic doctrine's belief in international trade, it has been argued that openness to trade in services is associated with greater efficiency and faster economic growth (Hoekman and Mattoo, 2008). Scholars of this theoretical bent also argue that the liberalization of services has positive impacts on the trade in goods, and allows developing countries to better exploit their comparative advantages in labor-intensive manufactures (Brenton et al., 2010).

Service areas in which international trade agreements are being negotiated under the EU-ACP EPAs include finance, telecommunications, business services, retail distribution, maritime transport, and professional services. Against the backdrop of infrastructural constraints and deficiencies, and capacity constraints in designing, negotiating, and implementing liberalization of trade in services, developing countries have often expressed concerns that negotiated global liberalization of services, and negotiations over EPAs will be largely one-sided; thus, service providers in developed countries will have an edge over their counterparts in developing countries (Brenton et al., 2010).

These authors also rightly acknowledged that in view of the supply-side constraints of the ACP countries, the EPAs are unlikely to offer much in terms of improved market access for African countries into the European Union (EU) markets. They also argue that the current GATS-style negotiation of reciprocal commitments between the EU and African countries has given insufficient attention and resources to improving regulatory policies and strengthening regulatory institutions. The EU does not adequately take into consideration "Mode 4" of GATS, which relates to the movement of people. If anything, the EU continues to tighten the rules on migration for illegal migrants from Africa. While there is no justification for the Africans to follow illegal routes to the European countries, there is also no satisfactory explanation or basis for the inhuman ways that law enforcement officers in Europe have subjected these unfortunate migrants. Such treatments run counter to the logic of adherence to fundamental human rights of all people, which the EU member countries claim to uphold both at home and abroad.

Concerning the banking sector, Nigeria, like many other countries in the developing world, felt the pain of liberalization during the global financial crisis of 2007–2009. Although the country's financial and capital markets seemed to be insulated from the crisis up to a point (see Soludo, 2009), a lack of control over the movement of capital ensured that foreign investors in both the banks and the capital markets were able to withdraw their portfolio investments without consideration for the shock that such actions will have on the terrestrial economy. With the signing of the EPAs there is a high possibility that big banks from Europe, with access to cheaper funding, will be established in Nigeria. Although this may provide options for customers in the form of cheaper loans and access to a wide range of financial products, the presence of such banks and non-bank financial institutions can actually compound the problems of the existing local banks, thus leading to other problems such as unemployment. This threat of displacement in the business community also applies to other areas in Nigeria's service sector. In order to avoid these problems, the Nigerian government will have to work with the EU to seek a compromise position that can lead to the formation of partnerships, franchise agreements between operators in the service sector in Nigeria, and those of their counterparts from the EU.

Given the wide disparity in power and resources between negotiators, government intervention is highly necessary to prevent the crowding out of local companies by foreign companies. It is at this juncture that the EU needs to demonstrate its commitment to the development concerns of Nigeria and other countries that signed the EPAs, regarding services and other parts of the agreement. Whereas the whole idea of the EPAs is informed by the logic of the market, in which the state has little or no role in regulating business activities (see Hurt, 2012; Brown, 2000), the reality of the developmental challenges facing developing countries and, importantly, the failure of the market ideology both at the core and the periphery of global capitalism in recent times, necessitate a more active involvement of the state in ensuring that the EPAs actually bring development to all parties involved.

Economic Partnership Agreements and Fishery Exports Sector in Nigeria

Fisheries are one of the six dusters being negotiated under the EPAs with the EU. This section examines the EU-ACP EPAs and its implications for the fisheries sector in Nigeria.

Overview of Nigeria's Fisheries Sector

Fisheries in Nigeria are made up of fish products from offshore, coastal, and inland waters. According to the WTO (2011), fishing accounted for a little over 1 percent of the Gross (GDP) each year during 2005–2009 in Nigeria. In employment terms, the primary fishing subsector employed about 8.23 million people. Freshwater and inshore capture fishing is carried out by a large fleet of artisanal canoes, as well as by 137 inshore shrimping vessels and 40 inshore fishing vessels (WTO, 2011). Deep Water Fishing is carried out by a fleet of 70 vessels owned by private companies. It is instructive that 80 percent of these companies are owned by nationals of other countries, especially Indian and Lebanese. Over the past ten years, exports of fisheries have increased correspondingly with production.

Fishing Policy in Nigeria

The Federal government of Nigeria is responsible for managing marine resources; but it shares responsibility with the states for fishing in inland rivers and lakes. The Department of Fisheries in the Ministry of Agriculture and Rural Development is responsible for national policy development and implementation through several agencies, including the fisheries resources monitoring control and surveillance unit; the fish trade branch; the fish production division; fisheries support services; and the fish quality control and assurance services. In order to successfully implement its policies, the Department of Fisheries works with other public agencies such as Nigeria Customs Services, The Ports Authority, The Standard Organization of Nigeria, The Inland Waterways Department, and the State Fisheries Departments. It also works with the Nigerian Navy (WTO, 2011).

As an important fishing country, Nigeria has been a contracting party to the International Commission for the Conservation of Atlantic Tuna (since 2007), Fisheries Committee for the West Central Gulf of Guinea, and a member of the Ministerial Conference on Fisheries Cooperation among African States Bordering the

Atlantic Ocean. As part of the regulatory measures and in fulfilling the demands of the EU, the Nigerian federal government has made it compulsory with effect from 2010 that exports to the EU must be accompanied by a catch certificate for fish and fishery products caught in Nigerian territorial waters and in the Exclusive Economic Zone.

Laws and Regulations Governing Fishery Products in Nigeria

The Federal Department of Fisheries of the Ministry of Agriculture regulates fishery activities and certifies fishery products for exports. The relevant regulations in Nigeria governing fishery products are:

- Sea Fisheries (Fish Inspection and Quality Assurance) Regulation 1995.
- Inland Fisheries (Fish Quality Assurance) Regulation 1995.

There are three organizations saddled with the responsibility of enforcing standards of fisheries in Nigeria. These are the Federal Department of Fisheries, National Agency for Drug, Food Administration and Control, and the Standard Organization of Nigeria. These organizations work in concert with various international organizations, such as the Food and Agricultural Organization and the Codex Alimentarius Commission. The standards are meant to satisfy the Sanitary and Phytosanitary (SPS) requirements of WTO and the EU. These organizations help to promote Good Hygiene Practices and Good Manufacturing Practice (Akande and Ezenwa, 2007).

Main Challenges of the Fishery Sector

The fisheries subsector is very central to the economic viability of the coastline areas of Nigeria, providing direct and indirect employment to more than 17 million people, especially women. Despite the importance of this sector and the huge potentials that it holds for economic development in Nigeria, it is faced with many challenges. One of the most pressing are the activities of pirates who capture and divert fishing trawlers on the high sea. Another major challenge to the subsector is the absence of a container terminal to serve as a one-stop-shop where fish-processing companies can carry out their operations. Such containers should have large freezers where fish caught in the high sea can be processed and packaged before they are exported.

This is part of the infrastructure that the government should provide for fishery exporters. With the absence of this facility, fishing companies are left with no option but to fuel their vessels on the high sea and keep them running for 24 hours nonstop. This leads to the next major challenge that fishery exporters face in Nigeria—the cost of diesel. Although Nigeria is the eighth largest oil-producing country in the world, it depends on the importation of fuel such as petrol, kerosene, and diesel for both domestic and industrial consumption. As fallout of the neoliberal policy that Nigeria adopted since the 1980s, the government has deregulated substantial parts of the downstream sector. One of the products affected by this policy is diesel; faced with the imperative of maintaining the fishing vessels for optimal utility, fishing companies are left with no other option but to depend on diesel for fuel.

The price of diesel has increased to as much as 160 (about US$1) per liter since the government deregulated the sector. It costs the average fishery more than 50 million naira to buy diesel per month; this high cost of diesel is itself necessitated by the failure of the public-owned power company in Nigeria to generate adequate and regular power supplies for domestic and industrial uses. Added to the cost of buying diesel is the imperative of acquiring high-capacity generators. Virtually all the fishery-exporting companies in Nigeria operate on generators. From the view of a respondent at Honeywell fisheries, no company can achieve 20 percent capacity utilization without running on generators.

The cost of borrowing money in Nigeria is another major challenge to the viability of the fishery export subsector. Apart from the high interest rates, currently over 20 percent, the payment tenure is not usually more than three years. In other words, securing long-term credit for 10–20 years, which is common in other countries, is difficult to come by in Nigeria. This makes investment planning difficult, while also constituting a serious stress on companies' finances. Boyo (2012) alludes to the previously noted scenario:

> It is clear that such high cost of funds and the pressure of abiding inflation rates above 10 percent can neither support expanding industrialization nor improve capacity utilization and job creation . . . so long as the appropriate economic foundation and enabling environment are absent (i.e., a single digit interest rate, e.g., Japan 2 percent, with Bank of Japan rate of just over 0 percent, low-inflation 2–3 percent, and a market responsive exchange rate), there is no amount of wishful thinking or propaganda that can make Nigeria an industrialized productive and export successful economy.

Apart from the country's interest rates being very high, loans are only available for short periods of time, between one to three years. It is also easier for big multinational companies to access credit from banks in Nigeria than local start-ups or small- and medium-scale enterprises. Yet it is the small- and medium-scale enterprises that need more long-term capital to finance growth and expansion. Another contradiction in the financing debacle of Nigerian companies is that it is far easier for importers to secure credit from the banks than exporters. This is partly a result of the import-dependent nature of Nigeria's economy, and the ineptitude among Nigerian bankers.

Inconsistency in government policy is another challenge facing the fishery export subsectors in Nigeria: the country lacks a coherent national export strategy to drive export promotion and development. In the absence of this, there are various inconsistent policies that have hampered the viability of the sector. For instance, in early 2000, the government provided some incentives, such as Export Processing Factory Status, to operators of fisheries and other non-oil sector operators; the incentive enabled companies to operate like a free-trade zone, but not necessarily within an enclave. This incentive exempts companies from various levies and taxes, and was granted to enable the companies to free up resources for expansion and growth.

However, the laudable objective for which it was set up could not be achieved because some agencies of the government, such as the Nigeria Customs Service and Federal Inland Revenue Service, states, and local governments saw those exemptions as a revenue loss to the various tiers of government. Consequently, they did all that they could to persuade the government to discontinue the program; even where they continue to operate, they ensure that the beneficiary fisheries continue to pay the duties from which they are supposedly exempted.

Another example of incentives provided by the federal government to cushion the effects of the infrastructural challenges being faced by companies is the Export Expansion Grant. Under this scheme, the government pays 30 percent of the Free On Board value of repatriated proceeds of exports to the exporters. Although the scheme has gone through various reforms, the penchant of the government to suspend its operations whenever it pleases has undermined the utilitarian values of these incentives. The failure of the scheme to operate in a smooth and predictable manner has resulted in the closure of many fishing companies in Nigeria.

The payment of multiple taxes is another challenge faced by operators of the fishery export subsector. Unlike in other countries where national and subnational governments consciously nurture companies through various incentives, such that they can operate optimally and generate employment for the citizens, governments at various levels in Nigeria impose burdens of multiple taxation on the few surviving companies. Multiple taxations manifest in companies having to pay different types of taxes to the federal, state, and local government agencies. These raise the cost of doing business and make industrial activities in Nigeria highly uncompetitive.

The fishery export subsector has also been affected by the policy inconsistency of the Nigerian government. For instance, government policy on tariffs payable for imported machinery has never been stable. While the government proclaims its intention to boost the local manufacturing and processing of value-added products, thereby granting waivers on imported machinery, it is not uncommon to find a government agency, such as the Nigeria Customs Service, thwarting such policies for the sake of meeting their revenue targets through import duty payment. The inability of the various governments in Nigeria to balance the interests of the competing groups has inevitably led to policy reversals that affect the long-term planning of operators in the fishery export subsector.

The Political Economy of Nigeria's Fishery Export Subsector

The fishery export sector in Nigeria is important to the extent that it generates foreign exchange, enhances the diversification of the country's product portfolio in the international market, and provides employment for millions of people, especially the vulnerable segments of the society such as women and the people living in the coastal communities. These contributions could have a greater impact on the overall economic growth and the improvement in the standard of living of the people, if the challenges identified in the last section are adequately addressed. This is so for several reasons. One, as various studies have shown (see Obi, 2002), the political underdevelopment of Nigeria and by extension the economic stagnation over the years, in spite of the huge amount of money earned in the country, is directly related to the strong influence of oil rent on the political economy of the country. As Obi (2002) succinctly puts it, in Nigeria, oil is politics and politics is oil.

The ease with which access to oil money is guaranteed by politics has turned politics to a zero-sum game in Nigeria. This is further aggravated by the political arrangements, where fiscal federalism as a principle of revenue-sharing is only observed in the breach. Although the constitution of Nigeria declares that it is federal in nature, which ordinarily should confer on the component units the power to have control over the resources generated in their domains, the central government is so powerful that it controls more than 50 percent of the rents and royalties payable from oil exploration and exports. Apart from the inequalities that this lopsided arrangement perpetuates, overdependence on oil has aggravated the twin problems of poverty and inequality in the country, as the sector is only controlled by a very tiny fraction of the population for its own interest. Given the failure of this sector to galvanize economic development in Nigeria, it is imperative to diversify the economy. The development of the fishery export subsector can lessen the overriding importance of oil on the Nigeria economy, thereby attenuating the problems identified earlier.

Second, the monocultural nature of the economy has resulted in a situation whereby whenever the international price of oil crashes, the country will resort to borrowing. With the increasing export of fisheries, the government will have a fallback position, thereby preventing overreliance on borrowing. Although the fisheries will be exported into the international markets, if they are exported in processed form, they will not be affected as much by the volatility in the prices of products that are exported in raw form, like crude oil. Third, the fishery export subsector employs, directly or indirectly, more than 8 million Nigerians; if well-developed, this can contribute to the reduction in the high rate of unemployment that is currently bedeviling the country.

However, it is pertinent to note that the ownership structure of the fishery export subsector could constrain the capacity of the sector in achieving some of the targets stated previously. From the findings in this study, there are 23 companies involved in the exporting of processed fishery products. All but one (Honeywell Fisheries) are owned by foreigners, especially Indians and Lebanese. Due to the liberalization of investment and financial policies, these companies care little either for the environment or the welfare of their workers, while they are also at liberty to repatriate 100 percent of their profits to their home countries. As the effects of the challenges identified earlier became intense, the only indigenous company among them—Honeywell Fisheries—folded up.

It is therefore imperative that for the government to achieve its objectives of economic transformation of the country, substantial efforts should be paid to salvaging the fisheries that have been affected by the challenges. Besides, while conceding the right to the foreign-owned companies to do what they please with their profits, the government must enact appropriate policies that ensure that the companies observe internationally accepted labor standards, while also preserving the environment. It is also pertinent for the government to ensure that the foreign-owned companies perform their corporate social responsibilities to the citizens. While helping small- and medium-scale fisheries to enter into the international markets, the foreign-owned companies should be encouraged to consciously embark on backward integration by forming partnerships with local fishermen, boat repairers, and even crew members.

Fisheries in the Context of International Trade: Fishery Exports

Fishing is an important component of international trade. As Mwikya (2006:8) argues, "nearly 40 percent of fish output is traded internationally with an export value of US$58.2 billion, making seafood one of the most extensively traded commodities in the world." National foreign receipts for fishery products in developing countries increased from US$3.7 billion in 1980 to $18 billion in 2000. The main international markets for fishery products are the EU, with about 76 percent of the import value of global supplies, the United States, and Japan. Major problems that fishery exporters face are tariff and nontariff barriers. While tariff barriers have to do with the payment of high import duties, nontariff barriers relate to hygiene and food safety, such as SPS standards. In the context of the agreements guiding the EU-ACP relations, fisheries and fish products are treated as components of the industrial sector.

Cotonou Agreement and Provisions Dealing with Fishery Agreement

Article 53 of the Cotonou Agreement on fishery agreements stipulates: The parties declare their willingness to negotiate fishery agreements aimed at guaranteeing sustainable and mutually satisfactory conditions for fishing activities in the ACP states.

In the conclusion or implementation of such agreements, the ACP states shall not discriminate against the community or among the member states without prejudice to special arrangements between developing states within the same geographical area, including reciprocal fishing arrangements, nor shall the community discriminate absent ACP states (EC, 2006).

The fisheries sector is one of the contentious issues under the EPAs. Like its predecessor the Cotonou Partnership Agreements, the relationship is undergirded by various objectives and principles. These include the following:

- Promote sustainable development and management of fisheries.
- Promote and develop regional and international trade based on best practices.
- Create an enabling environment, including infrastructure and capacity-building, for the ACP states to cope with the stringent market requirements for both industrial and small-scale fisheries.
- Support national and regional policies aimed at increasing productivity and competitiveness of the fisheries sector.
- Build links with other economic sectors.

