The internationalisation of the state in southern Africa through regionalism: the SADC and the EPAs within an emerging ‘Aid for Trade’ agenda

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Introduction
The process of development in the Southern African Development Community (SADC) is, for historical reasons, inextricably linked to the world political economy. As the economies of the region rely primarily on commodity exports to the industrialised countries and depend on funding from international donors, particularly the European Union, the structure of the world order places significant constraints on regionalism as a development strategy in southern Africa. This paper will argue that the EU in particular through the Economic Partnership Agreement (EPA) process and the structure of the global political economy have directly shaped the strategy and the process of development in the SADC region, reinforcing, and deepening in some cases below, the neo-liberal, capitalist transformation of the economies in the region in line with the exigencies of the global economy. In this way, the chapter draws on Cox’s concept of the internationalisation of the state (Cox 1987: 253; Cox 1992: 30), whereby the ‘global centralisation of influence over policy’ has a structural impact on
national governments. The argument made with respect to regionalism as a
development strategy in southern Africa is that the SADC acts as an instrumental part
of the process of the internationalisation of the state, facilitating the structural
transformation of its member states through the significant influence of its donors,
particularly the EU, within the context of the world economic order. In this sense, the
SADC acts as a form of ‘handmaiden’ to this process, or to employ Cox’s metaphor, a
transmission belt aiding this regional transformation.

The key to understanding the nature of this process of internationalisation in southern
Africa is the point that international actors such as the EU are intrinsically part of the
process of regionalism and development in the SADC context, to the extent that the
regional organisation and its member states do not exercise complete autonomy over
their development policies and strategies. For this reason, Cox’s notion of the
internationalisation of the state must be put in the context of Sub-Saharan Africa’s
relations with the dominant states in the world order. Several important contributions
in the literature have been made with regard to this relationship, from Christopher
Clapham’s milestone Africa in the International System (1996) to, more recently, Ian
Taylor and Paul Williams’s Africa in International Politics (2004), importantly
highlighting the manner in which the world order has historically shaped the political
economy of Africa. This chapter will follow from these works, responding to Taylor
and Williams’s call for contextualising the study of Sub-Saharan Africa within the
broader context of the changes to the structure of the global political economy,
analysing the manner in which ‘certain key external actors’ have engaged with Africa
in the post-Cold War era (Taylor and William 2004: 3). For the case of the SADC in
southern Africa, the ‘key external actors’ are the SADC’s main donors, particularly
the EU. They have influenced development priorities and encouraged a particular
form of economic and political transformation through the structure and
conditionalities associated with trade and aid agreements.

In order to shed light on the role of the SADC in the internationalisation of the region,
this paper will first briefly expand on Sub-Saharan Africa’s relations with the
dominant states in the world order and Cox’s notion of the internationalisation of the
state, as it applies to regionalism in the SADC case. Key to this process, as Cox
(1987: 254) argued, is the formulation of a ‘consensus’ by the dominant states in the
world order as to the requirements of the global economy, which influences the formation of common strategies for development and common structures amongst these actors to implement them. Thus, the second section will identify an emerging ‘Aid for Trade’ consensus on development reached by key states and institutions in the world order such as the United States (US), the United Kingdom (UK) and the European Union (EU). Next, we will argue that the EU’s current strategy for development in Sub-Saharan Africa, centred on the EPAs, fits within the broad neo-liberal character of this consensus on development. As such, this paper will argue, the reliance of the southern African economies on the trade relationship with the EU has influenced their engagement in the EPA process, through regional organisations such as the SADC as part of the EU’s intention to integrate regional trading blocs within the African, Caribbean and Pacific Group of States (ACP) with the global political economy. Finally, this paper will examine the asymmetrical power relationship between the EU and the SADC through its aid relationship and the institutionalised, direct involvement of the EU in influencing the SADC’s development strategy towards prioritising trade and infrastructure. In this way, the nature of the SADC-EU relationship conforms to the remaining key aspects of the internationalisation process through the hierarchical, asymmetries of power between a hegemonic power such as the EU and a subordinate region such as the SADC, and the manner in which the policies of the SADC region are aligned with those of the consensus on development to which the EU subscribes.

