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Economy

# The African Continental Free Trade Area: What Kind of Pan-Africanism?

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**On March 21, 2018, five years after celebrating the half-century of existence of the Organization of African Unity (OAU)/African Union (AU) – considered in the AU Newspeak as "fifty years of success" , 44 of the 55 AU member states signed in Kigali the Agreement Establishing the African Continental Free Trade Area (ACFTA) - the creation of a "single market for goods and services facilitated by the movement of persons [...], a liberalized market for goods and services" according to the text of the Agreement. [1]**

We publish here the second of the three parts of this analysis devoted to the ACFTA. [2] Part It will discuss its contradictions, the reservations expressed in Nigeria and how the ACFTA would be synonymous with social dumping.

## Enthusiasm, lack of "pillars" and transnationals

The media enthusiasm that followed the signature in March 2018 in Kigali of the ACFTA Agreement by 44 AU states (followed by five other signatures at a summit in July) was preceded by a few criticisms. Admittedly, they were quite isolated in a political, media and intellectual environment where, perhaps more than elsewhere, the hegemony of the capitalist or even neoliberal economic discourse manifests itself. It is enough to make a search on the internet for "continental free trade zone", or to read the pan-African economic press, whose pro-capitalism is pretty obvious.

So, a demonstration was made, by these few critics, that if this agreement comes into force, it is likely, because of the peculiarities of the insertion of Africa into the world capitalist civilization, to be among the worst of the free-trade wave that is underway. Certainly, a good (capitalist) free-trade agreement, that is to say one that is profitable for the working classes, is impossible.

Despite the postponement by a few months, compared to the deadline of the end of 2017, we could see the haste with which the text of the agreement was developed, negotiated, and submitted for signature. This is partly explicable by a certain mimicry, and considering the result, it deserves, without exaggeration, to be described as an "error" [3], and as "madness" [4]. The inconsistencies that had already been noted by some civil society organizations, who were, however, supportive of the process, were not corrected [5]. This is illustrated, for example, by the fact of mentioning in the Preamble that "the Free Trade Areas of the Regional Economic Communities (RECs) pave the way for the creation of the African Continental Free Trade Area," whereas the supposed pillars are non-existent: none of the RECs can already be considered to be a free trade area. The opinion very widely shared by specialists is that the East African Community (Burundi, Kenya, Uganda, Rwanda, Tanzania) is the most advanced process, due to having introduced the free movement of goods and a common external tariff. But this REC is still only at the beginning of the process of building a regional common market. There is also the Tripartite Free Trade Area process bringing together three RECs (the Common Market for East and Southern Africa – COMESA, - the East African Community – EAC - and the Southern Africa Development Community - SADC), representing 27 African states, from the Indian Ocean to the southern shores of the Mediterranean Sea. Signed by 22 states in 2015, initially expected to come into force in 2017, this agreement was only ratified in August 2018 by 3 of the 14 states required. With the exception of Botswana, Eritrea, Tanzania and Zambia, however, all of them have signed up to the ACFTA. It is as if, instead of serving as pillars of the Tripartite Free Trade Area, the RECs plan to use it as a pillar if it is implemented. So, it is as if it was up to the roof to serve as a support ... for the pillars. This points to an inability for states to go beyond the stage of signing the agreement.

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So, let us remember that the reason there are no regional FTAs is because there are not, properly speaking, many dynamic and diversified economies - from the point of view of capitalist development - producing goods to move freely from Port Louis to Tunis. Indeed, the growth of average GDP recorded during the decade was drawn mainly by raw materials for export, to be processed outside Africa. This is also illustrated by the 12 to 15 per cent of intra-African trade [6].

In other words, from the capitalist point of view shared by all African states, national economies producing a diversity of goods would have favoured the existence of regional FTAs within which, thanks to "a significant redistribution policy" (J. Berthelot), the imbalances and the inequalities would have been mitigated. For example, between South Africa - which represents 61 per cent of the GDP of the 15 members of SADC - and its community partners such as Botswana (2 per cent of GDP) or Namibia (1.8 per cent of GDP), not to mention the so-called Least Developed Countries (LDCs) such as Lesotho (with 52.8 per cent of the population living in extreme poverty) and Malawi (with 59 per cent); between Nigeria with 75 per cent of the GDP of the 15 members of ECOWAS, in which the GDP of Côte d'Ivoire is 6 per cent (with 22 per cent of the population living in extreme poverty), at least ten times more than the GDP of Cape Verde (20 per cent of the population living in extreme poverty), Guinea-Bissau (58 per cent of the population) and the Gambia (12 per cent), LDCs which bring up the rear of the (capitalist economic) platoon of this REC.