The principles that underlie these agreements are enshrined under Article 28, and they include the following:

- Support for the development and strengthening of regional integration.
- Preservation of the *acquis* of the Cotonou Agreement.
- Provision of special and differential treatments.
- Use the best available scientific information for resource assessment and management.
- Develop monitoring system of the environmental, economic, and social impacts in partner countries.
- Conform with existing national laws and relevant international instruments, including United Nations Convention on the Law of the Sea (UNCLOS), regional and subregional agreements.
- Preserve and prioritize the particular needs of the artisanal/subsistence fisheries. The principle also emphasized capacity-building and improved market access (EC, 2008).

These objectives and principles are anchored under six subthemes as follows: (a) Access agreements on fisheries, (b) SPS measures (c) Rule of origin, (d) Value chains and value addition, (e) Intra-ACP trade in fish and fishery products, and (f) Regional and subregional mechanisms for sustainable fisheries sector (ICTSD, 2010).

Access Agreements on Fisheries under the Economic Partnership Agreements

Fishing activities involve the use of vessels across the territorial boundaries of the fishermen or companies dating back to the sixteenth century (www.panda.org). However, in particular reference to the relationship between the EU and the ACP countries, access to fishery resources assumed a new dimension in the 1970s when many coastal countries established offshore—200 nautical miles—Exclusive Economic Zones. This was done to protect fisheries from overfishing. After establishing this zone, it became imperative for fishing companies to negotiate with the government of the countries concerned in order to obtain legal access to their waters.

In exchange for access to their waters, the recipient countries are usually paid royalties. It is in this context that the EU has various Fishing Partnership Agreements with coastal countries. Although the payment of such royalties can help in the attainment of economic development through the earning of foreign exchange, they also have the tendency to truncate the development of the artisanal fisheries sector. Yet, this sector has a higher potential to generate employment for the vulnerable segments of the society, especially the women who live in the coastal areas.

Fishing Partnership Agreement also have deleterious effects on countries because of the threat they pose to the environment and the ecosystem. Due to the activities of big fishing vessels, there is a tendency for many species of fish to become extinct. The problem with Fishing Partnership Agreements between the EU and the ACP countries is further compounded by the lack of effective regulatory capacity on fishing activities, especially on the high sea. Other problems include a lack of implementation and enforcement of extant regulations. Examples of regulations that are not effectively enforced include UNCLOS and the UN Fish Stocks Agreements (www.panda.org).

Besides, the governments of countries in the EU, Japan, Korea, and Taiwan, have consistently failed to regulate their Flag of Convenience Vessels. The consequence of this is the high rate of illegal, unreported, and unregulated fisheries that are prevalently operating in these countries. Since the EU is the main focus of this study, it is important to note that this economic bloc has contributed to the problem of unsustainable fisheries over the years. For instance, as the World Wildlife Fund, a nongovernmental organization notes, "for over a decade, the EU Fisheries Council set higher quotas for cod catches than recommended by the ICES (International Council for the Exploration of the Sea), resulting in seriously depleted populations (www.panda.org)" Even though the EU does not have a Fishing Agreement with Nigeria at the moment, the country's fisheries sector still suffers from some of the problems that are associated with overfishing.

In view of the problems that are associated with the bilateral Fisheries Partnership Agreements, it will be in the overall interest of developing countries that are having partnership agreements with Deep Water Fishing Nations to renegotiate the terms of their relationship at a multilateral level, under the auspices of the WTO. This could be more beneficial to the developing countries as the activities of the fishing companies can be subjected to the WTO rules If the agreements guiding the fishing relationship between the developing countries and developed countries are regulated by the WTO, subsidies, which are so prevalent in the developed countries, can be subjected to closer scrutiny.

Sanitary and Phytosanitary Measures

SPS measures is a major issue in the Cotonou Partnership Agreement, and a major cause for concern under the EPAs. Article 48 of the Cotonou Partnership Agreement reaffirmed the parties' commitment to the SPS Agreement annexed to the WTO Agreement, taking account of their respective levels of development. The parties also undertook to reinforce coordination, consultation, and information regarding notification and application of proposed SPS measures, in accordance with the WTO Agreement, whenever these measures might affect the interests of other parties (EC, 2000 cited in Doherty, 2005). The issue of SPS is very cardinal in the EPA, especially as it is based on the principle of reciprocity.

The safety measures imposed by the EU on fishery exports, especially on issues of certification, testing, and inspection, have increasingly become tougher. The existing SPS measures have become more demanding by the introduction of the Feed and Food Control Regulation 882/04. Although it is not an SPS measure per se, it made it mandatory for all EU SPS legislation to be enforced with respect to feed and food produce exported to the EU; that the national authorities of all exporting countries (Doherty 2005) adhere to a particular standard. The general requirements to meet Regulation 882/04, according to Doherty, are: Modern Food Law and Regulation; Coordinated Food Control Management; Well-trained and Effective Inspection Services; Accredited Laboratory Services; Effective Information, Education and Training Schemes; and Institutionalized Public and Private Cooperation (Doherty, 2005). The need for capacity-building to meet these requirements remains imperative. But concerns exist as to how feasible the EU's commitment to facilitate capacity-building can be actualized in this regard, especially within the context of the increasing pressure from the EU to conclude the EPAs negotiations. The EU has promised that if the ACP countries sign the EPAs, they will have 100 percent market access for their products. However, it is the contention of this study that in view of the complexities inherent in the SPS, and the weak capacity of the ACP countries to meet these standards, fishery products from these countries will become uncompetitive. This view was supported by Doherty (2005:9) when he noted:

> It seems clear that unless local industries and support infrastructures are allowed and or assisted to become SPS compliant, the prospects for countries to benefit from domestically owned secondary processing and diversification of export profile will be small. While it is arguable that EU-based firms may buy up local firms having such potential and therefore expansion/diversification will occur, this will have the effect of simply turning ACP countries into supply bases for the EU consumer.

If this scenario is allowed to happen, then the pattern of dependency that has existed between the EU and the ACP countries will be perpetuated, and this will not augur well for the development of these countries; they will not be able to develop the fisheries sector in a sustainable manner. The social and economic benefits that could have accrued to the citizens of these countries, especially the people living in the coastal states, will be lost as the foreign-owned companies usually operate on the logic of profit maximization.

Although the EU has a capacity-building program for fishery exporters in Nigeria in partnership with the Standard Organization of Nigeria, many of the exporters, especially those at the artisanal level, are not even aware of it. Another concern is that such a capacity-building program may be inadequate to meet the challenges on the ground. In Nigeria, issues of infrastructural challenges such as a lack of transportation to take the samples of fisheries to the laboratory for testing, is a further problem that needs to be tackled.

In view of the possibility that Nigeria may lose out in the EPAs on account of the SPS requirements, which pose serious challenge to the fisheries sector, it is imperative that the EU is asked to release more money to build capacities, agree on more flexible terms of negotiation, and make provision for equivalence agreements available in selected sectors. Equivalence is based on the premise that "countries accept that the SPS measures is to ensure that the risk presented by the ultimate product presented for consumption by consumers is at an acceptable level. It also assumes that different measures could be equivalent in providing the same level of health protection against risks of disease or contamination" (Doherty, 2005:6). The "soft landing" that this provides can be used by the ACP states while negotiations on a more acceptable and sustainable SPS continue.

Rules of Origin

The regime of Rules of Origin is another very important issue that underpins the EU-ACP EPA. According to Naumann (2010), Rules of Origin are the criteria that determine whether a product can be deemed to come from a particular country for trade purposes. It forms an integral part of preferential trade arrangements between countries, and defines the level of processing that must take place locally before a product qualifies for more favorable market access. It is a contentious issue under the ongoing EPAs because it affects the ability of the ACP countries to export fisheries to the EU. Issues regarding the crew membership of fishing vessels on the high sea, also remain contentious. Although this condition is now relaxed for countries that have initialed the Interim EPA, the fact that Nigeria did not sign this interim agreement makes the country ineligible for the benefits.

The relative strength and bargaining power that the ACP states have in relation to fishery exports to the EU was borne out of their decision to establish Exclusive Economic Zones in the mid-1970s. This was done by the ACP countries extending their jurisdiction out to sea from between 3–12 to 200 nautical miles. This singular action brought almost 90 percent of the world's exploitable fish resources under the control of coastal states. This action affected the EU fleets' operations, which necessitated the formation of fishery agreements between the EU and Third World countries. In making the fishery agreements, the EU pays compensations and assists in building the capacities of the ACP coastal states. The Fisheries Partnership Agreements between the EU and the ACP coastal states aim both to ensure that the interests of the EU distant-water fleet are protected and to strengthen conditions necessary to achieve sustainable fisheries in the waters of the partner country. It was also envisaged that EU compensation will help in creating a favorable environment in the areas of resources management, research, control, and the like, for EU fishing fleet activities. These activities are expected to take place under joint ventures with local partners (CFFA, 2005).

This study has found that in Nigeria there is a high prospect and scope for improving the contributions of fisheries to poverty-reduction strategies. This is because of the important role that the artisanal fisheries sector plays in food security, job creation, and foreign exchange earnings (CFFA, 2005). Given these prospects, the ACP countries are faced with two challenges: ensuring the sustainable management of their fishery resources as well as increasing and redistributing the benefits derived from these resources (Campling, 2009). Other issues for consideration under the ACP-EU fishery relations are value addition and market access.

Value Chains and Value Addition

Although the EU prefers to import unprocessed fisheries from the ACP countries, it is in the long- term interests of the ACP countries to add value to their fishery products. This is because such value addition helps to increase the shelf life of the fish products, making it easier to transport and also readily accessible to buyers. Achieving this will require massive investments in infrastructure, such as water and electricity supplies, as well as fish-processing infrastructures, such as port terminals. In Nigeria, the few companies exporting fishery products take on the responsibility of providing these infrastructures at very high costs. These affect their profitability and operational sustainability. The competitiveness of fishery products from Nigeria on the international market is also a function of the value addition on them. Despite the comparative advantage that Nigeria has on fisheries due to the ample water resources within the nation's territory, the country will not be able to derive maximum benefits from the subsector until sufficient attention is paid to value addition.

The value addition to fishery products helps to create room for expansion in the value chain, and this creates employment opportunities for people in the coastal areas through outboard repairs, the sale of nets, and the sale of fisheries; this is especially so for women and children of school age who need part-time jobs to survive. In view of the fact that importers of fisheries set up various standards that exporters must meet, a deliberate effort to add value to these products will create incentive and opportunities for the exporters to focus attention on meeting such standards. This becomes even more imperative when viewed against the backdrop that other countries, especially those from the Pacific region, also export value-added fishery products to the EU. If the EU finds this to be of higher standard and cheaper to afford than the ones coming from Nigeria, there is no doubt that they will want to focus on the products from the Pacific countries over those from Nigeria. From field studies, the researcher found that many of the companies have folded up because of their inability to bear the cost of operations.

Markets

The EU is the main market for fishery products from the ACP countries. However, there are various issues that affect market access to the EU. First, under the WTO rules, the EU may be made to eliminate tariffs on imported fish products over a long time. This will erode the ACP countries' margin of preference. There is also a need to reduce tariff escalation between raw fish and processed fish products (CFFA, 2005). Technical barriers such as SPS measures present formidable obstacles to the export of fishery products from the ACP countries. Although the EU has invested substantial amounts of money to improve the capacity of regulatory organizations such as the Standard Organization of Nigeria, the rules keep changing, thereby hindering the ability of the ACP countries to derive maximum market access.

Another challenge is rule of origin. Although the various Fisheries Partnership Agreements provided duty-free market access to the EU markets, this is qualified by the complex regime of the rule of origin under the Cotonou Agreement (Protocol 1, Annex V). Article 3 of the Cotonou Partnership Agreement provides that to obtain duty-free access, the ACP fishery products must be "wholly obtained" in the ACP state concerned. This article also provides that the criteria for defining "originating products" are registration and flag, ownership and crewing arrangements on the fishing vessels and factory ships, and that such fishing vessels and factory ships must either be European or ACP. The definition of "originating fish" has led to fish processors purchasing from high-priced suppliers in the EU. This is because they don't have their own tuna fleets and the EU discriminates against fish caught with fleet from third countries by not recognizing their originating status (CFFA, 2005).

The implication of the current regime of rule of origin is more or less giving the EU an undue preference over the ACP countries in processing activities. Although the ACP countries have consistently demanded that catches done in their waters should enjoy originating status, irrespective of the ownership of the vessel, the EU has refused to accede to the request (CFFA, 2012). The matter of rule of origin remains contentious under the ongoing EU-ACP EPA. It is advisable that the ACP countries continue to insist that the rule of origin regime in the ACP should be such that it meets their aspirations; that is, originating status should be accorded to fish caught in their waters, irrespective of the ownership of the vessel.

It is important to restate that the EU is in high demand of fisheries from the ACP states. However, the EU has established food safety standards and strict control so as to ensure compliance with SPS standards. On the face of it, the EU has the right to regulate the standard of food items that they import for their citizens. Notwithstanding, these regulations have a very strong tendency to restrict the ability of the ACP states to benefit from any value addition to fishery products, and to derive maximum market access to the European market. This will only ensure export of fisheries in unprocessed form. This is another justification of the theoretical approach of this study, which emphasizes that despite the various arguments advanced by the European Community that the agreements are meant to facilitate economic development in the ACP states, it is nothing but the perpetuation of the old order of unequal exchange in which the ACP states are structurally and politically consigned to be exporters of raw materials. Such tendencies obfuscate the possibility of economic development in the ACP states, and Nigeria in particular, through the instrumentality of EPAs. Although the European Commission did not include fisheries in its directions for the negotiation of EPAs with the ACP countries in 2002, some key elements of the EU position for dealing with fishery issues under the EPAs were presented in December 2004 (www.epawatch.net).

Economic Partnership Agreements and Export of Fisheries in Nigeria

The fisheries component of the EU-ACP EPA was provided for in Article 23a of the Cotonou Partnership Agreement, thus:

> Recognizing the key role that fisheries and aquaculture play in ACP countries through their positive contributions to employment creation, revenue generation, food security, and livelihoods of rural and coastal communities, and hence to poverty reduction, cooperation shall aim at further developing the aquaculture and fisheries sectors of ACP countries in order to increase associated social and economic benefits in a sustainable manner…the mainstreaming of aquaculture and fisheries into national and regional development strategies, the development of infrastructure and technical know-how necessary to enable their countries to yield maximum sustainable value from their fisheries and aquaculture; capacity building of ACP countries to overcome external challenges that hinder them from taking full advantage of their fisheries resources and the promotion and development of joint ventures for investment in the fisheries and aquaculture sectors of ACP countries. (EU, 2010:14)

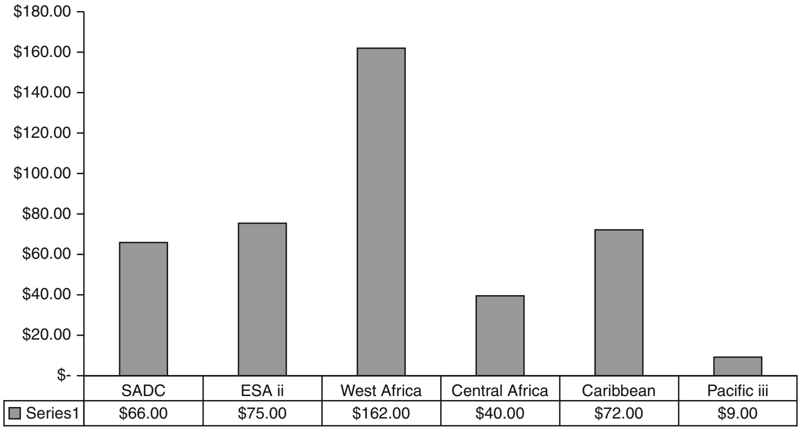

Figure 7.1 Relative share of regions in ACP GDP

Fish is an important source of income and protein for many people, especially in developing countries. More than 10 million people in Africa depend on the fisheries sector directly; examples include processing activities such as drying, salting, smoking, and freezing, and in tertiary activities such as trade and catering (FAO, 2006 cf. Carbone, 2009). Fishery exports contribute foreign exchange earnings to the economy, not only through the sale of access rights to foreign fleets, but also through trade exports. Between 2000 and 2003, the difference between fish imports ($1.2 billion) and fish exports ($3 billion) in Africa, resulted in a favorable trade balance of $1.8 billion per year (FAO, 2006).

Fisheries also provide the government with taxes while also generating multiplier effects through various activities such as boat building, jobs for fuel suppliers, market for wood sellers, and other temporary jobs that provide income for the poor. Fishery exports provide economic viability for the coastal communities because the livelihood of residents depends on it.

