Post-Naimey Reflections on "Afri-Multilateralism": A New Dialectic on Sustainable Trade for the Global South

By:

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The morning of July 7th 2019 marked a watershed in Africa's quest for trade integration with the formal commencement of the operational phase of the African Continental Free Trade Area, AfCFTA. This momentous milestone occurred during the extraordinary summit of the Heads of State and Government of the African Union (AU) in the Nigerien capital, Naimey.[1]

Conceptualized to be governed by five operational instruments - the Rules of Origin; the Online Negotiating Forum; the Monitoring and Elimination of Non-Tariff Barriers; a Digital Payments System and the African Trade Observatory - this epochal Agreement signifies a new milieu in Africa's trade diplomacy and jurisprudence and embodies the crystallization of a theoretically nuanced

paradigm in trade policy lingua - "Afri-Multilateralism".

Indeed, a backward glance at the post-war years of Trade Liberalisation, and the resurgence of protectionism since the 1970s, offers valuable insights into the historical interplay of interests, ideology, and institutional structure that developed international trade policies.[2] The central role of International Law in shaping global trade policy is hinged on the assumption that free trade requires the clarity and predictability of an orderly system, and that the imperative for greater cross-border trade and globalisation, calls for a supra-national regime that would foster cooperation, order and harmonisation in international economic relations.[3]

The institutional framework for International Economic Liberalisation is traceable to the Bretton Woods Conference of 1944, which set out the legal architecture that embodied the principles of a liberal international economic order. It was then reasoned that adherence to the rules of the International Monetary Fund would provide macroeconomic equilibrium, without which the maintenance of a liberal trading system was economically less compelling, and politically more difficult.[4] The General Agreement on Tariffs and Trade (GATT) 1948 thus stipulated rules – reflecting *multilateralism and non-discrimination* – that would enable the contracting parties to benefit from trade according to the principles of the theory of comparative advantage and reciprocity. The Marrakesh Agreement, which establishes the successor to the GATT – the World Trade Organisation (WTO) thus sets out its purposes and objectives to, *inter alia* , include: ensuring the reduction of tariffs and other barriers to trade, and the elimination of discriminatory treatment in multilateral trade.

As a trade policy philosophy, Afri-Multilateralism encapsulates the strategic intent of African leaders in developing a trade integration framework that synergizes the socio-political diversity of Member Countries, leverages its burgeoning population and vast territory with a view to delivering sustainable trade outcomes in an accelerated and balanced manner.

At the core of Afri-Multilateralism is a dialectical interrogation of the prevailing orthodoxy with regards to the applicability of Special and Differential Treatment for developing countries and concessionary provisions for Least Developed

Countries (LDCs) in trade relations, given emerging realities in Africa.

Historically, scholars have compartmentalized countries in the Global South into two main silos: developing countries on the one hand, and least developed countries on the other. In the case of the latter, the countries are predominantly interspersed among regions in Africa and South-East Asia. However, with the commencement of the operational phase of the AfCFTA, the stage is now set for the emergence of endogenously Pan-African Free Trade Area (FTA) - legally distinct from the political/diplomatic structure enshrined in the African Union (AU) - that would potentially harness the collective strengths of members and ethically address the impediments to trade flows and development.

This new Continental Free Trade bloc is now entrusted with the competence to engage other FTA Blocs such as the European Union (EU), North American Free Trade Area (NAFTA) and Association of South Eastern Nations (ASEAN), on trade policy from an Afri-Centric perspective - the essence of Afri-Multilateralism. Hitherto, the various national governments across the Continent had engaged global trade from the prism of nationalistic interests but this new paradigm affords Africa, for the first time, an opportunity to engage on trans-Sahara, trans-Atlantic and trans-Pacific negotiations on an equal footing, and not under the auspices of 'emerging countries' or LDCs.

Coming 60 Years after the Treaty of Rome of 1958 which set-out the framework for the European Union,[5] AfCFTA was adopted and opened for signature on 21 st March 2018 in Kigali.[6] It entered into force on 30 May 2019, thirty days after having received the twenty-second instrument of ratification on 29 April, 2019 in conformity with legal provisions.[7] The AfCFTA trading bloc has emerged as one of the largest free trade areas since the formation of the World Trade Organisation, given Africa’s current population of 1.2 billion people, which is expected to grow to 2.5 billion by 2050. It has been globally acclaimed as one of the instruments for continental integration in line with the objectives of the Abuja Treaty and the aspirations of Agenda 2063.

Critics could however contend to the contrary, and question the basis for Afri-Multilateralism when single national trading blocs and Sub-Regional groupings

have failed in the past. The answer to this is, in theory, straightforward - the consolidation of all trading blocs in the Continent will build on previous trade gains, leverage comparative advantage and will result in more profound efficiency and regional interests integrate in the new Pan-African trading bloc.

Notwithstanding it's potential for triggering trade renaissance in the Continent and beyond, a critical success factor for Afri-Multilateralism is the effective deployment of "multilateral-reciprocity" - a novel negotiating technique that prioritizes reciprocity in the negotiation of multilateral trade commitments. This strategy will, among other things, assuage the concerns of domestic interest groups who fear that free trade, without more may adversely affection national economic interests.