A policy of solidarity that already demands the elimination of borders within the RECs, reducing the already meagre inter-African customs revenue of these states, can only get worse with the possible leapfrog that would be the rapid extension of this elimination to the whole of Africa. Especially for the LDC states, of which Africa has the largest quota in the world. Regions Refocus and Third World Network Africa estimated in 2016 that "for example, tariff liberalization between the neighbouring countries of Nigeria and Niger would be more beneficial to Nigeria (the largest economy in Africa) than to Niger, which has low relative productive capacity and limited infrastructure, etc." [7]

However, nothing is planned similar to what has been achieved, in the way of "solidarity", by the European Union, which the African Union takes as a model (without actually having either its sense of organization or therefore, its means): "more than a third (of the EU budget) was devoted to the Structural Funds and the Cohesion Fund, which greatly facilitated the catching up of less-developed Member States of the EU of 15, and even more so the 13 new Member States from Eastern Europe since 2004". This is one of the explanatory factors, according to J. Berthelot, for intra-European trade representing "two-thirds of its total trade" – without however, the disappearance of the inequalities between the economies of the EU, reflected at the level of the social classes. [8]. In recent years the trend has even been towards increasing inequalities and poverty in the European Union. [9].

Moreover, with such free movement of goods, transnationals of extra-African origin – some of which are already active in Africa and dominate the so-called African economy – would have greater opportunities. Rather than exporting goods produced in Europe to Africa, for example, which would be subject to tariffs, they are able to install themselves in African countries, to produce for the African market within the framework of the 90 per cent of products to be liberalized first, gradually – the remaining 10 per cent, including so-called sensitive products, will be dealt with later. The ACFTA, by organizing the sacrosanct competitiveness of African economies, is supposed to attract more (extra-African) foreign direct investment – in decline between 2014 and 2016. This explains the reluctance of some states, whose leaders have no anti-capitalist fibre, to sign the said agreement. Especially since the Protocol on Rules of Origin, setting out the criteria by which goods will be considered as originating in the ACFTA, has not yet been established.

# "Betrayal" by Nigeria and socio-economic "nationalism"

This is the case of Nigeria, almost accused of felony, both by its own citizens and by foreigners. For example, the Nigeria Trade Experts Forum recalled that not only does the ACFTA originate from the Action Plan of Lagos and the Abuja Treaty, but also that Nigeria, Africa's leading economy, had taken the chairmanship of the Continental Free Trade Area Negotiation Forum [10]. For his part, an African (non-Nigerian) teacher at Sciences Po (Paris) spoke about the Nigerian head of state, Muhammadu Buhari, in terms of a "pathetic big brother", of the "(economic) giant of Africa and its shadowy president (who) do not seem ready to assert themselves, under the fallacious pretext of giving themselves time for reflection and continuing consultations, internally, with the business community" [11], Ethiopia and Rwanda [12] have already established themselves as hubs for transnational companies of foreign origin (European or Asian) who are interested in the supposedly promising African market. Whereas, despite the success of some of its entrepreneurs, in the first economy of Africa in terms of GDP, the manufacturing sector has been weakened by oil extractivism: "There are three leading economies in Africa, namely Nigeria, which is worth some \$406 billion, Egypt, \$332.3 billion and South Africa, \$294.1 billion. However, in terms of manufacturing value, South Africa, at 25 per cent, is the highest, followed by Egypt at 20 per cent and Nigeria with less than 5 per cent. Ghana is even more industrialized, at 6 percent manufacturing value added (MVA) [13]."