The sector also contributes to gender equality by providing jobs for women in the postharvest period. Fisheries in Nigeria are made up of offshore, coastal, and inland waters with capture fishing at the industrial and artisanal levels as well as aquaculture. Although fishing accounted for just over 1 percent of the GDP each year during 2005–2009, the sector witnessed tremendous growth as it maintained its relative contribution to GDP while the overall economy was growing strongly. In terms of employment, the primary fishing subsector employed about 8.23 million people in 2007; but its total contribution is even greater as the fish processing industry and other secondary activities employed more than 18.27 million people. Interestingly, in the combined primary and secondary areas, 19.3 million women were employed compared with 7.2 million men (WTO, 2011).

Freshwater and inshore capture fishing is carried out by a large fleet of artisanal canoes as by 137 inshore shrimping vessels and 40 inshore fishing vessels. In addition to shrimps, the major fresh-water species include tilapia, chrysichthys, gymnarchus, lates, and heterotis. Table 7.1 shows the estimated output of fisheries from 2004 to 2007. It increased from about 227,000 metric tons in 2004 to about 280,000 metric tons in 2007. Of this quantity, about 30,000 metric tons represent industrial (trawler) catch, which is the focus of this chapter. Nigeria is a net importer of fish and fish products, although exports have increased significantly since 2003, rising from very low amounts in 2003 to over US$337 million in 2009 (table 7.1). Most exports are frozen shrimps going to EU countries. Exports to the EU must be certified by the Federal Department of fisheries (WTO, 2011).

Carbone (2009) brings into fore the dilemma and the hard choices that developing countries like Nigeria face in making fishery policies. In spite of the potentials to realize substantial revenue from the sales of access rights and export promotion, there are social and economic losses that the government may suffer as a result of making such policies. There is therefore the need to maximize the economic value of the fishery resources and create opportunities for the greatest number of poor people.

The relationship that exists between the EU and the ACP countries on fisheries can be explained from three broad areas: access to the ACP waters through bilateral fisheries agreements, which is regulated by the EU's Common Fisheries Policy; trade of fish and fisheries resources, which is dealt with by the EU's external trade policy; and aid to the fisheries sector in the ACP states, which is part of the development cooperation chapter of the Cotonou Agreement (Carborne, 2009).

In view of the fact that Nigeria did not sign the EPA, the EU does not have any Fishery Partnership Agreement with the country. Rather, the relationship between Nigeria and the EU in the fisheries sector is currently governed by the Generalized System of Preference under the Cotonou Partnership Agreement. One of the major problems with this is the need to comply with the rule of origin agreement. The main components of this restrictive rule are registration

Table 7.1 Trade in fish products, 2003 and 2006–2009 (US$ million)

HS Code	*Product description*	*2003*	*2006*	*2007*	*2008*	*2009*
Exports						
30613	Shrimps & prawns, whether or not in shell, frozen	..	0.05	44.78	68.49	333.78
30614	Crabs, whether or not in shell, frozen	..	..	0.76	1.67	1.79
3	Fish and crustaceans, molluscs and other aquatic invertebrates	52,039	0.44	57.1	73.25	337.04
Imports						
30379	Fish n.e.s., frozen, whole	181.16	313.04	611.93	277.15	341.10
30374	Mackerel, frozen, whole	139.48	214.69	300.18	159.82	158.36
30551	Cod dried, whether or not salted but not smoked	6.68	2.07	16.91	33.80	114.66
30559	Dried fish, other than cod, not smoked	7.83	17.15	12.85	14.18	51.14
30351	Herrings (Clupeaharengus, Clupeapallasii), frozen (excl.fillets/other fish meat of 03.04/livers & roes)	..	..	..	..	48.02
3	Fish, crustaceans, molluscs, aquatic invertebrates n.e.s.	451.88	746.13	1,185.96	622.11	751.06

Source: UN Comtrade

Note: Data for 2004 and 2005 are not available.

and flag of origin, and ownership and crewing arrangements onboard fishing vessels. The implication of this is that the ACP countries are forced to buy tuna-processing operators from the EU's high-priced suppliers, rather than from non-EU vessels licensed to fish in their waters. The result has been that the preferential trade regime ended up subsidizing EU vessels, which is to the disadvantage of Nigeria and other ACP states (Carbone, 2009).

The EU's SPS measures pose considerable difficulties for the ACP states in an attempt for the bloc to benefit from the export of the ACP's fishery resources. The EU put these restrictions on account of the health of their citizens consuming the products. However, as Bartels et al. (2007 cf. Campling, 2008) argue, "the implementation of and monitoring costs of increasingly strict SPS measures for fish and fish product exports are very high, especially for poverty-stricken (ACP) states and the small and medium enterprises based there." In this regard, the EU requires freezer and factory vessels to be registered and approved by the local competent authority in the ACP states, which is under the control of the EC Directorate General of Health and Consumer and Health Protection (SANCO). This will be very difficult and will further constrain the capacity of the ACP states.

Despite the greater bargaining power that fishery resources should give African countries vis-à-vis the EU's fishery import needs, the EU is still in a stronger negotiating position, ultimately questioning the notion of an equal partnership in the ACP-EU relationship (Carbone, 2009).

EPAs and Agriculture: Cocoa Exports

Nigeria is the third leading world exporter of cocoa, which constitutes 30 percent of agricultural exports from Nigeria. Apart from cocoa beans, Nigeria also exports processed cocoa products such as cocoa butter, cocoa liquor, and cocoa cake. According to the Cocoa Processing Association of Nigeria, there are about eight companies involved in the processing of cocoa products in Nigeria, with a total investment of more than $100 million and a total production capacity of 60,000 metric tons. Under the old Generalised System of Preferences, Nigeria exports both cocoa beans and processed cocoa products into the EU market duty-free.

However, the EU has made it clear that any Non-Least Developed countries among the ACP group that fail to sign a full EPA or an Interim EPA at the expiration of the time unilaterally set by the EU (December 2007), will lose the privilege of duty-free exports to the EU market. As Nigeria failed to sign the EPA, the country lost the opportunity to export processed cocoa products into the EU with lower duties than what it obtained under the Lomé Convention. As Cocoa Processing Association of Nigeria (COPAN) (2008) notes, "from 2008, Nigerian processors of cocoa lose an average of $6 per ton of processed cocoa products. Every cocoa shipped attracts 4.3 per cent for cocoa butter, 6.1 per cent for cocoa liquor and cake." Other cocoa exporting countries in West Africa that initialized the EPAs in December 2007 are still enjoying duty-free exports to the EU.

From 2008, the EU only allowed Nigeria to export raw cocoa beans duty-free to its markets. This is problematic as it calls into question the notion of partnership and development as encapsulated in the discourses of the EPAs. First, by charging duty on processed cocoa products, the EU has undermined the capacity of Nigeria to move from a raw material exporter to an exporter of manufactured goods. Second, by allowing competing countries such as Ghana and Cote D'Ivoire to export cocoa products duty free, it further subjected Nigeria to unfair treatment. According to Nwoke (2008), as a result of the EU's preferential treatment for Ghana, cocoa processing companies in Nigeria started relocating their factories to Ghana. Third, by unilaterally taking such punitive actions against Nigeria, the EU is exercising its power to coerce Nigeria to act against its long-term economic interests.

The EU's decision to slam duty on the export of processed cocoa products, while excluding the export of cocoa beans, shows the contradictions in the EU's claims that the EPA will help in poverty reduction. It is a common economic logic that manufacturing involves different processes that lead to the generation of employment. If indeed the EU is interested in helping a developing country like Nigeria end poverty, it would have encouraged the country to place greater attention to activities that can facilitate the generation of employment.

As Soludo (2012) pungently argues that what developing countries need are not the tokens that come in the form of aid and development assistance. He contends that if the EU is genuinely interested in facilitating development in developing countries, as it consistently claims under the EPAs negotiations, it will help by boosting the production capacity of local industries in these countries. Also, the billions of euros that the EU paid in subsidies to the agricultural sector will be used to address the various supply-side constraints that confront developing countries. This view was supported by Nwoke (2008) who noted that Nigeria's agricultural sector will be at major risk under the EPAs due to higher EU tariffs for processed agricultural products. He also argues that European support and subsidies to its own farmers will frustrate Nigeria's trade capacity. The desire and determination of the EU to have the EPA signed at all costs without sincere consideration for the economic interests of developing countries, is demonstration of what Oxfam (2002 cf. Nwoke, 2008) calls rigged rule and double standards. Oxfam developed a Double Standard model, which "measures the gap between free trade principles espoused by EU countries and their actual protectionist policies." Under this measure, the EU "emerges as the worst offender." Such double standards manifest more perniciously in agriculture.

CHAPTER 8

State Capacity and Trade Policy in Nigeria: A Discourse on the EU-ACP Economic Partnership Agreements

The current international economic order places much premium on trade as a tool for economic growth and poverty reduction. According to Addison (2005:11), "liberal views of trade have dominated discourse on trade over the past half of a decade. It holds that countries that follow their comparative advantage will reap higher standards from trading as much as possible with developed countries." In particular, various studies have concluded that there is a positive correlation between openness as manifested in trade liberalization and economic growth. For instance, in the celebrated study by Sachs and Warner (1995), empirical evidence of growth, inducing openness, was presented showing countries that adopted export-based development strategies grew more than those countries that adopted trade restrictions and protectionist measures.

Although these studies have been faulted for the wrong application of methods and data (see Rodrik and Rodriguez, 1999; Rodrik 1998), they formed part of the basis of the reform packages that were forced on African countries under the structural adjustment programs and their variants from the 1980s up till the present moment. Concerns also abound on the implications of trade liberalization for economic development. However, trade liberalization has negative effects on revenue collection. Against the backdrop of a weak capital base and precarious economic conditions, developing countries depend so much on customs revenue for their budgets.

In fact as Hammonda and Yallab (n.d.) argue "between 1999 and 2001, this revenue made up about 34 percent of state revenue in the Least Developed Countries of Africa, more than 19 percent points higher than for developing countries as a whole. For non-Least

Developed Countries in Africa, it is about 22 percent." As the debate on the impact of trade liberalization on economic growth continues, there is a missing gap in literature as not much attention has been focused on the capacity of Nigeria to formulate trade policy that will be in the interest of economic development and improvements in the living conditions of the people, rather than serving the interests of the transnational capitalist class. The problem with this discourse can be situated within the context of the absence of capacity on the part of Nigeria to effectively apply a mix of openness and restriction in trade policy to foster economic development, as it has been done in South East Asian countries. Besides, Nigeria is a signatory to various multilateral, regional, and bilateral treaties that impinge on the country's autonomy to formulate trade policy.

The capacity of the Nigerian state to negotiate favorable terms is definitely constrained as the country lacks the necessary data and human capital to match trade negotiators, most especially from the advanced capitalist economies of North America, Europe, and Japan (Oyejide, 2004). Even where it seems that there are opportunities to be explored for economic growth within the context of such agreements, there are structural and institutional constraints within the country that tend to obfuscate the realization of such potentials. This section situates these complexities within the context of the Economic Partnership Agreements (EPAs) between the European Union (EU) and African, Caribbean, and Pacific (ACP) countries. The focus is on Nigeria.

The questions that the chapter seeks to answer include the following: To what extent is state capacity relevant in formulating trade policy in Nigeria? What are the constraints to Nigeria in formulating trade policies that can assist in the economic development of the country? How can Nigeria forge a development-oriented economic partnership with the EU under the auspices of the EU-ACP EPAs?

State Capacity and Trade Policy: Theoretical and Conceptual Clarifications

What constitutes state capacity varies according to the level of development of the state, the demands of its citizens, its location, its resources, and the prevailing conditions in the international environment. Max Weber has argued that "the state cannot be defined in terms of functions or tasks since over time and across units it has performed a great variety of them and, hence, has needed a shifting set of capacities" (Weber, cited in Schmitter and Obuplenkova, 2005:1). The United

Table 8.1 Indicators of the state's (or its components) intrinsic characteristic

Human capital	The technical and managerial skill level of individuals within the state and its component parts.
Instrumental rationality	The ability of the state's components to gather and evaluate information relevant to their interests and to make reasoned decisions maximizing their utility. (Utility may be locally defined to reflect the narrow interests of the component and not the broader interest of the state or society.)
Coherence	The degree to which the state's components agree and act on shared ideological bases, objectives, and methods; also the ability of these components to communicate and constructively debate ideas, information, and policies among themselves.
Resilience	The state's capacity to absorb sudden shocks, to adapt to longer-term changes in socioeconomic conditions, and to sustainably resolve societal disputes in that catastrophic breakdown, the opposite of "brittleness."

Nations Development Program has made a distinction between the capacity of the state to facilitate economic growth and the capacity of the state for redistribution of the benefits of such growth; it states, "economic growth has often been promoted by states that are closely allied with business groups and are staffed by competent, technocratic bureaucrats, especially at the apex. By contrast, redistribution has often been facilitated by states with a broad social base of power and an organizational capacity—both political and bureaucratic to penetrate deeply into the society" (UNDP, 2010:3).

State capacity can also be seen within the context of a function of variables such as the state fiscal resources, political autonomy, legitimacy, internal coherence, and responsiveness. Following these distinctive characteristics, the University of Toronto's project on state capacity provided a detailed analysis of the main components and their characteristics as shown in table 8.1.

The Nigerian state is lacking in capacities on various issues when viewed against the background of the various indicators stated in this table. Trade policy is not an exception. On the issue of autonomy, the Nigerian State has been held captive by comprador bourgeoisie and their allies—the agents of transnational capital, such as the multinational corporations and Bretton Wood Institutions like the International Monetary Fund (IMF) and the World Bank. These agencies have a preponderance of influence on policymaking processes in Africa and other developing countries: Nigeria is not an exception. Their influence has made policymakers formulate policies that are at variance with local realities, but satisfy the expectations of transnational capital (Stiglitz, 2002).

Bertelsmann and Stiftung have developed a transformation index in which state capacity has been decomposed into five separate dimensions and then recomposed into a single composite index, which they call "management performance." These dimensions are: Reliable pursuit of goals, effective use of resources, governance capability, consensus-building, and international cooperation. The management performance indexes are: stateness, political participation, rule of law, institutional stability, political and social integration.

Again, the Nigerian state is found wanting on most of these criteria. Consequently, it undermines its capacity for making trade policies that are in the best interest of the people. On the criterion of stateness, for instance, Nigeria is bedeviled by various centripetal and centrifugal forces that tend to pull the country asunder. The sovereignty of the country is being threatened by insurgency such as the Boko Haram sect in the northern part of the country and the activities of militants in the Niger Delta area. The statehood of the country is also being challenged by the high level of poverty and insecurity that hinders the state's inability to fulfill its part of the social contract, such as providing for the well-being of the citizens, assuring their safety, and their economic security.

Although there are various institutions that should have enhanced the capacity of the state to discharge its constitutional duties to the citizens, these have performed poorly because they have been severely compromised. At various times and on many issues, the executive, legislative, and judicial institutions have only succeeded in satisfying the interests of the ruling class and their cronies, while jeopardizing the interests of the majority of the people. This point was reinforced by Leftwich (2005:139), who stated that "most states (like Nigeria) have political forces representing varying kinds of socioeconomic elites and interests, which rarely had the interest, the will, or the power to establish or encourage growth-promoting institutions." Rather than creating institutions that serve the interest of the majority, the political elites manipulate existing institutions to serve their own interests. The crystallizations of interests among the political elites, and the narrow choice that exists for meaningful survival outside the corridors of power, provide them with incentives to act in ways that ensure that institutions of government help to preserve such interests. Although there are few instances where some institutions seem to be advancing the realization of the common good, the main actors are either compromised or coopted. For instance, during the Olusegun Obasanjo administration from 1999–2007, various institutions were created to combat corruption, curb waste in government, and ensure macroeconomic stability (Okonjo-Iweala, 2012). Such institutions include the Bureau of Public Enterprises, Due Process Office, Economic and Financial Crimes Commission, and so on. The *dramatis personae* in some of these institutions have either been accused of corruption or coopted into government machinery. A typical example is Mallam Nuhu Ribadu, former anticorruption czar, who recently joined the ruling People's Democratic Party, which parades a lot of political office holders that he either accused of wrongdoing or successfully prosecuted during his tenure as the Chairman of the Economic and Financial Crimes Commission.

Trade Policy

There is no doubt that effective formulation of trade policy or lack of it has affected the performance of the Nigerian economy since the country's independence. Kerr (2007:1) states that "trade policy deals with the economic effects of direct or indirect intervention that alters the environment under which international transactions take place . . . it deals with winners and losers that arise from government in markets. Vested interests are at the heart of trade policy, with government actions viewed as redistributive and open to influence." Governments use various trade policy instruments such as tariffs and quotas in their dealings with other countries, and these have both "direct and indirect effects on the relative prices of commodities produced in a given country" (Karingi and Perez, 2007:1883).

