AN EU MOSAIC OF TRADE ISSUES IN AFRICA

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The G8 Nations were confronted in their recent gathering of world leaders in with a reality of resistance that will mark future EU-US competition in the global marketplace. Highlights of this resistance are nowhere more evident than in Africa.

EU economic and political interests, confronted by burgeoning FTAA global bilateral negotiations, should lead inexorably to EU preferential trade agreements with the individual states of Africa, or with the African Union, if it realistically forms a free-trade association of African States. AU potential membership is open to *all* African countries. US and EU trade restrictions like those of Mercosur in Central and South America will allow the AU more time to form an economic and political block. It is conceivable that some of the Arab nations would join the African Union preferentially over a very restrictive EU.

By pursuing free trade alignments in Africa, the EU can hope to accomplish two major goals: 1) capitalize on that region's vast natural resources in exchange for EU processed goods, and 2) develop resources to ameliorate the econopolitical potency of the US. Aligning the economies of the European Union with those of African nations could also lead to a multilateral trading bloc dwarfing all others in global economic clout.

In March, the EU announced the possibility of finalizing a free-trade agreement with Egypt. An exchange of first offers for market opening paves the way for a EU-Egypt Agreement. If Egypt were ever trade-tethered to the AU, it would just be a matter of time before the whole of globe became part of the equation.

It is not difficult to imagine the emergence of such a sequence of events. Commonalities of language, religion, heritage and emigration already bind Africa to Europe. Enduring family and business ties to UK, France, Spain, Portugal, and other EU countries. Interestingly, most foreign investment in South Africa, the AU's largest economy, comes from Europe and Asia, not as one might suspect from North America.

Throw into this mix the conflicts and constraints of US economic interests with those of the three largest economies in Africa, RSA, Nigeria and Libya and it becomes clear that FTAA efforts to keep African nations under the hegemony of the U.S. through FTAA have dubious prospects. At the moment, Nigeria is highly dependent on financial support from the US and the IMF, but this hasn't altered that nation's contrary attitude toward FTAA. And Libya's antipathy to US overtures is well documented in the press.

South Africa's economy dominates the potential AU trade group. By itself, Saharan Africa and Sub-Saharan equals about twice the size of the continental US, is rich in exploitable resources and, most importantly, is a huge exporter of such cash crops as coffee, sugar, soy beans, citrus fruits, and cotton, tobacco, ground nuts and minerals such as petroleum, bauxite, copper, gold, silver, cobalt, titanium, gemstones, and others. Europe is the largest customer worldwide for soy beans, metals and gemstones.

US and EU subsidies to agriculture vie with each other in ways and circumstances that are not easily reconciled. Consequently, the conflicting trade policies of the US and EU are in constant conflict through the WTO. To cite one example, France is the world's leading wine producer, yet is able to export only a tiny fraction of its wine to the US. It would be illogical to expect France to sign a trade agreement that would continue to prevent wine exports to the US. Moreover, 60% of EU exports to the US face some form of non-tariff barrier.

The EU is a leading critic of the indefensible farm subsidies of the US that impede a closer integration of the US with Latin America and EU. So no defense can be mounted to open unilateral trade negotiations with either, but with both as a single voice, not as independent nations.

US Trade Representative Robert Zoellick argues that the creation and expansion of the FTAA will help the US in its negotiations during new rounds of world trade talks. EU reps argue that it is in their multi-country's interest to negotiate in the multilateral arena, rather than with the US alone in FTAA talks.

The other two largest economies in Africa, Libya and South Africa – each have similar political and economic reasons to resist integration by the US. The likelihood is that the US will have to settle for a few bilateral trade deals with a very limited number of Africa's smaller nations, notably Liberia and, perhaps, some East African countries.

The US Congress complicates promotion of FTAA trade deals with every nation they deal with, that want US concessions on agriculture before they agree to open their markets. Successive US presidents have been unable to persuade Congress to grant them fast track negotiating authority on trade issues, an approach necessary to resolve problems and reach trading arena agreements. US farmers, unions and environmentalists are highly vocal with the US Congress whenever special interests are even vaguely threatened by trade talks. As a result, winning agreement on a single contentious issue can take years of negotiation and applied sanctions. Such complex bargaining with US administration officials is no inducement for negotiation of trade issues that may come unraveled in the US Congress.

