Reapproaching the Measure of Economic Partnership Agreements with Africa – AGOA and ACP-EU

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The two main economic trade agreements between Africa and the United States and Europe, include the African Growth Opportunity Act (AGOA) and, the Africa, Carribean and Pacific – European Union agreement (ACP-EU partnership agreement). AGOA was signed on in May 2000 and has since progressively been renewed to 2025. Every time of renewal, there has been a remarkable deepening of the trade. At first, the agreement involved 36 Sub-Saharan countries and 1,800 products. By 2018, AGOA involved 40 African countries. In addition, the number of products traded has been increased to over 6,000 products. The primary eligibility requirements for African states include the continuous establishment of a market economy, political pluralism, the rule of law and the right to due process. Besides, countries must enact policies that eliminate poverty, promote human rights and curb corruption. The ACP-EU economic partnership was established in 2000 through the Cotonou agreement and took a similar model of promoting development through

establishing duty-free market access.

The design of AGOA and ACP-EU is founded on the notion that establishing duty-free market access to the US and the European markets for African goods enhances the development process. It promotes more tapping of local resources, more production, increased employment opportunities, and high foreign income, thereby enhancing the development process. As shown by many reports, provision of duty-free markets has promoted exports and foreign earnings at varied degrees among African countries. However, duty-free market access is not responsible for the distribution of foreign income gains so as to benefit stakeholders in the global supply chain equitably. In most cases, the primary producers suffer at the cost of higher-level agents of trade. As such, duty-free market access alone does not form a comprehensive development strategy; it must be supported by coherent economic policies, both at domestic and international levels.One of the policies that needs to be re-examined and redesigned is the measure of Economic Partnership Agreements (EPA), i.e., the evaluation approach of EPAs with Africa.

The measure of Economic Trade Agreements with Africa

Almost all the reports on the AGOA and ACP-EU trade agreements quantify their output in purely economic terms. The first measure of success is the significant increase in the number of products involved in the trade. Second is the volume of exports (in metric tonnes). Third, and perhaps the most significant, is the amount of foreign income earned. That is, the amount of financial flow to either the US and Europe or Sub-Saharan Africa. In any international trade, these are the three major features – the products, their volume, and their value. But AGOA and ACP-EU are not just any common international trade. They are forms of Africa’s empowerment to boost its participation in the global trade. They are based on the acknowledgment of inequality in international trade. Any credible measure of EPA should be concerned with how much African people have been enabled to participate in international trade on their own, without affirmative actions.

Measuring the success of AGOA and ACP-EU purely on economic terms is fundamental. But it only informs the narrow perspective of such economic partnership agreements. The financial measure of the two EPA does not even

capture any transformation that comes along with non-economic conditionalities, for instance, the changes towards the achievement of the rule of law, political pluralism and, most importantly, the right to due process in Africa. Since the inception of AGOA and ACP-EU agreements, the narrow form of measurement has dominated. In fact, although the use of economic growth alone is statistically right, when placed within the broader context of the African development process, it creates a false implication. That, the economic situation among Africans, especially the primary producers of the very products exported, such as small-scale farmers or miners in the most remote rural areas, is getting better with increased foreign income.

Fundamentally, the objective of the two trade agreements is to enhance the African development process. As studies show, in most developing countries market strategies alone cannot effectively distribute the benefits of foreign earnings across the global supply chain. This is why development economists find the measure of human development as more appropriate than economic growth. The measure of human development by human development index (HDI) is concerned about the betterment of people's welfare. A major concern is how to position the two economic partnerships as effective tools to transform African economies. As well, as tools to promote human security in Sub-saharan Africa - freedom from fear and freedom from want among African people. In the last 20 years of the two EPAs' implementation, the measure of human development has been missing. The attempt to measure people's improved welfare impacted by both AGOA and ACP-EU is the starting point to highlight any violation of human rights and corruption and non-compliance to the rule of law within the associated global supply chain. Mining is one of the sectors in many African countries where the worst forms of human rights violation are experienced – including child labor, conflict and violence, and slavery-like working conditions. Yet, these products are exported through AGOA and ACP-EU trade agreement to the US and Europe. Such aspects of human welfare remain largely subdued by the application of growth in foreign income as the ultimate measure of trade agreements. As a remedy, this calls for human rights and other social impact assessment within trade agreements with Sub-Saharan Africa.

Employment is not just about the number of working people but rather the

quality of employment and promotion of people's dignity. Violation of the requirement of 'due process' is evident in the agricultural industry. Small scale farmers of products such as flowers and vegetables exported to Europe through the ACP-EU agreement might be among the most impoverished populations in Africa. The underdevelopment of rural areas in Africa hinders the local producers from accessing information on the global supply chain of the commodities they produce and the larger picture of the associated benefits. This creates an opportunity for middle-men to exploit the primary producers. It is possible that the poverty levels could still remain constant or even worse in some rural agricultural regions in Africa producing products for export while increased foreign income is highly applauded through AGOA and ACP-EU economic agreements.

We are now two decades down the line. And it is not very clear what African countries want in order to bring out the best of the two trade agreements. There still lack proper policy documents – either at national, regional or African Union levels – that illustrate the African position towards the EPAs. But how possible is it to establish a particular stance without proper data on the socio-economic impact of EPAs. There is a great opportunity now to rethink the appropriate measure of EPAs to identify the real impact of AGOA and ACP-EU trade agreement in Africa. Such a measure requires a change from measuring quantity to measuring quality. It is time to shift analysis from counting products and their value, to measuring the value of a trade agreement to the local people and how it enables them to produce sustainably. In other words, instead of placing the analysis of the agreements on products, we need to analyze the empowerment of people to produce quality products. The quality of products trade is paramount. One of the best approaches to ensuring high-quality products, especially in agricultural products, is empowering the primary producers. Enabling the local actors to produce quality products is cheaper, more effective and more sustainable than the use of control measures only.

The necessity to change the measurement strategy of the AGOA and ACP-EU trade agreements presents a challenge not only to African countries but also to the US and the European Union to establish a common understanding on the need to widen the scope of the measure. All the partners involved require a comprehensive measurement strategy to quantify the real impact of AGOA and

ACP-EU on people’s lives. As well, a strategy is needed that shows the extent to which the two EPAs have enabled Africa to achieve Sustainable development Goals.

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