From the 1950s, various types of trade and industrial policies have been adopted by countries in different parts of the world, depending on the prevailing economic orientation and theoretical convictions of the policymakers. Latin American countries such as Brazil, Chile, Argentina, and African countries adopted import substitution—an industrialization strategy—because of the prevailing dependency theory's exposition of the inequality in the global capitalist system, and the deliberate manipulation of the system by the advanced capitalist countries to keep the newly politically independent countries perpetually dependent, economically. This strategy was based on the view that the "key requirement for successful long-run growth was industrialization." (Clunies-Ross, Forsyth, and Huq, 2009:215). The import substitution industrialization perspective to trade and industrial policy was of the view that industrialization will foster the growth of domestic industries through the use of various tariff and nontariff barriers for the protection of the domestic industries.

The policy was adopted to ensure that infant and domestic industries grow enough until they are able to withstand international competitions (Clunies-Ross, Forsyth, and Huq, 2009). Although these policies succeeded to some extent in the early 1960s both in Latin America and Africa (see Olukoshi, 2004; Ogbu and Soludo, 2004), a combination of domestic and international forces rendered it ineffective from the 1970s onward. The failure of this policy and the relative success of countries that adopted the outward-looking export strategy—especially those at the core of global capitalism such as the United States—gave fillip to the emergence and the eventual dominance of a neoliberal economic principle at the global level, from the late 1970s up to now.

As Harvey (2007) eloquently argues, the neoliberal economic principle was both an ideological and political force receiving active support from the corporate and political powers in the United States and Britain, as well as the Bretton Wood Institutions, the World Bank, and the IMF. The General Agreement on Tariffs and Trade (GATT) and the succeeding World Trade Organization (WTO) were established to propagate and sustain this ideology of free trade. The success of the Asian Tigers such as South Korea, Singapore, Hong Kong, and Taiwan in terms of export-led industrialization provided empirical justifications for the advocacy of free trade; to recommend and sometimes impose it on ailing economies in Africa and Latin America as the only path to economic development.

Trade policy has been used since the dawn of the modern state to facilitate economic development. However, its relevance as a point of intellectual engagement becomes more prominent with the hegemony of neoliberalism. This is so for several reasons. First, various interests within a domestic economy compete for favorable policy at a given point in time. These interests seek to influence the politicians who formulate policies such that the policies may be favorable to them. While importers will prefer trade openness so they can continue to import, manufacturers usually express preference for protectionism and import restrictions so that they can have market access for their products. There is a nexus between trade policy, food standards, and institutions. In this regard, governments interact with other countries to negotiate and conclude "a host of multilateral, regional, bilateral agreements and arrangements to manage trade" (Kerr, 2007:2).

Second, trade policy is not limited to the domestic environment of a country. It has to do with trade relations between one country and others in the international system. Consequently, countries respond to the trade policy of their trading partners. Herein is the complexity of trade policy and its application for economic growth in Nigeria. Although developed capitalist economies like the United States, Britain, France, Japan, and Canada, among others, are signatories to the GATT and its successor, the WTO, these countries continue to subsidize agriculture and textiles on which African countries have a comparative advantage. Consequently, before neoliberalism was forced upon these countries, they adopted various protectionist strategies as trade and industrial policies.

As Ogbu and Soludo (2004:112) argue:

> What often emerges as the trade policies for individual countries are often the result of a balance of (contestation) of power among the competing power blocks—domestic politics due to interest group pressure versus external demands tied to external obligations to regional arrangements and international institutions. The policy content, in recognition of the tension, tries to marry both the economic and the political arguments.

In explaining trade policy issues, scholars have employed the New Political Economy model of the public choice as a tool of theoretical analysis. This model has been described as an "attempt to infuse the economist's utility maximization concepts into policy making behavior." The model is based on the assumption that policymakers make policies that will further their interests so that they can perpetuate their stay in the office (Ogbu and Soludo, 2004). The model also gives credence to organized groups who lobby governments to implement protectionist policies. Even though they often incur huge expenses in the process of lobbying the government, this is more than compensated for by the rents that they derive from such activities.

The view that "the public choice model involves a pluralist view of state-society relations in which the state is the fighting ground for a large number of competing interests" was expressed by Grossman and Helpman (1994 cited in Siles-Brugge, 2012:2). In this regard, while importers may favor a trade policy that reduces tariff on imported products, manufacturers are prone to lobby against such policy because it can lead to deindustrialization as cheap products of various standards tend to compete with locally manufactured products.

Although this model assumes that the outcome of lobbying activities—such as that for tariff evasion, tariff-seeking lobbying, and premium-seeking import licenses—are privately profitable activities that do not add value either to the firm or the consumers (see Bhagwati, 1992), it becomes relevant for the explanation of trade policy. As Ogbu and Soludo (2004) further argue, the public choice theory is relevant to trade policy reform because tariffs, quotas, and other forms of protection create monopoly rents, which can be regarded as additional costs to the society. They conclude that based on the fact that current beneficiaries of protection are unsure of the dynamic benefits of liberalization, and may likely oppose it, purely rational politics would lead to irrational economic policies.

While supporting the public choice theory argument concerning trade policy in Africa, Ogbu and Soludo adopted the submission of Bienen (1991):

> Trade liberalization policies are often extremely hard to formulate and implement in Africa precisely because it is powerful officials (civilian and military) who benefit from the controls that have been established over imports and exports. It is government officials who ration and distribute scarce imports, including foreign exchange, they realize the rents which accrue from the systems they construct and control. Of course, officials have allies—import substituting manufacturers and urban workers interested in subsidized urban consumer goods. (Bienen 1991 cited in Ogbu and Soludo 2004:114)

While there is a merit in Bienen's argument that public officials have used their positions to formulate policies that are in their interests, there are other constraints to optimal utilization of trade policy in Africa.

Trade policy has changed significantly since the end of World War II. As Ogbu and Soludo (2004) observe, it has been dispersed at four major levels: by national governments, commodity-based cartels, regional blocks, and multilateral institutions. At the national level and among commodity-based cartels, pro-protection forces often have the capacity to better organize themselves to force trade policy in their favor.

For instance, in the process of negotiating the EPAs, most of the opposition to it was from members of the Manufacturers Association of Nigeria, who felt that the regional trade agreement will further erode their capacity for industrial productivity. This fear is not unfounded as it has been empirically proved that the ill-advised accession of Nigeria to the WTO at its inception in 1995, further led to the destruction of the manufacturing sector of Nigeria's economy (Adebiyi and Tomori, 2011). As expected, importers have not been very concerned about the implications of the EPAs on their activities; the removal of tariffs and the massive import of manufactured products, possibly at lower costs, that will follow this policy—will be in their interest. Exporters of commodities, such as the Cocoa Association of Nigeria, have also been concerned that failure of Nigeria to sign the EPAs could have implications for the export of their products to the EU markets. The same concern also applies to cocoa processors who have been made to pay higher tariffs after Nigeria refused to sign the EPAs at the expiration of the first deadline, in December 2007.

Constraints to Trade Policy Formulation in Nigeria

There are both endogenous and exogenous factors that constitute impediments to trade policy formulation in Nigeria. For the endogenous factors, the nature and the character of the state in Nigeria remains a serious problem not just for trade policy, but for the overall development of the country. For one, Nigeria, as in many African countries, lacks visionary, selfless, and nationalistic leaders who are willing to deploy the enormous human and material resources to galvanize development in the country. As Kohli (2004) argues, unlike countries like India and Brazil, whose leaders have passion for the development of their respective countries, Nigeria has had the misfortune of being ruled by an elite whose only preoccupation is primitive accumulation. While the first set of postindependence political leaders, such as the late Chief Obafemi Awolowo, Nnamdi Azikiwe, and Ahmadu Bello, had some form of vision to develop the country through building the development capacities of their respective regions in the western, eastern, and northern parts of the country, the leaders that followed did not continue their legacies. With the possible exception of the Murtala/Obasanjo military regime of 1975–1979 (Murtala was killed in an abortive coup barely six months into his regime), the various military regimes in the country, such as those of General Buhari, Babangida, Abacha, and Abdusallami, conflated the problems of the country through personal aggrandizement, political and economic misadventures, massive corruption, and extreme human rights abuses.

The nation-building project of the early postindependence era was truncated through deliberate manipulation of religious and ethnic identities to serve personal and class interests (Adebanwi and Obadare, 2010). Unfortunately, the experience of the country since the return to democratic rule in 1999 has not been remarkably better. Although there have been changes in the economic sector, such as the boom in the telecommunications and banking sectors, Nollywood, and general informal activities, the quality of life for the average citizen has not improved. More than half of the country's estimated population of 170 million people live in poverty (World Bank, 2014, NBS, 2012).

Added to the leadership problems is a bureaucracy that has been described as incompetent: lacking in technical competence, independence, and even motivation to dissect issues of trade. Most times, the bureaucrats yield themselves as instruments of influence to competing interests groups seeking the attention of policymakers. In return for their "service, they are paid gratifications (Mbaku, 2000)." The nature of the political system in Nigeria has added to the near paralysis of the bureaucrats. As Ogbu and Soludo (2004) argue, "the largely personal, authoritarian, patrimonial regimes, loyalty of bureaucrats is often better appreciated and rewarded by the rulers than technical competence."

Yet, these same bureaucrats represent the various governments at the negotiating tables, such as at the WTO, or at the regional level negotiating the EU-ACP EPAs. It is worth stating that the countries that Nigerian negotiators meet to negotiate, always come to the negotiation table with well-trained lawyers, even former politicians, who both understand the technical issues involved and have some diplomatic leverages that will benefit their countries.

The involvement of the state in this negotiation is a form of mercantilism, which the neoliberal economic doctrine purports to reject. Against the backdrop of the vastly unequal power between the EU and the ACP countries, it is obvious that the EU-ACP EPA is tilted toward favoring the most powerful partner. Third, the tendency to say one thing at the theoretical level and do another thing at the policy level has brought into fore the salience of power and politics in formulating trade agreements. This confirms the submission of Brown (2000) that economic relations among nations, especially between the North and the South, should not be construed only within the prism of transactionalism and exchange. Rather, power and politics are inescapable components of bilateral and multilateral trade relations.

Overreliance of the country on one product has caused serial structural disarticulation to the nation's economy, and has continued to make it a peripheral affiliate of the global capitalist system. As Onimode (2005:386) argues, "the disarticulation (distortion, lack of complementary blocked transformation) of the economy has been an objective necessity for the satisfaction of the reproductive requirements of the global capitalist accumulation." This is because the country has specialized in the export of raw materials as against manufacturing over the past 50 years. As an externally oriented economy, the policies of the various administrations (both military and civilian) from the 1980s have been directed toward satisfying the interests of the global capitalist system through the agencies of the multinational corporations; international financial institutions such as the World Bank, the IMF, and the WTO; and the local comprador bourgeoisies.

The structural adjustment programs of the 1980s, adopted by the regime of General Ibrahim Babangida (rtd.), effectively laid the foundation for the full liberalization of the nation's economy. Mkandawire (2001) underscores the import of the preponderance of externally imposed development policies that were absorbed hook, line, and sinker, by political and bureaucratic elites in the continent of Africa. Africa's political and bureaucratic elites have concentrated their efforts on carrying out various privatization programs, as well as enacting laws that favor the attraction of foreign direct investment. These constitute the fulcrum of their policy initiatives. As Mkandawire (2001:20) states:

> African leaders are more attentive to the apprehensions and appreciation of international organizations than to their domestic capitalists. While assiduously cultivating a good image in the eyes of international financial institutions...and seeking out foreign capital, they tend to have a jaundiced view of domestic capitalists, which they hold in spite and incessantly vilify for parasitism, and failure to set up modern enterprises able to compete internationally.

Rather than creating conditions that can facilitate the development of an indigenous capitalist class, policymakers in Nigeria have continued to pander to the interest of the TCC which favors commercialization and financialization at the expense of manufacturing and production (see Robinson, 2004).

Policy processes have been taken over by the agents of the TCC to the extent that trade and investment policies are made to suit their interests. As many scholars have argued, market reforms have virtually liquidated the capacity of the state in Africa to "formulate robust and coherent nationalist responses to the increasingly pervasive competitive and regulatory pressures of globalization, deliver social services, and seriously address the key problem of equity; that is, the vast and growing imbalance of wealth, income, and power" (Amuwo, 2008).

Furthermore, consultants from the international financial institutions have almost taken over the policymaking processes, thereby weakening the ability of bureaucrats to perform their statutory functions. Consultants from various international donor organizations bombard the bureaucrats with regular meetings, sapping their energies and leaving them with little or no initiative to formulate any developmental policies. In some cases, former employees of multilateral institutions like the World Bank or the IMF are appointed as ministers of finance or governors of the Central Bank to foist the neoliberal agenda of these institutions on the countries.

The exogenous constraints facing Nigeria are a product of the neoliberal order and the vulnerability of Nigeria's economy, which made it unduly susceptible to adoption of the policy pills of the Bretton Wood Institutions from the 1980s. The intervention of these institutions have led to the loss of policy autonomy and undermining of the existing capacity in the policy institutions. This is even more compelling as Nigeria receives much aid and other technical assistance from the advanced countries.

Economic Partnership Agreements: What Role for the State in Nigeria?

According to Ogbu and Soludo (2004), the framework for thinking about trade and industrial policies in Nigeria combines the state-centered model (bureaucratic model) at the level of rhetoric or policy design with the public choice model at the level of implementation. To elaborate, while trade policies are designed with the optimization of benefits and utility in mind, the actual implementation is hamstrung by considerations for the interests of various groups, such as private interests, ethnic groups, and political elites, who most times, on account of their positions, manipulate trade policies in their favor.

This latter category also apportions rent through contracts, foreign exchange allocation, direct credit at below the market interest rates, tariff concessions and other forms of incentives that are granted to private sectors. But most times, the economic interests of the bureaucracy coincide with those of the business community both of which are involved in "extractive", predatory or "paper" capitalism, rather than productive capitalism (Shwatz, 1984). It is this complementarity of interests between the bureaucracy and the sectional interests, as well as groups in the private sector, that determine the nature of trade tariffs and nontariffs and their frequent reversals. This also affects the administration of incentives that government puts in place to promote commercial and industrial activities in the country (Ogbu and Soludo, 2004).

The Nigerian state has a role to play in mediating its relationship with the EU under the EU-ACP EPAs. Such a role is multidimensional as it encapsulates the building of institutions, reforming the civil service, and building capacity for trade negotiators. In the course of the EPA negotiations, the state engaged the civil society organizations as well as the organized private sector. In particular, civil society organizations such as the National Association of Nigeria Traders, Actionaid, and Oxfam, as well as private sector organizations such as the Manufacturers Association of Nigeria, contributed significantly to the negotiations. Although the government decided to sign the agreements contrary to the advice of these organizations, it is expected that their input will continue to guide the government in relating with the EU on various aspects of the agreement. These organizations can also serve as watchdogs both for ensuring that the EU lives up to its promises in providing enough funds to meet the costs of adjustment to the EPAs, and by ensuring that the Nigerian government utilizes the fund judiciously.

Although the EPA negotiations took a long time to conclude, the process has brought to fore the need for Nigeria to fix its infrastructures and address other problems in order to enhance the competitiveness of the country and its products, both in the global North and South. If these problems persist, it will hinder Nigeria from deriving benefits from all other bilateral or multilateral agreements that the country may be entering into. It is therefore imperative for the government to address these issues.

One of the points of advantage that the EU relied upon to get the ACP countries to sign the EPAs is aid and grants that have been promised to these countries. This is especially important for the ACP countries when viewed against the backdrop of low capital base and budget deficits that pervade most economies in the subregion. However, rather than accepting such conditions, African leaders should explore other options for shoring up income and revenue base. This will require the creation of an investment-friendly environment for industries to thrive, thereby making it profitable for companies to operate in the subregion. When companies operate profitably, it will be easy for them to pay taxes through which the government will raise revenue. Also, grants from emerging countries of the global South, such as China, India, Brazil, and South Africa, may not be tied to signing any agreement such as the EPAs. Besides, the state has a responsibility to foster closer ties with these countries rather than getting fixated on trade relations with the EU, even though it is now being made more difficult by agreements like the EPAs. Prudent management of available resources remains one of the most sustainable ways to get out of the trap of aid dependence and debt overhang. As Oloruntoba (2012) argues, the cost of governance is too high in Nigeria. Leakages in the form of corruption also constitute another avenue for loss of resources for many African countries. Strong actions are needed from both the government and the people to stem these antidevelopment practices.