The internationalisation of African states from a critical theoretical perspective

African states in the world order

As far as one may generalise, the insertion of the political economies of Sub-Saharan Africa into the world economy began in earnest during the colonial period and went through a phase of modification in the wake of de-colonisation. By the late-1800s, territories in Africa had effectively been brought into the global political economy by the colonial nations of Europe, ‘which had imposed structures of economic production, systems of government, and cultural changes in language and education, which linked (and at the same time subordinated) them to the process of global capitalist development’ (Clapham 1996: 24). These structures formed the basis of the African state and its terms of engagement with the world during the period of independence. As Jackson (1990) has argued, the formation of the state and the
nature of its sovereignty in Africa and elsewhere in the post-colonial world (on which we will elaborate in Chapter 7) was very much a product of its relations with its former colonial power and the international system at large. The resulting ‘quasi-states’ possess ‘juridical’ statehood or ‘negative sovereignty’ – that is, they are legally recognised by the international community as nation-states to which norms of non-intervention apply – but they lack the sort of ‘empirical’ or ‘positive sovereignty’ associated with the power to effectively rule or transform their territories (Jackson 1990: 21).

Despite conceptualising states on the African continent in an overly dichotomous manner, leading to the tendency falsely to conceive of them as little more than the product of international treaties, Jackson’s notion of a quasi-state nonetheless captures the central importance of the structure of the global political economy on their existence and survival (Clapham 1996: 15; Taylor and Williams 2004: 3). The importance of the global powers begins to come to light with Jackson’s (1990: 97-99) argument that the process of decolonisation was for Britain, then other colonial powers, a process of delegating negative sovereignty to their former territories, rather than a process of state-building. The issue of independence for these colonies in transition then became an international issue following the Second World War, bound up with international norms of sovereignty, embodied in the United Nations Charter and legislated by the UN General Assembly (Jackson 1990: 102). This internationalisation of de-colonisation had a profound effect on how development relations between wealthy and poor countries emerged into the next millennium, with newly independent states integrating into the structures of production in the world order. As Clapham (1996: 25) has argued:

On the one hand, the recognition of formal statehood, protected by such international conventions as the Charter of the United Nations, conferred real power on the leaders of apparently powerless states. On the other hand, the power which these leaders exercised came to depend...as much on the international system as on the support which they were able to derive from the people of the states which they governed.

The economic reliance of newly independent states on their former colonial powers, on industrialised countries in the world and on multilateral institutions, involved a
complex set of material relations based on historical patterns of production and
distribution, as well as newly emerging relations on aid. From the post-independence
period into the 1980s, the prevalent discourses framed these relations in terms of
dependency. These discourses intended to inspire policies and strategies aimed at the
self-sufficiency of newly independent states, at the extreme, or a renegotiation of the
terms of engagement with the global political economy in its more moderate form.
Failure of these strategies to transform the economies of these newly independent
states saw the maintenance of colonial patterns of production, focussing on the export
of primary commodities (particularly in southern Africa), and new relationships of aid
with European countries, rich industrialised nations and multilateral institutions.
These two forms of economic relations between Africa and the dominant states in the
world order put a strain on the negative sovereignty of African states, particularly on
the principle of non-intervention.

First, former colonial states now entered into relations with the newly independent
states, supporting the new regimes in exchange for stable environments in which to
pursue their economic interests. As such, the rulers and bureaucrats in charge of these
African states ‘could expect to receive something in exchange for the maintenance of
existing economic ties, and were normally – in one way or another – brought into a
partnership which assured them a share in the profits and sometimes in the
management of the import-export economy’ (Clapham 1996: 78). Second, the task of
operating and developing the African state overstretched its domestic financing
capabilities, due to its weak economic base and inadequate means to levy taxes from
its population. Therefore, external financing of states in Africa was (and continues to
be) sought in the form of aid and technical assistance from wealthy countries and
from the multilateral institutions in which the latter exert a dominant influence.