This dimension of Afri-Multilateralism was exemplified by Nigerian President Muhammadu Buhari's position in Naimey while appending Nigeria's imprimatur as the 53rd Signatory to the AfCFTA. Nigeria had delayed in signing the agreement so as to give room for extensive consultations with stakeholders, culminating in the submission of the report by the Presidential Committee to Assess Impact and Readiness of Nigeria to join the free trade area. On the strength of the recommendation, Nigeria finally signed up to the Agreement, but stated at the ceremony that for AfCFTA to succeed, "we need the full support and buy-in of our private sector and civil society stakeholders and the public in general". President Buhari also made it clear that the Nigerian government would be seeking to include terms that engender the development of policies that promote African production, among other benefits.[8]

Free trade has, indeed, over the years been largely redefined by contemporary socio-political and economic realities. An interrogation of the prevailing models the world over reveals that there in fact exist inherent conflicts in international trade – in most cases, the apprehensions that improvement in one country’s productive and trading capabilities is attainable only at the expense of another country’s general welfare.

In birthing Afri-Multilateralism and by extension, Afri-Centric Multilateral-Reciprocity, policymakers at the Naimey Summit essentially reaffirmed their commitment - expressed in Kigali 15 Months earlier - to make Africa the

epicenter of sustainable trade polices in the Global South. African leaders also reinforced their resolve to leapfrog the rapid transition of members in the LDC bloc and challenging the underlying principles and perceived inefficiencies of Special and Differential Treatment within the institutional liberalisation dynamics of the WTO, especially as it affects emerging economies in the Continent.

Although in its early conceptual phase, Afri-Multilateralism will benefit Africa in a plethora of mutually reinforcing ways. First, it will engender the needed gravitas for a more balanced, fair and ethical round of global trade negotiations as the agglomeration of economic powerhouses such as Nigeria, South Africa, Egypt, etcetera, into a continental free trade area would produce a trading block that can engage the EU, NAFTA and ASEAN Blocs on a somewhat equal pedestal.

Second, it would promote a much larger market with free flow of goods and services which will help to maintain profound economic growth. Indeed, with the combined GDP of Africa projected to reach $29 trillion by 2050, additional policies and collaborative partnerships will contribute significantly to wealth redistribution and poverty reduction.

Third, it will serve as an impetus for investment in Africa's cross-border infrastructure as it is estimated that Africa needs to invest nearly $100 billion annually in infrastructure over the next decade. Current data reveals that less than half of this target is met currently. One of the reasons for the low level of investment has been poor coordination across the different trading blocs.[9]

Fourth, the prospects for the larger markets and supporting infrastructure will spur industrial development. This will not only create jobs but it will also have the added advantage of diversifying Africa's economies that are largely dependent on raw materials. The associated technological development will lead to the creation of new industries.

Fifth, Afri-Multilateralism driven trade integration will also help to stimulate trade in services. The first beneficiary is projected to be the financial services sector which is already largely liberalized.

Sixth, by being part of larger FTA, small African countries in the pursuit of Afri-Multilateralism will no longer be restricted to producing their traditional products. With sustainable policies and human capital they are poised to become the locus of new manufacturing operations that serve wider markets.

Most importantly, as an economic philosophy that promoted the institutionalization of a single economic area with harmonized trade policies and a regulatory framework, Afri-Multilateralism resolves the intractable issue of multiple regional FTA memberships, rationalizes trade negotiation considerations, reduces the cost of doing business, drives industrialization, and stimulates cross-border infrastructure delivery and shared economic prosperity.

With Accra designated as the Seat of the Secretariat for AfCFTA[10] and voices ringing through from Naimey, Africa has resolved to pursue a path of collective growth and Economic development. This development would have long lasting impact of the development of International Economic Law, Trade Policy and Pan-African diplomatic engagements. Indeed, it is Good Morning, Africa.Welcome, Afri-Multilateralism!

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[1] https://au.int/en/pressreleases/20190707/operational-phase-african-continental-free-trade-area-launched-niger-summit

[2] J. Bhagwati, *Protectionism*, (Cambridge, Massachusetts, The MIT Press, 1988), p.1.

[3] A.H. Qureshi, *International Economic Law*, (Oxford, Oxford University Press, 1999), p.230.

[4] J. Bhagwati, *op. cit* at fn.69, p.1.

[5] http://www.europarl.europa.eu/about-parliament/en/in-the-past/the-parliament-and-the-treaties/treaty-of-rome

[6] https://au.int/en/pressreleases/20180321/au-member-countries-create-history-massively-signing-afcfta-agreement-kigali

[7] https://au.int/en/pressreleases/20190429/afcfta-agreement-secures-minimum-threshold-22-ratification-sierra-leone-and

[8] https://www.reuters.com/article/us-africa-trade-nigeria/nigeria-signs-africa-free-trade-agreement-statement-idUSKCN1U20K7

[9] https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2018AEO/African_Ecc_EN_Chapter3.pdf

[10] https://allafrica.com/stories/201907080625.html

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