This part of Nigerian capital is haunted by an intensification of bankruptcies that could result from being faced with competition. The industrialization by national private capital that it dreams of may not be realized. It is not convinced by the promise of "integration into value chains" – regional, continental, global – made to African and, in this case, Nigerian small and medium-sized enterprises by the technocracy of the AU, the ECA and UNCTAD – relayed by the Nigerian Minister of Industry, Trade and Investment before the publication of the volte-face of his head of state – and the club of African transnationals, "AfroChampions". The presidency of this club, by the Nigerian Aliko Dangoté (with as co-chair the neoliberal herald of the African Renaissance, the former South African president Thabo Mbeki), an obvious ACFTA activist, expresses the existence of a divergence of interests within Nigerian and even African capitalism. Divergence and competition is also the norm within national capitalisms. Just as the Africanity of these transnationals does not imply another morality, at the national level as well as the continental level, and even in the rest of the world for the "African Globalizers", than the normally cynical one of transnationals from elsewhere.

The fear expressed by the MAN, NANTS and others is, logically, shared by labour unions, as the Nigerian Labour Congress also asked the Nigerian head of state not to sign the ACFTA. The non-competitiveness of small and medium-sized Nigerian companies vis-a-vis the transnational companies will inevitably be a factor of bankruptcy of these companies, therefore of job losses and the growth of unemployment. This, in turn, will further flexibilise the Nigerian labour market. Already, according to the president of the NLC: "45 per cent of the workforce in Nigeria operates as casual workers. Fifty per cent of the burden of casualization exists in the downstream oil and gas and banking sub-sectors of the economy and some other workplaces. Casual workers in our workforce operate under very precarious conditions with near total denial of the benefits associated with permanent and decent work". Since free trade or neoliberalism is not intended to reduce the exploitation of the labour force, and since a large part of Nigerian employers do not allow unions to be present in their companies, the risk is greater that there will be more poor workers in this country, where already the number of people living in extreme poverty (86.9 million out of a population of about 197 million) has become higher than that of India (73 million out of about 1,340 million) (World Poverty Clock Report). Which, it must be emphasized, did not begin with the ACFTA, proving that the concern expressed by the President of the MAN, for "the well-being of more than 180 million Nigerians" [14] who would be negatively impacted by the ACFTA is simply the bourgeois nationalist demagoguery of a representative of the ruling class of a country with generally the most glaring social inequalities in Africa, of a national employing class that generally flouts many rights of those who produce the wealth that it accumulates.

## Towards social dumping and more "Afrophobia"?

Moreover, the free trade area is also, in its dimension "investments", putting labour markets into competition with one

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another. A competitive or attractive labour market is one where, among other things, the cost of labour is considered by capital to be reasonably low, and employers' obligations and the social protection of the proletarians are diminished as far as possible. Thus, states that claim to be building a Solidarity Africa will compete at the same time to have the most attractive job market, to offer a flexibility of work that is worse, for example, than that offered by Ethiopia to Chinese companies that have relocated there, in response to rising demands for wage increases in China [15]: lack of a national minimum wage, hours of work reminiscent of the early Nineteenth Century in Europe (up to 14 hours a day, 7 days a week) etc. Today, it is the proletarians of Ethiopia against those of China. Tomorrow it could be the Somali labour force against Ethiopia, if it is considered to be more competitive.

The practice of social dumping, harmful to workers, is likely to be common in the ACFTA.

This mobility of capital will almost certainly coexist with the free movement of the African labour force (article 14 of the Protocol on the free movement of persons, the right of residence and the right to settle, adopted in January 2018). ), from one country to another, from one national labour market to another, with practices similar to those that existed or even still exist in the European Union (the source of inspiration for the African Union), mainly the phenomenon of "posted workers". This mobility of the workforce expresses quite well the strong inequalities between the economies of the European Union, as well as between their proletarians [16].

This practice, known as social dumping, harmful to workers, may be common in the ACFTA, as suggested by the interest expressed by the AU and the club of "AfroChampions" for "free movement of workers, even though the article concerning it speaks of "no discrimination, in accordance with the laws of the country ". This would not be new, given, for example, the rather traditional use of child labour, originating from neighbouring countries, in the large West African cocoa plantations (from which exports to chocolate factories, outside Africa, are monopolized by transnationals of extra-African origin). Rather than fostering solidarity between local/native wage labour and that which comes from elsewhere, it may multiply explosions of South African style "Afrophobia", this modern expression of popular chauvinism whose manifestations were already denounced by Frantz Fanon at the dawn of national independence. The signing of free movement protocols may not be followed up, given the usual laxness of African states with their commitments, both national and international [17].