The need for policy autonomy for the Nigerian state in its relations with economic powers like the EU, especially in negotiating trade and investment agreements, cannot be overemphasized. Policy autonomy is important to the extent that it is the state that understands the peculiar needs of its citizens. Consequently the state should have the freedom to initiate development strategies that can assist in meeting such needs. There is no doubt that the capacity of the state in Nigeria, like its counterpart in other African countries, has been severely constrained by the preponderance of neoliberal doctrine from the 1980s. The neoliberal idea that the state in Africa constitutes a hindrance to development continue today under various policy recommendations such as privatization of public enterprises, deregulation, and liberalization. Adherence to this idea has weakened policy capacity of the Nigerian state. Yet, if the country must derive substantial benefits from its trade policy, especially in relation to other countries, it must build policy capacity (Mkandawire, 2001). The state should also be strong enough to disaggregate various competing interests and forces such as importers (who may favor trade liberalization at the expense of manufacturing), and exporters (who may want incentive for value addition through industrialization). A developmental state should be able to weigh these options and take decisions based on the long-term interests and development goals of the country. It is also especially imperative for the bureaucracy to be well-equipped to be able to face the challenge of bilateral and multilateral trade negotiations, a very highly technical and professional activity.

Although Nigeria is a democratic state, there are challenges in the engagement of the state with the citizens on matters of negotiating bilateral and multilateral trade agreements. While the military governments entered into such agreements without consultation with any segment of the society, the civilian administrations that succeeded them have fared just a little better in engaging the relevant stakeholders on issues of bilateral, regional, and international agreements. It is to the credit of the former President Obasanjo that he went beyond the normal practice to engage the civil society groups on the EPA negotiations.

In building a democratic, developmental state that can reap economic benefits from its relations with other countries, it is incumbent on the political leaders to incorporate the views of the citizens in taking such decisions. Unlike the untimely accession of Nigeria to the WTO in 1995, the ongoing negotiation of the EPAs with the EU has received substantial input from the private sector and the civil society groups.

This recent development should not be allowed to be a knee-jerk approach. There is a need for a concerted effort by the government to fund research and build a capacity for trade negotiations. The National Assembly must also be actively involved with appropriate committees set up to collate the views of the segments of the population that will be affected by the outcome of such agreements. Like any developmental public policy, the overall interests of the people should take precedence over any primordial or sectional interests. This will require having a political elite (through a credible democratic process) that understands what development is all about, and knows that interstate relations are about pursuing national interests and securing the maximum benefits possible.

Against the backdrop of the market integration approach of the EU, which is based on the neoliberal model, it is essential to adopt a regional integration approach that is in tandem with the African political economy. Such efforts will involve the integration of the informal sector and cross border trade (World Bank, 2012). As Boas (2005) also argues, this informal trade approach to integration has the prospect of fostering economic development in Africa where formal approaches such as the EPA have failed.

This chapter has discussed the role of the state in the formulation and implementation of trade policy within the contexts of competing theories. The capacity of the state to formulate and implement trade policies was also analyzed in relation to the influence of the globalization processes in Nigeria, as in many countries in Africa. The chapter also highlights how a lack of visionary political leadership has led to corruption and underdevelopment in the country. In particular, the chapter brought into fore the influence of neoliberal economic theories that have become dominant over the past 30 years. The loss in policy autonomy was seen as one of the effects of the structural adjustment programs that Nigeria and other African countries were made to adopt in the aftermath of the economic crisis, which began in the 1980s.

CHAPTER 9

The Political Economy of Regional Integration and Development in Africa: Rethinking Theory and Praxis

Regional integration has been on the agenda of policymakers in Africa from independence in the late 1950s to date. Post-independent nationalist leaders like Kwame Nkrumah see political integration as a necessary precondition for economic development in the continent. In the early days of postindependent Africa, various perspectives were debated on how to achieve unity in the continent. The debates around the best approach to achieving continental unity fragmented early postcolonial leaders along the lines of groups such as the Monrovia, Casablanca, and Brazzavile (Ndlovu-Gatsheni, 2013). While leaders like Kwame Nkrumah, of Ghana, and Sekou Toure, of Guinea, argued for a United States of Africa, with full complements of political and economic integration, cautious leaders such as Tafawa Balewa, of Nigeria, and Julius Nyerere, of Tanzania, advocated for a gradual approach to integration in Africa (Asante, 1995).

Curiously, the debate on the best approach to achieve integration in the continent continues today after five decades of gaining political independence. Whereas Libya under the late Muamar Ghadafi wanted an immediate transformation of the current structure into a politically integrated continent, countries such as Nigeria and South Africa, under Presidents Olusegun Obasanjo and Thabo Mbeki, still preferred the gradual approach to integration.

In his analysis of the early conception of integration in Africa, Nzongola-Ntalaja argues that African leaders had three choices: Build postcolonial African states on the basis of a precolonial "ethnic nation" whose development was arrested by colonialism; colonially created "territorial nation" that served global imperial designs; and pan-African nations that had to be created from scratch (Nzongola-Ntalaja, 1987 cf. in Ndlovu-Gasheni, 2013:385).

Unfortunately, it was the second option that prevailed as the other two options did not have the massive social base and support that could have led to their realization. The second option also succeeded because the global imperial forces preferred that Africa remain fragmented and disunited, which makes the continent an easy target for predation and exploitation. Adedeji (2012) elaborates on the deliberate effort of imperial forces in European countries to make African countries weak and dependent. He notes that whereas Paris had grouped its 12 territories into two federations—the French West Africa Federation (Afrique Occidentale Francaise, AOF) and the French African Federation (Afrique Occidentale Francaise, AEF)—these integrated groups of countries, which held higher potentials for both economic and political development, were dissolved into micro states as a punishment for daring to ask for independence from France. Thus, "instead of granting independence to two federations, each of which had a high possibility of being viable and dynamic, France granted independence to all the miniscule territories—fifteen of them, including Togo and Cameroun, two UN trust territories" (Adedeji, 2012:87).

Regional integration in Africa is informed by the need to address the structural problems created for African economies by states bequeathed in the continent by departed colonialists. As Ndlovu-Gatsheni and Brilliant Mhlanga (2013:2) argue, the "bondage of boundaries" has created a unique set of "northern problems" that have negatively impacted nation-building, identity politics, and the full integration of the peoples of Africa. Apart from the micro and landlocked nature of many of these states, virtually all the states are externally oriented and unduly integrated into the global capitalist economy. As Schneider (2003:5) contends, Africa is excessively open to the global capitalist system. This is evidenced in the fact that the "ratio of extra-regional trade to Gross Domestic Product (GDP) in Africa is twice that of Latin America and nearly four times that of Europe." Thus, the external orientation of African economies has weakened the capacity for the actualization of the regional integration agenda.

It is even more problematic that Africa has been encouraged by development agencies such as the World Bank and the IMF to specialize in the production of commodities for exports. Empirical evidence from Asian countries shows that Africa may not be able to effectively harness economies of scale in production, and leverage on large domestic markets that hold great potentials for economic growth and development in the continent, unless the current approach to integration is reframed to reflect the peculiarity of African political economy.

The political economy of regional integration and development in Africa relates to the nature and the character of the state, the degree of commitment of political leaders, the institutional capacity of each state and, importantly, the epistemological foundations of the theoretical models under which regional integration has been framed in postindependent Africa. As Ndlovu-Gatsheni (2013:2) pungently argues:

> Despite the fact that Africans have launched some of the most protracted and heroic anti-slavery and anti-colonial struggles, often these struggles have been informed by inventories and grammars fashioned by the immanent logic of modernity and coloniality that disciplined them into emancipatory and reformist forces rather than revolutionary and anti-systemic formations.

As such, integration efforts in Africa have been fashioned after the logic and processes dictated by Eurocentrism. As Ndlovu-Gatsheni (2013) further contends, Eurocentrism gave birth to coloniality, which "refers to long-standing patterns of power that emerged as a result of colonialism, but that define culture, labour, inter-subjective relations, and knowledge production well beyond the strict limits of colonial administration" (Maldonado-Torres, 2007 cited in Ndlovu-Gatsheni, 2013:2). What emerged from this pattern of power relations is an incontrovertible presence of what Grosfoguel (2007 cited in Ndlovu-Gatsheni (2013:2) calls "global coloniality" in economic policy and political processes of post-flag independence Africa.

Indeed, one can argue that to the extent that integration efforts in Africa is modeled after the European Union (EU), which has as its primary aim the opening of market for goods and services, to such extent has the continent been operating within the framework of the "modernist-colonial power structures, which continue to shape the current global order" Ndlovu-Gatsheni (2013:3). The state in Africa is an artificial creation, whose main objective is extraction of surplus for the developed economies (Ake, 1981). It was originally designed as a rental state which lacks capacity for production and manufacturing.

The commitment of political leaders in Africa to full continental integration has been affected by the paradox of Nationalism and Pan-Africanism. While the leaders make slogans about Pan-Africanism, they are conscious of their power base and the privileges that this confer on them. Perpetuation of such privileges and the protection of the power base underlie the lack of *genuine* commitment to a full integration of the African continent both economically and politically. Despite the spirited efforts made by leaders such as the late Kwame Nkrumah of Ghana to unite Africa through the removal of the arbitrary and artificial boundaries, the views of conservative neocolonial leaders such as that of Nigeria's First Prime Minister, Abubakar Balewa, to preserve the status quo of colonially designed state structures, prevailed. Neocolonial African leaders went further to institutionalize the principle of "Uti Possdetis" or what is known in international law as "Uti Possedetis Ita Possedeatis," which means that the disturbance of an existing state is forbidden or "as you possess, so may you possess" (Bogss, 1940 cf. Bonchuk, 2013:325).

This principle of noninterference in the sovereignty of independent states was given legal and institutional legitimacy through the charter of the defunct Organisation of African Unity of 1963, and the summit of the Assembly of Heads of State and Government held in Cairo in 1964. Consciousness of power and the need to protect the self-interests of African leaders have seen them paying lip service to genuine integration in the continent since independence. Lacking in sincerity of intention, they have sheepishly adopted the market integration model of the EU, albeit, perfunctorily, in fostering integration in Africa. As Gibb (2009:702) argues, this "Western, Euro-centric conceptions of regionalism, particularly those centred on the market integration approach, have promoted a very biased understanding of regional integration in many parts of the developing world," thus leading to a dismal performance in intra-African trade and making the prospect of a full continental integration a remote possibility.

Here, I propose a theoretical model that is anchored on the logic of decoloniality and de-imperialism. This theoretical formulation is focused on reordering, reconstruction, restructuring, and reconstitution of the arbitrary and artificial boundaries created by the colonialists in Africa. It is based on a new paradigm of regional integration where the citizens, rather than the state, will be in the driver's seat of a full African integration. It is also anchored on the logic of Pan-Africanism as a movement, which has been described as a

> redemptive project that embodies the ideals of freedom from slavery; freedom from racism; freedom from colonialism; equality of human beings, right of black races to unite under a pan-African nation, right of black races to own resources in Africa, self-determination of black races

> and the building of Africa into an economic and political giant capable of rivalling Europe and America. (Ndlovu-Gasheni, 2013:397)

The role of Pan-Africanist movements in ending slavery and colonialism attests to its potential to enhance the realization of the noble goals enunciated earlier. Rather than the dominant consideration for economic outcome that has been the basis of integration in Africa over the past 50 years, a Pan-Africanist approach to integration advocates not just economic but social, cultural, linguistic, and political integration. It also involves building new relations of power with the West, whose power base and hegemony is being challenged by its internal contradictions and the dynamics of the shift in the global geography of power to Asia. As Memmi (1957 cited in Ndlovu-Gatsheni, 2013:15) admonished, "the disclosures having been made, the cruelty of the truth having been admitted, the relationship of Europe with her former colonies must be reconsidered. Having abandoned the colonial framework, it is important for all of us to discover a new way of living with that relationship."

Decolonization and de-imperialization of the integration process in Africa will lead to transformative integration, where the people (broadly defined as the masses, the middle class, and sympathetic political elites), will be at the center of development discourses and policy. Such integration will necessarily require taking cognizance of African historical trajectory, in terms of precolonial modes of interactions, development of institutional capacity at national and regional levels, and a reasonable degree of buy-in of the integration agenda by the people.

This approach will necessitate that the bureaucracy in each country be staffed by people who are capable and buy into the idea of integration. For as Kaplan (2006:82) argues, one of the drawbacks to successful integration in Africa is the corrupt bureaucracy at the state level, with bureaucrats who feel threatened that they will lose their jobs as well as access to illicit and ill-gotten wealth if the agenda of regional or continental integration is carried to a logical conclusion. These bureaucrats have been successful to a reasonable degree in stifling integration in Africa due to the badly designed institutions at the national level. As Mbaku (2000 cf. Chipkin 2013:228) argues, "African institutions are badly designed because they fail to prevent public servants from using public resources for their own private interests."

Despite unfolding events in the global economy such as the multiplication of regional agreements, and in particular the ongoing negotiations on the EU-US Trans-Atlantic Trade and Investment Partnership, and a few instances of endogenous efforts in enlarging the frontiers of interconnectedness, regional integration remains the most viable path to economic development and social and political stability in the continent today, and in the foreseeable future.

In the next section, the limitations of the theoretical models that have been adopted for regional integration were examined. Given the failure of these approaches, it has become imperative to apply a new theoretical approach that at once de-emphasizes the centrality of the state in driving the process, and also presents higher possibilities for the formulation of a context-specific and transformational integration.

The Political Economy of Regional Integration in Africa

Studies on regional integration, especially in an African context, have usually been examined from the economic point of view. However, regionalism and regional integration are a "political economy phenomenon that requires a more general theory of social and economic transformation." Scholars such as Jessop (2005) and Newmann (2005) have established the intricate relationship between regionalization, regionalism or regional integration, and politics. Whereas Jessop sees regions as emergent socially constituted phenomena, Newmann argues that regionalism is an inherently political act, and must be reflectively acknowledged and undertaken as such.

The state in Africa as it is currently constituted is a product of many years of interrelated domestic and external forces that acted in unison to determine its composition, capacity for service delivery, and inclination to distributive welfarism. These forces have also shaped the contemporary structure of its economy, altered its natural boundaries, assaulted its culture, and emasculated its capacity for autonomous development. For instance, with regard to the influence of imperial powers on African political economy, Schneider (2003:390) argues:

> In fostering wars and trade in slaves, other economic endeavors were displaced and contacts between many regions within Africa and other regions both inside and outside of Africa were disrupted. Thus, in a dialectical fashion, while some regions were experiencing globalization, others were increasingly isolated. And the regions with the strongest global linkages were experiencing a destructive form of trade, rather than developing skills, industries and technologies that might form the basis for future economic successes.

He also notes:

> While colonialism enhanced African integration into the world economy, contacts between African states under rival colonial powers and between Africa and Asia were severed, disrupting long distance trading networks that had existed in much of Africa for centuries and decreasing the scope of products exported from many African countries . . . colonial powers actively discouraged entrepreneurial activities and manufacturing by Africans, preventing a wider range of African products from being produced and exported Schneider. (2003:390–391)

The structural disarticulation in African economies today is not by accident. Onimode (1988) argues that Africa was forcefully integrated into the global capitalist economy not for its own purpose of development, but for the sake of the development of the economies of the core capitalist countries. The raw material export orientation of these ex-colonies was strategically designed to be so. The forms of infrastructures that the colonialists developed were essentially geared toward facilitating exports of raw materials. The strategy to keep African economies in a disarticulated form did not end with colonialism. Former colonial masters such as Britain, but especially France, continue to play active roles in playing the former colonies against one another, a situation that has kept back genuine efforts toward achieving full integration in the continent.

The divided loyalty of African leaders to their people and former colonial masters became evident from the early days of independence in the 1960s. As Asante (1995:726) argues, “the new African leaders became divided horizontally into pro-East and pro-West blocs and vertically into revolutionaries, progressives, reactionaries, capitalists, socialists, traditionalists and middle of the roaders.” Rather than seek for what is good for their people, they became pawns in the chest games between ex-colonial powers.

Unfortunately, the end of the Cold War did not fundamentally change the game as France and Britain and later the United States continue to jostle for economic and sometimes political alliances with various African countries; thereby exploiting the divisive fault lines among African leaders. The most complex and problematic, though, is the unbridled penchant for primitive accumulation through the corruption of African leaders; inept leadership and subservience to the dictates of the West especially on issues of economic management and administrative governance have been the defining characteristics of most African leaders.

Many postcolonial African leaders have paid lip service to regional integration because of its potential to undermine the base of their power and authority. Given the kleptocratic nature of political leadership in Africa, power confers enormous advantages such as influence, wealth, and recognition. To surrender these privileges willingly without the force of arm, in the name of regional integration, is akin to committing political suicide. The historical narrative is essential for a full understanding of the trajectory of regional integration and development in Africa today. Despite the concerted efforts by agents of "modernization" to deconstruct and obstruct historical interpretation of the African condition, history matters for development (Prah, 1999).

As stated previously, despite the obvious lack of full commitment to regional integration from the majority of African leaders, they have not relented in making efforts toward regional integration in the continent. However, such efforts have been informed by the need to follow the example of European integration. Integration projects in the continent have also been constructed on the basis of creating market access for products from Africa to Europe and other developed countries. Other pertinent issues such as industrialization; cross border movement of peoples, and cultural integration, have not received the kind of attention that is required to make integration meaningful and transformational.