President Bush, in recent months, has repeatedly accused Europe of perpetuating starvation in Africa by subsidizing agricultural exports and objecting to the use of bio-engineered crops. Bush claims that American efforts to reduce hunger in Africa have been thwarted by EU policy based on unfounded fears. But, the issue of bio-

engineered crops is really but one of many trade grievances between the EU and the US. Disputes over US countervailing duties on steel and subsidies to manufactured exports also bring a highly contentious element to the current round of negotiations at the World Trade Organization. Continuing trade skirmishes will be the norm between the world's two largest trading blocs for a long time to come.

Both the US and EU support their farmers through tax incentives and other aids that lead to crop over-production. This overproduction is dumped throughout the world where it overwhelms the economies of developing nations. By challenging the EU on the food problem just prior to the Group of Eight meeting, President Bush obviously sought to escalate the problem with European governments. Poorer nations insist that the next round of trade agreements must allow them to benefit equally from globalization. That argument has pushed the multibillion-dollar farm subsidies of the US and the EU to the center of political debates within the WTO. Key to a successful trade round lays unequivocally with the cutting of US and EU farm subsidies.

There are yet other players in this Monopoly game for Africa; China and Russia. If the African Union do not form a solid trading block, and like the EU, form a currency than can be stabilized through their raw resources and energy potentials, then they will be gobbled up one by one by the four major players, EU, China, Russia and the US. China has already started to effectively steal the resources of the DRC, and the US has done likewise in Uganda, Zambia, Liberia and Sierra Leone, Russia is still talking with Algeria, Morocco, Namibia and Angola, the EU with South Africa, Kenya, Tanzania, Somalia and Egypt. It is not in the immediate best interest of these countries to break the trade ties with the players until there is in point of fact a fully formed trading block between the 54 states of the African Union, or at least a majority of them. Since this is already going on, we need to stop fighting among each other, we have a "Real" outside enemy, a group of economic enemies. They will, bring back the colonialism that the states of Africa have fought against for the last hundred years to overcome, but they can do it economically, and take over all African resources leaving nothing for development in Africa for Africans, and will do so without firing a shot. They already supply arms and economic backing to warring factions, so they can steal the resources while they manipulate your emotions and governments.

CONCLUSIONS

. Developing countries should be reluctant to pursue the new round of trade talks without assurances that economically developed countries have implemented pledges made in the last round of talks. At issue, also, is the EU push for a much broader agenda that threatens US trade legislation and unilateral trade sanctions protecting its domestic industries. This leads one to wonder, at times, if the WTO has the wherewithal to keep up with the dynamics and divisiveness of global trends.

Meanwhile, the US and African nations negotiators will continue their out-of-focus FTAA discussions about creating an all-encompassing trade zone under US auspices for the Western Hemisphere. A goodly many trade agreement hurdles will be tripped over in the process. Negotiations usually falter because they can't or won't stand up to the needs of emerging economies. Protectionism comes in many guises to support

the developed economy of the US. The current recession has increased these protectionist pressures. As usual, US negotiators will find insurmountable difficulties in selling capital goods to African nations with agricultural economies without first agreeing to buy their agricultural produce at a fair price. This can't happen until the US stops using export credits to depress agricultural prices -- not a likely scenario. Also, somewhere in the words of this paragraph, the EU might find a few glimmers of truth about its own approach to agricultural trade agreements and dumping.

More important, political considerations will often provide the lever needed to conclude trade agreements with African nations in the Western Hemisphere. Most such agreements will come at the end of long negotiations lined with speed bumps that can only be removed with political give, not take. Africa is the economic key to the political hard power perspectives that support global foreign policy. That transatlantic, and trans-Indian key may well be worth pursuing by the EU, China and Russia. But, any trade agreements should be contemplated, negotiated and completed as one voice, the voice of a united Africa – "The African Union".

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