Against workers being put into competition with one another and the overexploitation of the foreign labour force, there should be established, inter alia, a pan-African harmonization of labour legislation, based on the best national examples. Alongside the "most-favoured-nation treatment", which, concerning trade in services, provides among other things that "each state which is party to the agreement must, immediately upon its entry into force, grant to the services and service suppliers of any other state that is party to it, immediately and unconditionally, treatment no less favourable than that accorded to similar services and similar service suppliers of any third party" (Art. 4 of the Protocol on Trade in Services). Equality is necessary between workers over and above the difference of nationalities. This would be at the antipodes of the neoliberal capitalist dynamic of the ACFTA, the principle of which is better expressed by the passage in the preamble that speaks of the creation of "a single market for goods and services, facilitated by the circulation of people"- people who are at the service of goods and services, not being able, unfortunately, do without them for their appointment with money - than those on the "inclusive development" and the "economic and social well-being of the entire African population".

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[1] African Union, *Cinquante ans de succès: la voix de l'Afrique de 1963 à 2013*: contrary to what the title might suggest, it is not a book that draws a balance sheet of the half-century, but a collection of speeches delivered during the creation of the OAU and on the occasion of its fiftieth anniversary). In the same way as George Orwell's novel *1984* novel stated that "War is peace. Freedom is slavery. Ignorance is strength", the African Union says, in a way, that failure is success.

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[2] Part 1 is at [Free trade and Pan-Africanism](#)

[3] Ndongo Samba Sylla, "La Zone de libre échange africaine est une erreur", *Maghreb Emergent*, February 17, 2017, <http://maghrebemergent.com/economie/69608-ndongo-samba-sylla-economiste-senegalais-la-zone-de-libre-echange-africaine-est-une-erreur-entien.html>

[4] Jacques Berthelot, "« La folie de la zone de libre-échange continentale africaine (ZLEC) »", *Sol. Alternatives agroécologiques et solidaires*, 25 June, 2017, <http://www.sol-asso.fr/analyses-politiques-agricoles-jacques-b/>

[5] *Regions Refocus and Third World Network Africa*, "« La Zone de Libre Echange Continentale (ZLEC). Le processus et l'essence politique. Notions de base »", April 2016, <http://www.twnafrica.org/french/>

[6] Concerning ECA's estimate of the passage from intra-African trade to more than 50 per cent in 2022, \$35 billion a year, in the event of the coming into force of the ACFTA in 2017, N. Samba Sylla specifies that these figures "were obtained from statistical data for only 16 African countries (the remaining 38 are not taken into account) and with data on tariff structures dating back to 2004. Not to mention that the econometric model that generated this figure is based on quite incredible assumptions: total liberalization of goods and services in five years, absence of unemployment in all African countries ... These figures have the merit of existing but they have no validity" (« La Zone de libre-échange africaine est une erreur »). They are, nevertheless, used by all the partisans of the ACFTA, from African governments.

[7] Region Focus and Third World Network, op. cit.

[8] J. Berthelot, "« La folie de la Zone... »".

[9] See, for example, Centre for Opportunity and Equality, Understanding the Socio-Economic divide in Europe, OECD, 26 January 2017, <http://oe.cd/cope-divide-europe-2017>; Lucas Chancel (General Coordinator), Global Inequality Report 2018. Summary, World Inequality Lab, [www.wid.world](http://www.wid.world).

[10] Nwiabu Lebgori Nuka Esq, "Nigeria Trade Experts Forum Position On the African Continental Free Trade Area (ACFTA) Agreement", *The Nigeria Voice*, March 28, 2018, <https://www.thenigeriavoices.com>.

[11] Francis Kpatindé, *Le Monde*, March 25, 2018, [https://www.lemonde.fr/afrique/article/2018/03/23/le-nigeria-rate-le-jour-du-marche-commun\\_5275640\\_3212.html](https://www.lemonde.fr/afrique/article/2018/03/23/le-nigeria-rate-le-jour-du-marche-commun_5275640_3212.html).

These reactions are probably emotional, but they also express a certain adherence to neoliberalism. Without intending to do so perhaps, this intellectual, no doubt considering himself Pan-Africanist, has come to express the free-trade and even neoliberal condescension towards certain so-called democratic procedures, in this case the consultation by the state of certain structures of civil society concerning a decision whose effects will have an impact, to varying degrees, on the whole society.

The non-competitiveness of small and medium-sized Nigerian companies vis-a-vis the transnational companies will inevitably be a factor of bankruptcy of these companies, therefore of job losses and growing unemployment.