Dominant Theoretical Models of Regional Integration in Africa

Theory matters in social discourse as it gives meaning to perspectives and orientations. According to Soderbaum (2004), theory can be a very practical tool that enables us to make sense of the world. Many theories have been proposed for discussing regional integration in Africa. While some of these theories are essentially related to the old regionalism such as functionalism, neo-functionalism, or intergovernmentalism, the focus of this section is the analysis of those theories of regional integration that are essentially deterministic from an economic perspective. Following Gibb (2009), this section examines four such theories, their limitations, and implications for the success or failure of regional integration in Africa.

Market Integration Approach

The market integration approach to regional integration was based on the liberalization of intraregional trade, which was designed to abolish discrimination between contracting parties. According to van Rooyen (1998): "market integration involves the lowering and removal of trade barriers between states in a region in order to increase trade between them." Following Ballassa (1962), Lee (2003) lists the various forms of market integration to include free trade areas (FTAs), customs unions, common markets, economic union, and total economic integration. This approach to regional integration is essentially deterministic in that it only considers the economic aspect, without looking at the political and social dimensions of such arrangements.

The linear integration model of regional integration is not the most appropriate way to conceive or structure regional integration in Africa. This is because the barriers to intraregional trade have more to do with underdeveloped production structures and inadequate infrastructure rather than with tariffs or regulatory barriers. Also, many of the structural preconditions inherent in the market integration paradigm are absent in Africa. Despite its limitation, it is the dominant theoretical model informing regional integration in Africa today. It was only under some circumstances such as history and unique forms of political leadership, that a few countries in Africa, such as Mauritius and Botswana, owed their continued economic growth to the application of this model of integration, especially with the European Community.

The Neoliberal Economic Theory

This theory is a variant of the market integration approach to regionalism. It favors North-South integration, while at the same time focusing on the integration of peripheral economies into the global economy. According to Gibb (2009:706), this approach prioritizes "open regionalism . . . as a mechanism to enhance multilateral liberalization and promote integration in the world economy." It is underpinned by the principle of comparative advantage, which says that countries should specialize in producing what they are specially endowed to produce.

Given the specialization of the Third World countries in Africa in the production of raw materials, this theory somehow replicates the regime of what Amin (1976) calls unequal exchange between the North and the South. Gamble and Payne (2005), in agreeing with Gibb, argue that the neoliberal theoretical framework of analyzing integration is open regionalism, which tends to reinforce the detrimental effects of economic globalization and global capitalism. They also see the contemporary form of regionalism as a manifestation of economic globalization and a prevailing form of hegemony.

Dependency or Development Cooperation Approach

This developed as a reaction to the modernization theory of the 1950s. Modernization theory was developed by Western scholars studying the political economies of the newly independent states in Latin America, Asia, and Africa. They attributed the developmental challenges of these countries to low political culture and undeveloped institutions. One such scholar was W. W. Rostow (1960), who attributed the developmental problems of the new nations as typical of countries at their levels of development. He concluded that these countries possess the characteristics of traditional societies, which will change to modern societies as they follow five stages, which he termed stages of economic growth.

Dependency theory countered such postulations and tagged them ahistorical. With particular regard to strategy for economic development, dependency theory emphasizes development cooperation using import-substitution, an industrialization strategy, and protectionism (Frank, 1966). According to Spero and Hart (2010), due to the relatively important position of developing countries in the 1970s (a result of the oil crisis), this approach was adopted as a counterpoise to the neoclassical approach. Its importance is echoed by the strong call for a New International Economic Order by the developing countries in the 1970s. However, because like the neoliberal approach, dependency is also essentially economistic, it fails to capture other noneconomic factors that drive regional integration, such as politics, history of state formation, and diversities among states. Therefore, as far as regional integration in Africa is concerned, this approach has not facilitated economic development.

New Economic Geography Theory

The contribution of this theory to the issue of regional integration is premised on the prediction that while all countries in the South have a comparative disadvantage in manufacturing relative to the global economy, there will be one with less of a disadvantage than the others (i.e., the regional growth pole) (Draper, 2010). This will result in a situation where industrial activities will be relocated to the country that is relatively advantaged at the expense of others. As Draper (2010) further argues, due to the reduction in tariffs in the regional economic community, countries that suffer from the relocation of industries will experience trade diversion. The overall effects of these could include political tensions, loss of economies of scale, and retrogression in regional integration (Collier and Venable, 2008).

The summary of this theory is that rather than encourage horizontal integration, that is, among South-South countries, the underlying political friction and the loss of economic benefits to weaker members of Regional Economic Cooperation will undermine economies of scale. African countries that are characterized by integral weakness and structural problems are encouraged to focus on forming vertical integration; that is, with advanced capitalist economies of the North (World Bank, 2000).

The end result of the market approach to integration in Africa is the low level of intra-Africa trade, "the continent's structural deficiency, which manifests itself in the dichotomy between the traditional and modern sectors in the excessive dependence on external inputs, and in external rather than domestic markets, as the principal mover in the development process." According to the WTO (2011), intra-Africa trade has consistently remained low, averaging 10–12 percent in the last decade. Africa lags behind other regions in the world in terms of intraregional trade. For instance, in 2009, intra-European trade was 72 percent, intra-Asian trade (52 percent), intra-North America trade (48 percent), intra-South and Central American trade (26 percent). The tendency to see regional integration purely as economic activities such as preferential trade areas or a customs union, obscures other aspects of the concept and limits its application as a development strategy.

Efforts at Fostering Regional Integration in Africa

Notwithstanding the obvious setback in achieving regional integration in Africa, efforts have been made and are still being made at both regional and continental levels toward the promotion of regional integration in the continent. For instance, in 1975, Nigeria and Togo coordinated efforts that led to the formation of the Economic Community of West African States (ECOWAS). The Southern African Development Community (SADC) replaced the Southern Africa Development Coordination Conference (made up of frontline states) in 1992. The East African Community (EAC) was also resuscitated in the late 1990s, with enlarged membership including Rwanda and Burundi in 2007. At the continental level, integration was a core aspect of the Lagos Plan of Action and Final Act of 1980 for Economic Development in Africa (1980–2000), launched in Lagos, Nigeria, in 1980. Among other initiatives, the Abuja Treaty of 1991 was specifically focused on the establishment of an African Economic Community by 2028. Given new momentum on regional integration in Africa, African Heads of State have agreed to fast track the establishment of an African continental FTA by 2017.

Whereas these initiatives were by the defunct Organization of African Unity, the African Union, which replaced the OAU, adopted it in the Constitutive Act of AU in May 2000. The New Economic Partnership for African Development also has regional integration as one of its strategies for achieving economic development in the continent. The establishment of the African Union was also part of processes geared toward actualizing both political and economic integration in the continent. Even though there are many regional groupings in the continent, the African Union recognized eight as regional economic blocs, on which it hopes to achieve a fully integrated continent (UNECA, 2012). The regional economic blocs are: ECOWAS, Common Market for Eastern and Southern Africa, Inter-Governmental Authority on Development, Community of Sahel-Saharan States, Southern Africa Development Community, Eastern African Community, Economic Community of Central African States, and Arab Maghreb Union.

According to a study conducted by the United Nations Economic Commission for Africa (UNECA), the current momentum for regional integration in Africa are rays of hope to show that the various regional integration agreements being midwifed by the African Union Commission (AUC) and other agencies, such as the UNECA, could lead to a desirable end. For instance, the AUC has identified and is actively pursuing various measures for addressing some of the challenges noted earlier. According to UNECA (2013), some of the initiatives that the AUC has adopted include the following:

- Rationalization of the Regional Economic Communities (RECs), which has led to the recognition of the eight RECs.
- Elaboration and adoption of the African Charter on Statistics.
- Establishment of financial institutions and adoption of the founding texts of the African Investment Bank.
- Adoption of an Action Plan for boosting intra-Africa trade, and a roadmap for fast-tracking the establishment of a continental FTA by 2017.

The AUC and RECs have also set up a Minimum Integration Programme (MIP), which is an initiative set up to accelerate and complete the regional and continental integration process. The MIP provides for differentials in the rate and space of progress made toward integration by each of the RECs. It is important though, that for this hope to be translated into reality, African leaders must go beyond setting ambitious targets. They must pay attention to the development of sound national policies and the establishment of institutions and infrastructures that will lead to the capacity for producing competitive goods and services. In furtherance of the previous initiatives, RECs like the Eastern African Community, SADC, and Common Market for Eastern and Southern Africa, have started negotiations toward the establishment of a Tripartite FTA, which will involve 26 countries with an estimated population of 600 million people and a GDP of about 1trillion dollars. The aim of the Tripartite FTA is to boost intraregional trade, increase investment, and promote the development of cross-regional infrastructure (Tralac, 2014). Although there are challenges in terms of political commitment at the national levels, the secretariats of the three RECs are optimistic that the goal will be achieved. The current momentum on regional integration must be sustained.

Regional Integration Theory: Toward a Workable Model in Africa

Against the backdrop of the failure of the aforementioned theoretical models to drive transformational integration and economic development in Africa, it becomes imperative to reexamine the theoretical basis of integration in the continent. Regional integration as a development strategy flows from regionalism. But regionalism is not a neutral spatial phenomenon. It is both a response and a reactive process to the hegemony of a global capitalist order. As Amin (1996 cf. Varynen 2003:33) argues, the historical development of capitalism has been to gradually move from the local to the global, and at each step to create new polarizing tendencies. To be able to improve their economic positions, peripheral countries have had to delink themselves from the global system and adopt alternative, countervailing strategies, one of which is regionalization. Allen Scott (1998 cf. Varynen 2003:34) agrees when he notes that "the continual expansion of capitalism over the very long run makes it extremely mutable in geographic terms." Regionalism and regional integration are the inevitable outcomes of such mutability.

As the debates between what constitutes old and new regionalism unfold, perhaps a good understanding of what constitutes new regionalism might be helpful to lay a theoretical model that will be adaptable for regional integration and development in Africa. Varynen (2003:39) made a balanced analysis of the dominant literature on the process of regionalization and how it can lead to a regional arrangement that fosters not just economic cooperation, but political trust and cultural belonging. As he explains, the process of intraregional change is often called regionalization and depicted conceptually as a multidimensional (economic, security, cultural, and environmental) process that proceeds simultaneously on several levels.

Regionalization evolves into regionness which, according to Hettne (1999), implies the degrees of regionalization that have occurred in terms of spatiality, cooperation, and identity. This falls into the conceptual and empirical orientation of the new regionalism approach. This approach to the explanation of interstate cooperation is not limited to economic activities. Rather, it incorporates social, political, security, and environmental concerns. Importantly, it is a process that is driven from below with the cooperation of non-state actors such as civil society organizations and the private sector. Olivier (2010:131) lends credence to this approach when he amplifies that under the New Regionalism Approach, "integration is conceptualized as a multidimensional and socially constructed phenomenon, wherein cooperation occurs across economic, political, security, environment, and other issues. It involves not only state actors but also private industry and civil society."

In view of the broad-based coverage of the New Regionalism Approach, its benefits to all parties and, in particular, the ownership of the process by the private sector and the civil society, this book argues that this approach should be the underlying force that drives regional integration in Africa. The suitability of this approach to the discourse on regional integration in Africa is based on some valid assumptions. One, an unwillingness to let go of their power base has been responsible for the lackluster attitude of political leaders to integrate Africa, pressures from the civil society and the private sector will make them act in accordance with the integration aspirations of the continent. Two, the failure of the economic-centric approach to integration can be mitigated by making the integration agenda to be all-encompassing, to include plans for political cooperation, security, cultural identity, and environmental sustainability. On the issue of security, for instance, the emergence of cross-national terrorist organizations like Boko Haram, Al Shabab, and Ansaru in the East and West African regions has shown that a continental approach to security is of absolute necessity.

Third, as argued earlier, precolonial African nations are related to each other and have some cultural and linguistic affinities that can be harnessed at the supranational level. It must be acknowledged that the various nationalities that made up the continent had at various times engaged in war, conflicts, and violence over access to resources and claim to supremacy (Adedeji, 2012). However, Chinweizu (2011) notes that other regions of the world such as modern day Europe, China, and United States emerged as strong political unions after fighting various wars. Consequently, to the extent that these political entities can overcome the divisions and the tensions of the past, to such extent should Africa be optimistic and pragmatic in pursuing political, sociocultural, and economic integration.

The new approach to regional integration in Africa should incorporate recognition of these sociocultural and linguistic relations. The structure of the current state and regions are not sacrosanct and they can be changed. To the extent that socially, culturally, and politically constructed affinities facilitated the cross-border flow of goods and services, as well as movement of people from one region to the other in precolonial times, they could help to enhance integration of the continent today. The theory also fits squarely into the logic of decoloniality and de-imperialism as it involves the redefinition of boundaries, reorientation of economic policies from outward to inward opportunities, and the reconnection of African people by what unites rather than what separates them.

As Hettne's (2005) theoretical formulation of New Regionalism connotes, regions are in flux, which involves their making or unmaking as well as shifts in boundaries. Using a constructivist approach, he contends that regions come to life as we talk and think about them. The import of this theory is that given the shifting nature of what today constitutes regions of the world, both in spatial and structural terms, concern for development should warrant an obliteration of the artificially constructed boundaries both at the regional and national levels. The New Regionalism Approach falls under the critical-constructivist theory of international political economy, which challenges the existing theories such as neorealism and neoliberalism

Despite the various setbacks in meeting the deadline for fusion of RECs in Africa as indicated in the Abuja Treaty, recent developments in East Africa portend prospect for a full integration in Africa. Countries like Uganda, Kenya, Rwanda, and Burundi have already started making moves to convert the EAC into a federal union. The 16 countries of ECOWAS have also made tremendous progress in building regional institutions on monetary, health, legislative, and judicial issues. According to UNECA (2013:6–8), the top four RECs that actively pursued intra-REC exports were SADC (accounting for 34 percent of intra-REC trade), the Community of Sahel-Saharan States (CEN-SAD) (26 percent), ECOWAS (15 percent), and the Common Market for Eastern and Southern Africa (COMESA) (11 percent).

The report also notes that growth in intra-COMESA trade has been particularly impressive with value of exports increasing from US$1,701 million in 2002 to US$8,587 million in 2010. The SADC and Southern African Union, which is the most developed regional economic community in the continent, are both anchored on some institutions—facilitating easy integration. The economic performance of the SADC region relative to other regions is based on what Schneider (2003) calls auto-centered economy, which favors manufacturing and production, rather than the prevalent emphasis on commercialization and removal of barriers to trade and investment.

Notwithstanding the reality of current tensions and the possibility of future concerns of smaller countries in the Southern African Customs Union (SACU) as pointed out by Alden and Soko (2005), this regional economic hub's ability to establish a manufacturing corridor and its well-developed infrastructure could serve as a basis for greater expansion; but importantly, it could serve as a model for other RECs that have been based solely on the removal of barriers to trade or commercialization.

Political tensions that may arise in the process of consolidating the gains recorded from such integration efforts can be mediated by non-state stakeholders like the private sector and the civil society. As Mattli (1999) notes, demands from business leaders in a region are more decisive than the supply-side actions of politicians. The overall benefits from a more functional and transformative integration in Africa should stimulate more pragmatic and concerted action among non-state actors to fast-track the full implementation of all treaties, protocols, and agreements made under the auspices of the African Union Commission. But as it has been noted previously, the focus should not just be economic consideration but social, cultural, linguistic, and political integration.

Economic Partnership Agreements and Regional Integration in West Africa

One of the objectives of the EU in proposing the African, Caribbean, and Pacific countries (ACP) Economic Partnership Agreements (EPAs) is to foster more integration among the various subregions on the one hand, and enhance the integration of the ACP states into the global economy (Stevens and Kennan, 2005). However, various studies have shown that while regional economic integration may serve as an instrument of economic development, FTAs such as the ones being pursued under the EPAs cannot lead to economic development. According to Stevens and Kennan (2005:4) "another major argument advanced in favor of EPAs is that they will foster regional integration. Here it looks likely that there will be a significant effect—but a negative one. Part of the problem arises from differences in the commodity composition of countries' imports from the EU."

This is so for several reasons. First, trade liberalization, which the EPA is seeking to establish between the EU and the ACP countries, is laden with a lots of contradictions. For instance, the EU has been subsidizing farmers in the EU for more than 25 years and even with the EPAs, the subsidies still continue.

This regime of subsidies has given the farmers in the EU opportunities to build some capacities and competitiveness for their products. On the other hand, African farmers lack these capacities and competitiveness. Yet, the EU insists that the EPAs must be signed within a timeframe and template of issues that it set for the negotiations. As such, while the EU is prepared in terms of infrastructures, institutional support, funding, technical capacity, and diversification of trade structures, the ACP countries cannot be said to be at the same level. Consequently, the economic integration that the EPAs hope to bring may not lead to economic development for Nigeria and other ACP countries.