The mandates and material interests of these powerful actors to develop weak African
states and integrate them into the world economy presented an opportunity for the
erosion of the norm of negative sovereignty. International financial institutions (IFIs)
such as the World Bank and the IMF could not directly intervene in a borrowing
country’s affairs by managing the expenditures of their loans or the implementation
of their SAPs; they could however withhold further disbursements or decline future
loans if the country did not comply with the agreed terms (Jackson 1990: 136). The
economic and political conditionalities that accompanied these agreements nonetheless limited the ‘room for manoeuvre of African states’, contributing to the loss of sovereign decision-making power over a number of areas of domestic policy (Engel and Olsen 2005: 12). This change was a result of the shift of perception by the IFIs and bilateral donors from seeing the governments of poor countries as simply unaware of or unable to control the consequences of their economic policies, to considering the nature of these states as the major impediment to political and economic development (Williams 2000: 567). Since then, this view has effectively supported the intervention in a country’s sovereign political and economic affairs by donors, in order to compensate for the weakness of a government seemingly unwilling or unable to promote economic growth. In the case of the World Bank and other IFIs, as Williams (2000: 570-571) has persuasively shown:

[they] are not only concerned with inducing major economic and political reforms in their recipient countries...they are also concerned with attempting to reconstruct in the minutest detail the functioning of governments. The point of this kind of activity is both to make up for the inability of governments to fulfil the promises of state sovereignty, and to construct a state which can, in the course of time, fulfil these promises without external assistance. The norm of state sovereignty is being increasingly “trumped” by the pursuit of other norms.

These ‘other norms’ relate to transforming states in Africa so as to conform to the accepted forms of political and economic organisation congruent with a neo-liberal world order.¹ Trade liberalisation, the removal of capital controls and privatisation backed up by a state with a ‘good governance’ agenda is the accepted orthodoxy on development amongst the Group of Eight (G8) countries and multi-lateral institutions such as the IFIs and, most importantly for the SADC, the EU. Even countries such as France and the Nordic countries, which traditionally upheld state-centred development models, have abandoned such approaches and have subscribed to this convergence on development thinking (Hopkins 2000: 437).

¹ For a detailed treatment of governance agenda of the World Bank and the neo-liberal reforms of the African state, see Harrison (2004b).
The internationalisation of the state and the SADC region

This global process of transforming the state’s policies and practices in order to conform to the exigencies of the world economy and its structures of production is what Cox (1987: 253) broadly termed the ‘internationalisation of the state’. This process has the following three attributes. First, a consensus along common ideological lines is reached among the states in the world as to the requirements of the global economy. The common ideological framework allows these actors to interpret economic events through a shared lens and to formulate common goals and devise common structures. Second, this process is hierarchically structured. That is, there are asymmetries of power across the states that participate in this process – some are more hegemonic and play a primary role in shaping and reinforcing the emergent structures, while others are more subordinate. Finally, the state, including its governance structures and its relations with its society along the state-society complex, is transformed to align its policies and practices with those of the so-called global consensus (Cox 1987: 254).

This process occurs both at the level of state and at a regional level, whereby the region may facilitate the formation of consensus and alignment of policy and practices. As such, states and regions may act as ‘transmission belts’ for the internationalisation of the state, a metaphor which Cox (2002: 33) has subsequently withdrawn, as he deemed it to give the false impression of the state acting as a form of conveyor belt which simply adopts a policies from a monolithic form of global capitalism. This obscures the manner in which the state may act as a buffer, contesting the so-called global consensus and aligning itself with both domestic and international forms of resistance. Nonetheless, if this metaphor is coupled with Cox’s argument that the internationalisation of the state does not occur teleologically (meaning that states in the world order do not advance towards the ‘inevitable completion’ of some potential global structure), but instead occurs dialectally, as a set of tendencies that ‘may arouse oppositions that could strive to confound and reverse them’ (Cox 1987: 258-259), the metaphor may retain considerable validity. Therefore, it is useful to think of the role of the state or the region as potentially acting as a form of ‘handmaiden’, facilitating the process of internationalisation.
For the case of the SADC, two points are salient: that a region may facilitate the internationalisation of the state and that the process in southern Africa takes on unique characteristics due to the nature of Africa’s historical relations with the post-colonial world economy.

