Towards an African Approach to Free Trade in the Post-COVID-19 Era

By:

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The launch of the implementation phase of the African Continental Free Trade Area (AfCFTA) which was slated for July 1st, 2020, has been postponed due to the COVID-19 pandemic. This delays the establishment of what could potentially become the world's largest free trade area (in terms of membership) since 1995 when the World Trade Organisation (WTO) was established. An ambitious and avowedly pan-Africanist initiative, the AfCFTA seeks, among other things, to "promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation". However, in its current form, it runs the risk of uncritically embracing neoliberalism and remaining largely disembedded from African societies. The delayed implementation provides an opportunity to restructure the AfCFTA so that it might more effectively realize its goals.

The Agreement Establishing the AfCFTA is far more than just a trade agreement. It embodies long-held aspirations for an integrated Africa which, in the words of Ghana's first Prime Minister and President, Dr. Kwame Nkrumah, would be better equipped to "tackle hopefully every emergency, every enemy and every complexity.**"** As one of the flagship projects of the AU's Agenda 2063 , the free trade initiative is envisioned as a pathway to an African renaissance in both economic and cultural terms. According to the United Nations Economic Commission for Africa, the AfCFTA could integrate 55 African Union (AU) member states in a market of about 1.2 billion people with an estimated gross domestic product of US $ 2.5 trillion. Moreover, the area is expected to reflect the continent's "common identity by celebrating our history and our vibrant culture."

But what is particularly *African* about the AfCFTA, other than the states and people involved? Much has been written, for example, about the so-called Asian Tigers—Hong Kong, Singapore, South Korea, and Taiwan—whose "miraculous" economic growth stunned the World Bank. While some, like Singapore's first Prime Minister, Lee Kuan Yew, attributed some measure of the success to " Asian values," numerous critics including Amartya Sen rejected such gross generalization. Regardless of how it might be characterized, the success resulted, at least in part, from targeted, inward-oriented policies which James Cypher characterizes as "development from within." It was attuned to realities on the ground and challenged "Western hegemony." Like the Asian Tigers, African societies are not homogeneous, nor is there is such a thing as a singular, identifiable, and static African identity that can foment an African socio-economic growth miracle. However, this should not negate the possibility of African states collectively and democratically developing a continental framework that is rooted in shared histories, values, material realities, and aspirations. In fact, doing so is critical to the AfCFTA's future.

State responses to the novel coronavirus including border closings and export restrictions placed on medical supplies suggest that increased economic nationalism and a decline in global cooperation are likely to shape the post-COVID era. This is the "'worst case' scenario" imagined by Clair Gammage and Olabisi D. Akinkugbe which would leave African countries worse off than they were before the pandemic. Such a scenario threatens the future of political will

and public buy-in for the AfCFTA.

But the pandemic has reminded us that we need to plan for the worst. Africa can do so by restructuring the AfCFTA so that it is better suited to meet the continent's needs. The restructuring process should include critical engagement with neoliberalism and re-embedding trade within society.

Critical Engagement with Neoliberalism

Neoliberalism or neoliberal capitalism, more specifically, has prevailed around the world beginning in the 1970s (arguably in Chile), but more definitively since the 1980s. As Tejaswini Ganti proposes, it can be regarded as a political-economic philosophy as well as an ideology and practice of governance. Neoliberalism centers on the individual subject as a rational, utility-maximizing person—a *homo economicus*—functioning within a so-called "free" market. One of neoliberalism's key policy prescriptions is free trade, which is understood to be the movement of goods and services across borders without interference from governments.

However, Africa's history with neoliberalism is troubled at best. Charles Soludo and the late Thandika Mkandawire demonstrated that the neoliberal prescriptions then known as structural adjustment programs (SAPs) imposed on Africa by the World Bank and International Monetary Fund in the 1980s and 1990s failed to boost economic growth and had a dubious link with poverty reduction. Such programs severely weakened the public sector, instituted deep cuts in social services including health and education, increased unemployment, exacerbated poverty, and placed a heavier burden on women through the erosion of social safety nets. As Ayesha Imam asserts, a doubtful economic diagnosis culminated in an even more problematic "cure".

In its current form, the AfCFTA is yet another neoliberal prescription with dubious curative power. Not only is truly free trade impossible because the government can never be a complete bystander, but multinational corporations and not the majority of people seem to be the real winners in trade liberalization. However, this time the prescription is not being directly imposed on Africa; the AU is embracing it as a step towards Africa shaping its own

destiny. Perhaps it is more complicated. As Stephanie Jay puts it, "[w]hat the [SAPs] were not able to achieve through coercion is now being rolled out voluntarily through the hegemonic logic of global capitalism."

Although regional integration should not be abandoned altogether, the African continent should be open to considering alternatives to neoliberalism that might have better potential to more equitably distribute gains from trade. Such alternatives would need to counter neoliberalism's disembedding of trade from social relations.

Re-embedding Trade Within Society

Karl Polanyi writes about the development of the capitalist market economy in the 19th century, describing what he calls a "great transformation" in which economic relations became increasingly "disembedded" from social relations. The "economy" came to be regarded as an autonomous, self-regulating sphere and market logics rather than socio-cultural values or basic needs were seen to govern the distribution of goods. For Polanyi, this was an unnatural process that resulted in massive dislocation. In the African context, SAPs provide a striking, more contemporary example of the harmful effects of the free market logic of neoliberal governance.

Unfortunately, free trade ideology currently reflected in the AfCFTA continues this problematic dynamic in which economic relations are disembedded from social relations. The AfCFTA Agreement and its Protocols are fairly silent on labor rights, human rights, and environmental protection. Echoing provisions of the General Agreement on Tariffs and Trade (GATT), which is over 70 years old, Article 26 of the AfCFTA's Protocol on Trade in Goods only allows states to prioritize other values such as public morals, health, and preserving natural resources under exceptional circumstances.

Yet, as Harlan G. Cohen suggests, prioritizing such values at the domestic level is critical to re-embedding trade within society so that states can fulfill their obligations towards their citizens. Although "democracy, human rights, [and] gender equality" are mentioned in the AfCFTA Agreement's Preamble, such values and commitments should not constitute exceptions while trade

liberalization constitutes the norm. Instead, the AfCFTA should be restructured so that it better embodies and promotes shared African values and commitments.

Conclusion

Agenda 2063 is about creating “the Africa we want” and the AfCFTA has been identified as a key step in that direction. While this ambitious initiative has potential to reposition Africa on the global stage, this should not be at the expense of its people. In light of free trade’s questionable record and the likelihood that the ongoing pandemic will increase existing skepticism towards trade liberalization, Africa should develop a more responsive framework by seeking out alternatives to neoliberalism and re-embedding trade in society. The pandemic should serve as “a portal” to the African future we have always imagined but have struggled to actualize.

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