Second, while the EU allows its member countries to patronize one another for purchases and distribution, the Most Favored Nation (MFN) clauses in the EPAs foreclose this to some countries in the South, such as China and Brazil, thereby depriving African countries the benefit of preferential relationship with these countries. Related to this is the rule of origin, which also prohibits ECOWAS countries from buying raw materials from countries outside the subregion. Even though the negotiations on the rule of origin are still on, the EU has rejected some of the ECOWAS proposals on the need to relax the requirement for 50 percent of the ownership of fishing vessels to be owned by member countries or firms from the EU. With particular reference to the focus of this study, this will affect export of fishery products from Nigeria to the EU negatively, thereby undermining the prospects for economic development through this subsector.

The third point is the issue of market access. It is one of the claims of the EU that in fostering regional integration, EPAs will enhance market access for the products originating from West Africa to the EU. However, studies have shown that due to low supply capacity of ECOWAS countries, the prospect of market access will be a mirage. Regardless of the current market dominance that Nigeria has in the West Africa subregion, the EPAs will almost lead to total loss of this market share as products from the EU will flood the subregion at possibly lower prices (Ashante, 2010).

The hurry and subtle pressure that have defined the negotiation process since 2003 lend a further credence to the argument that the EPAs may not be able to foster regional integration in the various subregions in the ACP states. For instance, the lengthy timeframe that the EU required for its own internal adjustment to prepare for market opening is not taken into consideration in the determination of the sequence, content, and timing for the liberalization of trade in African countries under the EPAs between African countries and the EU (Goodison, 2007).

It is also paradoxical that whereas the EU is conducting the negotiation as a bloc, the ACP countries are balkanized into six regions. This balkanization has effectively weakened the capacity of the ACP countries to effectively negotiate a term of relationship with the EU that will bring about economic development in the subregion. Overdependence of countries like Ghana and Cote de I'voire on the European market has forced these countries to sign the Interim EPA. The Interim EPAs conferred some benefits on the countries that signed it in form of little or no duty payable for exports to the EU markets. However, such advantages were at the expense of other countries in Africa who did not initialize the agreements after the 2007 deadline. The costs that many of these countries bore and the possibility of additional costs after October 2014 deadline which was unilaterally set by the EU for all regional economic blocs to sign the agreements more or less forced majority of the African countries to initialize the agreements in 2014.

Mega Regional Agreements and Integration in Africa

The deadlock in the negotiations of the Doha Development Round has spurred the formation of mega regional agreements. Although it is still too early to determine the effects of such mega regional agreements on Africa, there are concerns that they will derail any effort toward multilateral trade. One of the most important mega regional agreements, which could have serious implications for African economy is the proposed EU-US Transatlantic Trade and Investment Partnership (TTIP) Agreements.

In July 2013, United States and the EU launched negotiations toward the realization of what has been regarded as the largest free trade agreement in the world. This was sequel to the setting up of the Transatlantic Economic Council set up in 2007 to guide and stimulate the work on transatlantic economic convergence (EC, 2014). According to the European Commission, the TTIP is aimed at removing trade barriers in a wide range of economic sectors so that it will be easier to buy goods and services between the EU and the United States. The proposed trade agreement also have as part of its central goal, the removal of barriers behind the custom borders such as differences in technical regulations, standards, and approval procedures (EC, 2014). Besides, the TTIP also include negotiations on WTO plus issues such as services, investment, and public procurement. It is also aimed at ensuring protection for investors as well as strengthening regulatory oversight over companies across the Atlantic. Besides, it is also aimed at enhancing cooperation for the development of rules and principles on global issues of common concern and also for the achievement of shared global economic goals (Rollo et al., 2013).

Proponents of the agreements argue that it will lead to the creation of jobs, thereby spurring economic growth and development. They are also convinced that when the agreements take off, it will contribute 120 billion Euros to the EU economy while the US economy will benefit to the tune of 90 billion Euros and the rest of the world by 100 billion Euros (EC, 2014). However, critics, especially from the civil society in both Europe and United States have argued that the TTIP is an agenda that is driven by corporate interests. According to Todhunter (2014:1), "there is growing concern that the negotiations could result in the opening of the floodgates for GMOs and shale gas (fracking) in Europe, the threatening of digital and labour rights, and the empowering of corporations to legally challenge a wide range of regulations, which they dislike."

There has also been concern over the secrecy that surrounds the negotiations, the animated interest of corporate lobby groups, and the undemocratic tendencies in the whole process. Rather than getting the people involved, at least through the parliament, it took a leaked document from the EU which proposed an EU-US Regulatory

Cooperation Council to sensitise the people on both sides of the Atlantic to the decision of the political leaders in both countries to commence negotiations on the TTIP (Todhunter, 2014). Regardless of the evidences presented by the government officials to support the new trade deal, the nuances of the proposed agreements in form of its content, locus of control of key issues such as investor dispute settlement, competition policy, and regulation indicate that deployment of corporate power, technocracy, and the pursuit of profit maximization are the driving objectives.

Theoretically, the TTIP negotiation can be firmly located within what Robinson (2004) calls the theory of global capitalism in which corporate elites and state officials use the instrumentality of the state to pursue a global order which benefit only a privileged few. The theory of global capitalism is particularly relevant to our argument as it captures, in a comprehensive manner, the pervasive influence of the Transnational Capitalist Class (TCC) in the promotion of free movement of trade, investment, and capital. The theory points out the contradictions that are inherent in the free trade argument, as it shows how the state is still being actively used in the service of corporate interests in negotiating trade agreements such as the TTIP (Robinson, 2004). The theory of global capitalism was anchored on the radical perspective on globalization. In setting out the theory, Robinson contends that "globalization is the underlying structural dynamic that drives social, political, economic, and cultural ideological processes around the world in the twenty-first century and is therefore linked to our individual and group geographies . . . global capitalism has generated new social dependencies around the world . . . indeed, global capitalism is hegemonic not just because it has the ability to provide material rewards and to impose sanctions" (Robinson, 2004: xv).

The theory, according to Robinson, involves three dimensions—transnational production, transnational capitalists, and the transnational state (Robinson, 2004:xv). The emphasis on transnational production and the transnationalisation of the state in the epochal globalization process bear some striking relevance to the arguments advanced in this paper. Equally important is the inextricable link between economics and politics. At the global level, the transnational capitalist class exerts a strong influence on trade, industrial, and finance policies. Given the transnational and subservient position that the juridical state has assumed, its autonomy to formulate policies that are considered developmental has been unduly circumscribed in the face of the pressures from the transnational capitalist class. This is important when Robinson's description of the transnational capitalist class is taken into consideration. For instance, he stresses the point that "the new transnational bourgeoisie, or capitalist class, comprises the owners of transnational capital, that is, the group that owns the leading worldwide means of production as embodied principally in the TNCs and private financial institutions" (Robinson, 2004:47). According to him, this class is transnational because it is tied to globalized circuits of production, marketing, and finances unbound from particular national territories and identities and because its interests lie in global over local or national accumulation (Robinson, 2004:47). Following this line of argument, it is possible to establish a linearity between the proposed agreement and the hegemony of neoliberalism and what Stigltiz (2010) calls ersatz capitalism, where economic losses are socialized while gains are privatized.

Other than the TTIP, the United States has also opened negotiations on the Trans-Pacific Partnership with 11 East Asian and Pacific countries. The two projects are aimed to develop and introduce a new set of rules known as WTO-plus standards to govern international relations. The EU is also involved in different types of negotiations with the ACP regions, Canada, and Latin American countries. The implications of these regional and bilateral agreements on the multilateral trading system is dire both for the international economic order but more so for the developing and less developing countries that have less capacity to negotiate a fair trade deal with the developed countries.

US-EU TTIP and Africa Economy

There are concerns that the proposed TTIP between the United States and the EU will have serious effects on trade and economic development in Africa. One of the reasons for such effects is the fact that apart from China, Europe and United States remain the leading trading partners for African countries. The report from a study conducted by Jim Rollo and his associates on the potential impacts of the TTIP on selected developing countries show that the TTIP will have various dimensions of effects on these economies, among which are many African countries. On tariffs for instance, the report notes that the reciprocal removal of MFN tariffs in transatlantic trade could entail Low Income Countries (LIC) losing market share to the TTIP partners as a result of the fall in tariffs and other barriers "because the higher the initial MFN tariff, the larger the potential loss in preference margin for goods LIC specialise in producing" (Rollo et al., 2013:7).

The implication is that low tariff between the EU and United States will mean less trade diversion between the two parties. This will ultimately lead to losses to countries that are outside the FTA. Although it is a subject of contention in the TTIP negotiations, issues of regulation and standards is another area that will be detrimental to exports from African countries. Countries such as Ghana, Kenya, Nigeria, Burkina Faso, Burundi, DR Congo, Malawi, Rwanda, Sierra Leone, Togo, and Uganda whose exports are regulated by Sanitary and Phytosanitary (SPS) regimes will be subjected to more restrictive SPS standards (Rollo et al., 2013). The report notes that countries that have complied with the standards set by either the EU or the United States will not be negatively affected by the TTIP.

However, given the low level of compliance with the standards unilaterally set by developed countries for these LICs, it will be difficult for many of them to meet the standards, thereby hindering their exports. The fact that these countries are not in the negotiation table with the EU and the United States on the TTIP makes their case to be worse as they can only wait for the outcome of the negotiations to seek for one form of reprieve or the other either on a bilateral basis with the partners or through the instrumentality of the World Trade Organisation. Given the asymmetry in power and low capacity of the LICs vis à vis the developed countries, and importantly increasing less faith in the multilateral trade regime, there is little likelihood that the dispute settlement system at the WTO can be useful to them.

Scholars have argued that powerful economic blocs and countries such as the EU and United States have resorted to regional agreements as a means of forcing their ways and ideologies of free trade on weaker countries (see Fioramonti, 2011; Hurt, 2010; Brown 2000). Given the irreversible trend, which regional governance of trade have assumed, it becomes compelling for developing countries to seek for ways of boosting cooperation in more deeper ways. There is no doubt that commitment to South-South cooperation has been gaining momentum in the course of the past two decades. This momentum as Puri (2010:8) argues has been fuelled by the growing prosperity of the developing South. The sense of solidarity among countries in the global South such as China, Brazil, Russia, India, and South Africa to the fore provides inspiration for deeper commitments across the countries. It is within the context of the greater level of cooperation in the global South and other forms of overlapping agreements in Europe, United States, and the Pacific region that the pursuit of regional integration in Africa remains compelling.

This chapter has examined the prevailing theoretical orientations that underlie ongoing attempts at regional integration in Africa. It advocates a new theoretical model that is based on the logic of decolonization and de-imperialism, while fostering a continental integration agenda whose point of departure is the focus on people's welfare, culture, language, and history. Emerging trends toward mega regional agreements and their possible implications on African economies were also analyzed. The book argues that integration efforts in the continent have, while following the European model of integration, focused excessively on the economic imperative.

It contends that by neglecting the political and social dynamics of African societies, the various theories such as market integration, liberal, new geography thesis, or even dependency, have failed to foster integration in the continent. This book argues that the suboptimal outcome of the various regional integration programs in Africa can be traced directly to the application of wrong theoretical models, especially, the Eurocentric market integration theory. Also, the low intra-Africa trade that have been recorded since the launch of various integration schemes are a function of the structural weaknesses in the domestic economies of African countries, and the undue focus on commercialization at the expense of manufacturing.

The desire to establish an African Community Market or an African Economic Community may not be realized unless a new perspective to integration is adopted. Production and manufacturing that is anchored on developmental industrial and trade policy are critical elements of a successful regional integration. As a United Nations Development Programme study (2011:8) shows, formulation of a regional industrial policy could encourage skills upgrading for value added in agriculture and other manufacturing opportunities. Support given by Association of South East Asian Nations (ASEAN) countries to small and medium enterprises for building an integrated economic space by unbundling production across countries, could be a benchmark on industrial policy in Africa.

The New Regionalism Approach embraces the involvement of more stakeholders and provokes regionalism from below, deeming it to be more appropriate than market-based integration. The state-centric approach to regional integration is fraught with multiple complexities that undermine its utilitarian values. As Boas, Marchand, and Shaw have argued in respect of the importance of a multi-stakeholder approach to regionalism:

> There is so much more to current regionalization process than whatever can be captured by a focus on states and formal regional organization. In many parts of the world, what feeds people, organizes them and construct their world views is not the state and its formal

> representatives (at local, national, or regional level), but the informal sector and its multiple networks, civil society, new movements and associations. Of course people participate not solely in the formal or the informal sector. Rather, they move in and out of both and it's precisely this kind of interactions and the various forms of regionalism that they create, which studies of regionalization should try to capture.

Thus, it is imperative for all stakeholders to be involved in driving a continental integration that is capable of bringing about transformational development, which encompasses social, economic, cultural, and political development in Africa. The change in theoretical focus must also incorporate the need for a pragmatic approach for tackling the issue of arbitrary and artificial boundaries. In this respect, the clarion call of Adebajo to African leaders is compelling and time-sensitive. He said:

> African leaders must now organize a New Berlin conference on their own continent. While the decision to freeze the map of Africa in the 1960s was wise in a sovereignty-obsessed era, Africans must now muster the ingenuity to negotiate new arrangements that reflect their own current realities better. Federations and regional trade blocs must be negotiated and territorial concessions made which reflect better, the political, socio-economic and cultural realities of a vast continent and help avoid future conflicts. African detailed planning: African leaders must proceed to the ancient empire of Ethiopia—the seat of African diplomacy—and reverse the scandalous act of cartographic mischief inflicted in the continent by European statesmen in Berlin over a century ago. African leaders should invite the ancestors to this continental diplomatic feast, so that Nkrumah can hand over the torch of Pan-Africanism to Mbeki, and the curse of Berlin on African can finally lifted.

The failure of the sovereignty-conscious political elites to do anything meaningful to improve the living conditions of the people makes Adebajo's call particularly salient. As to the practicality of this call, it is comforting that African people and their organizations in the civil society and in the media, fought endlessly against colonialism and it was defeated. They also fought against military dictatorships of the worst form with resounding success. If as it has been argued previously that a new theoretical approach to integration is what is needed to actualize the dream of full integration and, by extension, socioeconomic development in Africa, the people must be mobilized to pursue this agenda to a logical conclusion.

At the level of the economy, regional development corridors that focus on industrialization are necessary to be established in the various regions under a very strong public-private partnership. This will require more investment in infrastructures across the continent. As political elites are unlikely to yield their power base to the control of any supranational authority, it is incumbent on the civil society organizations and the private sector to advocate for a transformational integration in Africa. As Gumede and Oloruntoba (2013:15) have recommended, one of the ways through which a transformational integration can be achieved, is through a deliberate effort by the AUC to be involved in spearheading the fusing of various RECs into one. Successful completion of the fusion of one or two RECs would be followed by others.

Communication of the benefits of integration to all the stakeholders will be very instrumental to the achievement of full integration in Africa. The people who are the focus of development will buy into the agenda if they know that they will derive benefits from the process. This will require the development and deployment of both hard and soft communication infrastructure in the continent. Another critical point of emphasis is the need to boost indigenous industrialists in Africa. While direct foreign investment can stimulate development, the history of this in Africa over the past decade shows that foreign investors concentrate their activities in extractive sectors such as oil, gas, and minerals. As important as these sectors are, their multiplier effects on Africa's economy is very minimal. Indigenous companies such as the Dangote Group, Transcorp Group, and others should be given incentive to expand their operations to different parts of Africa. This can increase learning effects, create job opportunities, boost skill acquisition, and expand the value chains of agro-allied businesses, mineral processing, and technology transfers, across the various regions.

CHAPTER 10

Regionalism or Multilateralism: Building National Competitiveness for Economic Development in Africa

The previous chapters of this book have examined the preponderance of the current trend toward regional governance of trade under the hubris of regional trade agreements (RTAs). The trend has been accentuated by the failure to conclude the Doha Development Round of trade negotiation under the auspices of the World Trade Organization (WTO). While provisions for RTAs have been part of the post–World War II international economic order, the current stalemate in negotiations for the conclusion of the Doha Development Round has accentuated the trend. With particular relations to North-South RTAs, developed countries have taken advantage of their stronger positions in terms of resources, negotiation skills, and unequal powers to include issues that are considered contentious in multilateral trade negotiations for RTAs. Some of these issues include trade and investment, trade and competition policy, transparency in government procurement and trade facilitation.

The salience of politics and national interests as key determinants for formation of RTAs has been highlighted. This is reinforced by the argument that "regional trade agreements may be used by countries as a means of advancing issues that have either not made it on the agenda of the multilateral negotiations, or on which progress has stalled" (VanGrasstek, 2011). The EU has leveraged on its asymmetric power with the ACP countries to introduce these issues into the EPA negotiations.