The economic and social forces that have lobbied, consulted or supported the attitude of the Nigerian head of state include the Manufacturers Association of Nigeria (MAN) and the National Association of Nigerian Traders (NANTS). The MAN, in particular, fears the consequences of a free trade zone in which Nigerian companies will be called upon to compete with transnationals of non-African origin who have installed themselves in other African countries, especially in its immediate surroundings, whose goods, in free circulation - 90 per cent of products, only 10 per cent being protected, temporarily - would be cheaper on the Nigerian market than those produced by Nigerians. Some African countries, such as Morocco [Omar Aziki, "« Maroc : tremplin pour les conquêtes néocoloniales de l'Afrique »", November 19, 2017, <http://www.cadtm.org/Maroc-tremplin-pour-les-conquetes>.

[12] Lily Kuo, "Why is China investing so heavily in a small landlocked country?", *Quartz*, 22 November 2016, <https://qz.com/africa/827935/rwanda-is-a-landlocked-country-with-few-natural-resources-so-why-is-china-investing-so-heavily-in-it/>. See also Aboubacar Yacouba Barma, "Automobile le premier véhicule Volkswagen "Made in Rwanda" est sorti d'usine", *La Tribune*, June 28, 2018, <https://afrique.latribune.fr/entreprises/industrie/automobile/2018-06-28/automobile-le-premier-vehicule-volkswagen-made-in-rwanda-est-sorti-d-usi>

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[ne-783383.html](#) (with a photo de Paul Kagame posing, with others, beside the vehicle "Made in Rwanda").

[13] Nigerian Labour Congress, "Address of NLC President at the 2018 May Day Celebration"

<https://www.nlcng.org/speeches-of-the-president/address-of-nlc-president-at-the-2018-may-day-celebration/> . See also Chinedu Bosah , "ENL Dockworkers and Dangote Truck Officers Continue the Struggle for Compensation" *Socialist Nigeria* March 29, 2018, <http://www.socialistnigeria.org/print.php?text=3586> .

[14] Nigerian Labour Congress, " Address of NLC President at the 2018 May Day Celebration "

<https://www.nlcng.org/speeches-of-the-president/address-of-nlc-president-at-the-2018-may-day-celebration/> . See also Chinedu Bosah , "ENL Dockworkers and Dangote Truck Officers Continue the Struggle for Compensation" *Socialist Nigeria* March 29, 2018, <http://www.socialistnigeria.org/print.php?text=3586> -> <http://www.socialistnigeria.org/print.php?text=3586> ]

[15] On the occasion of the Africa Forum 2017, held in December 2017 in Sharm el- Sheik (Egypt), there was talk of 85 million jobs that China would create by relocating to Africa, in response to rising wage demands in China: see, for example, "La Chine propose la création de 85 million emplois en Afrique Â», *Témoignages.re* (la Réunion), 13 December, 2017,

[https://www.temoignages.re/international/monde/la-chine-propose-la-creation-de-85-millions-d-emplois-en-Afrique\\_91798](https://www.temoignages.re/international/monde/la-chine-propose-la-creation-de-85-millions-d-emplois-en-Afrique_91798) , and "Exclusive interview with Helen Hai, CEO of 'Made in Africa Initiative'" *Financial Afrik*, August 10, 2018, <https://www.financialafrik.com/2018/08/10/interview-exclusive-avec-helen-hai-ceo-de-made-in-africa-initiative/> . For the moment, only a tiny part of Chinese companies are planning to relocate outside of China and the regional neighbourhood.

[16] Bertrand Bissuel, Â« Travailleurs détachés : les chiffres s'emballent en France Â», *Le Monde*, February 5, 2018,

[https://www.lemonde.fr/economie/article/2018/02/05/travailleurs-detaches-les-chiffres-s-emballent-en-france\\_5251933\\_3234.html](https://www.lemonde.fr/economie/article/2018/02/05/travailleurs-detaches-les-chiffres-s-emballent-en-france_5251933_3234.html). Nevertheless, posted work also concerns French nationals, for example.

[17] See , for example , Ken Ukahoa (Secretariat President of NANTS), "The recent 'Quit notice' issued by Ghanaian Government to Nigerian Traders", July 27 , 2018, [www.nants.org](http://www.nants.org) .