The notion of partnership in the Economic Partnership Agreements (EPAs) has also been interrogated. While it may be politically convenient for the EU to suggest a partnership with former colonies and continuously dependent political entities, history and the reality of the relationship between these supposed partners indicate otherwise (see Hurt, 2010; Nwoke, 2008). The whole process of initiating and negotiating the EPAs confers undue influence, power, and unequal advantage on the European Community. As Brown (2000) and Holland (2003) argue, the insistence of the EU on reciprocal trade agreements is not so much to ensure that the African, Caribbean, and Pacific (ACP) countries derive more benefits from its engagement with Europe, but to facilitate the neoliberal ideology of Europe.

As the debate over the more appropriate channels for fostering international trade between nations continues to unfold, the formation of RTAs between developed countries and developing countries, and between developed countries, has been gathering more momentum. Contrary to the argument by VanGrasstek (2011) that developed countries hardly form RTAs with each other, various efforts are currently underway among developed countries to negotiate and conclude far-reaching trade agreements. The most striking, with very big implications for international trade is the proposed Trans-Atlantic Trade and Investment Partnership between the European Union and the United States, which is currently being negotiated.

The relationship between countries in the global North has been interpreted through different theoretical lenses. The theories used in this book have helped in locating the arguments into the broader interpretations of the dynamics of power and divergences in the mode of the relations between the EU and developing countries. While neoclassical economic theories facilitated understanding the logic of the EU's push for liberalization and free trade, critical theories such as the global capitalism, dependency, and world-systems theories assisted in correctly interpreting both historical and political nuances of the relations between the EU and its former colonies. The critical theories also helped us in establishing a link between the current global capitalist order and the previous dispensations, in which colonialism and imperialism were deployed as instruments and systems of domination and exploitation. The political economy approach that the book adopted extends our understanding of the subject matter beyond the narrow scope of economic analysis, which has been the dominant form of inquiry on Euro-African relations in recent times.

Although the Eurozone financial crisis has been contained, I argue that the crisis will have both economic and political implications for Euro-Nigeria relations as much as other African countries. Such implications would include, but are not limited to the availability of development funds to offset the costs of adjustments arising from the implementation of the EPAs. Apart from a possible shortfall in available funds for the Overseas Development Assistance (ODA) because of the Eurozone crisis, my argument is premised on the difficulties that the ACP countries experienced under the fourth to tenth European Development Fund (Babarinde and Orbie, 2003). Any shortfall in the availability of ODA from the EU to Nigeria and other African signatories to the EPAs will have implications for the macroeconomic policy of the country. This is because one of the fallouts of the EPAs will be the loss in revenue of millions of dollars in these countries (Onah, 2010; Oyejide et al., 2010).

Thus, in order to minimize the disruptive effects of the EPAs on the macroeconomic policy of Nigeria, the EU would need to go beyond consideration for market access and ensure that, despite the crisis, funds are made available to meet the development needs of Nigeria. Apart from the analysis of the likely effects of the EPAs on the overall macroeconomic framework of Nigeria, the effects of the agreements on the non-oil sectors were also interrogated. In this regard, thorough discussions of how the EPAs would affect the services, fishery, and cocoa export subsectors were carried out. In view of the potentials that these sectors hold for the diversification of Nigeria's economy, they require deployment of more resources and capacity- building. Specifically, Nigeria needs supply-side capacity-building in the form of more infrastructure, machines, and skillful men and women, in order to maximize the potentials that the non-oil sector holds for the growth and development of the economy. While the EU has promised and has made some money available to address some of these supply-side constraints, there are gaps between what is needed and what is available to meet these challenges. It is therefore imperative that the EU continues to work with the government of Nigeria to address these challenges within the context of a partnership for development, which the EPAs presuppose.

In view of the unfolding changes in the global architecture of trade governance, the importance of trade to development, and the need to be an active participant in the global economy, how can Nigeria respond to these changes in order to derive maximum benefit from international trade relations? As it has been demonstrated in chapter 8 of this book, Nigeria faces various supply- side constraints in terms of infrastructure deficits, lack of competitive products, policy summersaults, and so on. Consequently, in order to be a more active participant in the global economy, the country must address these challenges. The country also needs more space for policy autonomy so that its trade and industrial policies can be formulated with due regard to the development aspirations of the country. With the signing of the EPAs, the chances to formulate trade and industrial policies may seem to have been lost; nonetheless, the country must seek to locate its development needs in the context of both regional and multilateral agreements.

The inscrutable phenomenon of globalization has made it inescapable for any country to stay aloof. Given the undue integration of African economies into the global capitalist system from the colonial period till now, it is incumbent on these countries to devise ways of cautiously engaging with the system. For Nigeria, the starting point is a radical restructuring of the economy from its current monocultural and overdependence on oil to a diversified one. Diversification of the economy requires massive investments in infrastructure such as electricity, t rail and road networks, a functional and safe aviation sector, and ports. For more than 30 years, entrenched and powerful interests have hindered the renewal and functionality of infrastructure in Nigeria (Ogbu and Soludo, 2004). The capacity of the political elites to effectively manage and control such interests has been compounded by the overbearing influence of petro-dollars, ethnicity, and poverty in the country. However, it is imperative to address these issues in order for Nigeria to play an active role in the global economy. The role of non-oil subsectors such as the emergent Nollywood entertainment industry, telecommunication, and financial institutions in Nigeria's economy is commendable. Indeed, in the past six years, the government and the organized private sector have invested billions of dollars in these subsectors. What is needed is continuation of such supports and investment in other critical sectors such as electricity in order to achieve a sustained growth and development.

Second, there is a need for a trade policy that is conversant with the development needs and priorities of Nigeria. Trade policy covers issues such as import duties, tariff export taxes, and so on. One of the overriding aims of the neoliberal economic doctrine is the total removal of all forms of impediments to trade. In particular, developed countries have been putting pressure on developing countries to remove all barriers to trade. This is based on the specious argument that free trade facilitates economic growth. The structural adjustment programs of the 1980s and 1990s ensured that African countries embarked on policies that led to a substantial reduction in trade barriers, as massive trade liberalization was carried out under the watchful and supervisory eyes of the World Bank and the IMF. However, the trade performance of African countries has not shown remarkable improvements, especially in relation to the advanced capitalist economies. Apart from this, most of the trade with developed countries has been on commodities and raw materials whose prices are subject to regular fluctuations. Intra-African trade has also been perennially lower than trade between African countries and developed countries.

Despite the constant pressures for full trade liberalization such as the one canvassed under the EPAs, it is incumbent on Nigeria to formulate trade policy that will take cognizance of her revenue needs, but more importantly, the promotion of infant industries and general industrialization of the country. As various scholars have argued, free trade is a myth that the developed countries continue to throw at developing countries. For instance, in *Kicking Away the Ladder* (2007), Chang stridently argues that the developed countries of today, such as the United States, Europe, and Japan, adopted various protectionist policies and trade barriers to protect their infant industries until the products from these industries were able to withstand imported products from abroad.

Nigeria has recently embarked on a sustained effort to revamp the manufacturing sector through the twin programs of National Industrial Revolution Plan (NIRP) and National Enterprise Development Program (NEDP). These initiatives came on the heels of the very low contribution of manufacturing sector to the GDP, which is just about 7 percent. Despite the commitment of the President Goodluck Jonathan to the successful implementations of these initiatives, there are concerns that these initiatives might be undermined by the recently signed Common External Tariff (CET) by ECOWAS member countries.

As Boyo (2014) argues, even though the CET has been on the agenda of ECOWAS countries for some time, there is every indication to suggest that the eventual signature was a response to the pressures from the EU. Thus, given the mere 35 percent tariff bar that the EPAs allow for the protection of infant industries in Nigeria and other ECOWAS countries, the industrial development plan in Nigeria may be endangered due to cheap imports from Europe and other third countries which may take advantage of the low external tariffs. It is therefore imperative for Nigeria and other African countries to take this possibility into consideration before commencing the implementation of the EPAs. The need to do everything possible to promote industrialization, especially in the petrochemical, agro-allied and textile sectors is informed by the imperatives of meeting the job requirements of the country, which current stand at over 30 percent especially for young school levers. Although there is a substantial growth in the services subsector in the in recent times, this has not translated into direct generation of employment for the unemployed.

Building competitiveness remains a necessary and vital requirement for profitably engaging in both regional and multilateral-based interaction among nations. Competitiveness is concerned about a cluster of trade and investment boosting issues, such as "quality of institutions, infrastructure, macroeconomic policies, education, and technological adoption" (World Bank, AFDB and WEF, 2013). Nigeria and many African nations rank very low in the global competitiveness index, and this affects the overall economic performance of the subregion. In order to increase manufacturing (which is highly needed for the generation of employment) and service delivery, these issues should become a high priority for the deployment of human and financial resources. Building competitiveness in Africa will require higher investment in innovation and technology both at the national and regional levels. The 2013 African Competitiveness Report emphasizes the need to give priority to building competitiveness especially on issues of infrastructure, regional integration and skill development. The disparity in competitiveness across the different countries in the continent necessitate regional integrated approach to this critical aspect of development in Africa.

The capacity to negotiate at regional and multilateral levels is of critical importance for any country to derive adequate benefit from the global capitalist system. As it has been demonstrated in chapter 8 of this book, the capacity for trade negotiation in Nigeria has been weaker than developed countries in the global North. Unlike the developed countries, whose leaders take bilateral and multilateral trade and investment negotiations very seriously, African leaders have handled this with levity and ineptitude. Bureaucrats who participate in those negotiations are sometimes ill-equipped for such technical exercises. It is pertinent that the government of Nigeria pays adequate attention to this all important issue by ensuring that only those who understand the technicalities of the issues involved, and the nuanced essence of politics and national interests, are deployed to participate in trade negotiations at both regional and multilateral levels.

With particular regard to the EPAs, the political leadership of former President Olusegun Obasanjo ensured that Nigeria played a very strong leadership role in the process of its negotiation through the involvement of civil society organizations, members of academia, and the organized private sector. The country was described by Peter Mandelson, former EU Trade Commissioner, as "the elephant sitting in the way of concluding the EPAs negotiations" (cited in Ugbajah and Ukaoha, 2007). The implication of this allegory is that but for the mitigating influence of Nigeria, smaller African countries would have been forced to sign the EPAs, regardless of the effects it may have had on them. As Ugbajah and Ukaoha further argue, Nigeria indeed has a responsibility to obstruct any arrangement that may add to the complicated woes of the countries in the West African sub-region. They capture the justification for such action from Nigeria, thus:

> With a population of over 150 million people, Nigeria accounts for more than half of the population of the entire sub-region, with about 72% of the trade volume and about 60% of the GDP of the sub-region. Nigeria indeed walks, stands or sits depending on how you see it, as the elephant in the sub-region . . . It is therefore obvious that any agreement signed in the sub-regional level will have more impact on Nigeria than any other country in the sub-region. (Ugbajah and Ukaoha, 2007: 2)

It is important that Nigeria continues to play such a role—not only on EPAs negotiations, but also on other issues involving the country, the subregion, and Africa as a whole—with other regions of the world. Besides the provision of technical manpower for negotiations on trade and investment, Nigeria should also make finance available for the training of manpower. Rather than relying on the EU to fund travels for meetings within and outside the country in the name of provision of assistance, the government should make money available for its representatives to attend meetings where negotiations on vital issues such as trade will take place. It smirks off dependency to the highest extreme to allow a partner in a negotiation to be responsible for the expenses of the other partner.

At the multilateral level, Nigeria should continue to work in tandem with the emerging economies in the global South to ensure that the global governance architecture is drastically restructured to reflect the changes in the global geography of power. With a new director general at the WTO, it is imperative for Nigeria to work with other countries in the global South in ensuring that the WTO is restructured to accommodate the development interests of the South. Despite the signatories to the EPAs, discussions on the Doha Development Rounds should continue until a final agreement is reached. For all its limitations, multilateralism presents a better option than regional agreements for equitable trade and development for a country like Nigeria. This is because the multilateral level provides a better forum for developing countries to jointly voice their concerns and push for a framework of agreement that incorporates both their trade and development concerns (Rodrik, 2001). Despite many years of slow progress in the Doha Round of negotiations, the WTO Ministerial Conference in Bali, in December 2013 led to some resuscitation of hope for the continuation and conclusion of the negotiations. The agreement reached on Trade Facilitation has been hailed as a breakthrough for multilateral trade. However, there are concerns that the Trade Facilitation Agreement would better serve the interests of developed economies as they have more products to export. These countries also stand to derive more benefits from simpler customs processes (Devarakonda, 2014). Notwithstanding this concern, the consensus on the Trade Facilitation Agreement provides a basis for continuation of discussions in the Doha Round.

Contrary to the position of the EU that the EPAs will help to foster regional integration in Africa, empirical evidence from various studies shows that the EPAs are actually further fragmenting the continent (Ramdoo, 2014). The integration efforts of the ECOWAS subregion has been affected since 2008 when some members of the regional body, such as Ghana and Ivory Coast, were forced by their existential conditions to sign the initial EPAs. As Ukaoha (Business World Nigeria, 2015) argues, the decision to finally sign the agreement as a group in July 2014 was done by ECOWAS to prevent further disintegration. Although the EPAs provided an opportunity for the ECOWAS subregion to negotiate as a group, the EU's resort to subtle intimidations and direct negotiations with each country—further weakened the cohesiveness of the subregion. In the aftermath of initializing the EPAs, African countries must re-strategize to ensure that the agenda to establish a full Continental Free Trade Area in 2017, and eventual political unification in 2063, is not derailed. Also, the approach to continental regional integration should go beyond creating market access to the promotion of developmental regionalism, an African renaissance, and cultural integration of the continent. Despite the mistrusts among states and political leaders in the continent, a regional integration agenda that incorporates the needs of the citizens will get the mass support that is required to make it a success. This will require a carefully designed communication strategy that will appeal to the needs of all peoples in the continent.

As Gumede and Oloruntoba (2013) argue, Nigeria, South Africa, and Kenya, as regional hegemons, must lead the way in facilitating continental integration in Africa. This has become more imperative in view of the widespread appeal that regional governance of trade has assumed globally. Apart from the increasing global interest in regional governance of trade and investments, the large market in Africa and the need to follow an integration model that is conversant with Africa's needs and conditions, make commitment to continental integration more compelling. For as the World Bank, African Development Bank, and World Economic Forum (2013) noted in their joint report, "integration will not only increase the efficiency of production and consumption, but will also expand the economies of scale and accelerate investments in physical capital, technology, and people." Nigeria's leaders must work with other like-minded leaders in Africa to ensure that the African Union's plan for an integrated continent—is fully realized. Lessons of history should provide a guide to African leaders and peoples to watch against divide and rule that external forces have deployed for decades to keep the continent fragmented.

It is also within the context of promoting regional integration in the continent that the issue of xenophobic attacks in different parts of Africa must be interrogated. Incidences of xenophobic or more appropriately, Afrophobic attacks have been rife in postindependent Africa because of the tendency to see Africans from other nationalities as the distant other. Such attacks have been attributed to insecurity, denial of access to economic opportunities, and criminal activities which are said to be perpetuated by foreigners. While such attacks pose a threat to any hope of an actualized and integrated Africa, they are not insurmountable. What is required is right mix of policy and change in orientations of the political elites as well as the citizens.

While we cannot deny the essence of nationhood, Anderson (2006) reminds us that they are just imagined communities, whose political essence lies in their instrumentalization for group advantage by political elites. As argued elsewhere, the current state structure in Africa is attractive to the elites to the extent that it provides a base of private and primitive accumulation (Oloruntoba, 2013). The failure of most of these leaders to lead responsibly through equitable distribution of resources lies at the root of mass deprivation which fuels xenophobism. The new regionalism approach, which this study adopts as a theoretical basis of analysis is based on the inclusion of all critical stakeholders in the project of region-building. It is also based on the idea that regional integration will be all-encompassing to include noneconomic issues like cultural flows, intermarriages among peoples from different parts of the continent, consideration for peace and security and ultimately alignment of social forces that are capable of bringing progressive change. A developmental regional integration approach which underpins this study is capable of bringing the much needed progressive change in Africa. Such change will lead to human empowerment, tolerance, and mutual understanding. When there is inclusive development, interethnic, intertribal, or xenophobic attacks will be minimized if not completely eradicated. Despite the economic challenges in Europe, the integration of the member countries have conferred greater respectability on the European Community. Apart from the respect, European Union has higher bargaining power in its global relations than the individual countries. Consequently, a more functionally integrated Africa will ensure that the continent has higher leverage in deriving greater benefits from the highly competitive global environment. The task of achieving integration in the continent is what the people, broadly defined as the peasants, the working class, the social forces in their organizational capacities, and willing political leaders should be irrevocably committed.

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