First, with regard to the process of regionalism and internationalisation, Cox (1992: 34) argued that ‘macro-regions are political economic frameworks for capital accumulation and for organising inter-regional competition for investment and shares of the world market’. As Cox (1987: 259) showed in the European case, integration amongst states in the EEC was a ‘particularly evolved instance of the internationalization process’. This conformed to his proposition that internationalisation occurs amongst the level of primary advanced capitalist countries, which is then linked to the process occurring amongst the level of so-called developing countries. Cox (1987: 258) saw the ‘interpenetration of national policy-making processes’ as the central mechanism bringing about the internationalisation of European states in the policy unification of the EEC. Through a combination of centralised authority on decisions relating to trade and agricultural policy, for instance, and from the soft coordination mechanisms bringing European states together to harmonise policy, member states were brought into a regional consensus which facilitated their transformation in line with the demands of the world economy (Cox 1987: 258-259).

Second, for the SADC case, regionalism has facilitated the internationalisation of the states in southern Africa, but in a manner that is distinct from the European experience. As argued above, the dependency on the world economy for the status and survival of the SADC’s member states has led to circumstances under which international actors play an active role in development policy formulation. This is also true of the SADC itself, as the next section will show. The institutionalised relations between the SADC and its ‘International Cooperating Partners’ (ICPs), together with the organisation’s reliance on donor funding, have introduced a key divergence from the internationalisation process of the EU. International donors in the SADC case have acted both to steer and to catalyse the process of bringing the states of southern Africa in line with the needs of the global economy. Furthermore, the linking of the processes of internationalisation between ‘developed’ and
‘developing’ countries, as Cox (1987: 259–262) suggested, is occurring between regions in the SADC case, through the strong economic and political relations with the EU, the SADC’s largest donor and trading partner. In this way, the EU is encouraging a process in southern Africa that it has itself historically undergone. Whilst proposing this as an effective development strategy, the EU also directly benefits from the SADC’s integration into the world economy, given the subordinate nature of the southern African economies.

As outlined above, the first of the three key aspects of the process of the internationalisation of the state regards the formulation of a ‘consensus’ amongst the dominant states and institutions in the world order with regard to the priorities of the global economy and the contours of a common strategy for development. The following two sections illustrate this point by outlining the dimensions of an emerging ‘Aid for Trade’ consensus and how the EU has subscribed to this consensus, which has informed its development strategy with Sub-Saharan African states, and indeed with the ACP at large, through its EPAs.

**The emerging neo-liberal ‘Aid for Trade’ consensus**

As the basis for the process of the internationalisation of the states in southern Africa, the emerging “Aid for Trade” consensus rises from the failed attempt to impose a neo-liberal transformation of African economies through the conditionalities of ‘Washington consensus’ policies enacted by the Bretton Woods institutions during the 1980s and 1990s. The Aid for Trade paradigm, instead, seeks a softer approach to achieving this end result, using assistance to poor countries to address structural constraints and potential losses from adjustment, impeding their greater openness to the global economy (Hoekman 2008: 33-34). Although, the concept for “Aid for Trade” has a number of interpretations, it may generally be conceived of as any assistance to help countries trade, particularly allowing them to take advantage of trade agreements (Phillips et al. 2005). As Cameron and Njinkeu (2008: 2) argue, aspects of Aid for Trade have been present in bilateral and multilateral aid programmes for many years. However, the issue came to light with the introduction of the WTO’s Doha Development Agenda (DDA) in 2001, ‘which saw renewed focus on developing country concerns in the international trading system, including on trade-related technical assistance’ (Cameron and Njinkeu 2008: 2).
A consensus had taken form by 2005, beginning with the conclusions amongst the Group of Seven (G7) Finance Ministers in February, supporting the Doha Development Agenda and calling for greater assistance to poor countries to assist with the costs of adjustment in trade liberalisation:

We recognise that developing countries face particular problems and need the flexibility to sequence reforms to their trade policies. We call on the IFIs to develop proposals for additional assistance to countries, consistent with debt sustainability, to ease adjustment in these economies, based on a systematic analysis of transition costs and consistent with country-owned development strategies, so they can increase their capacity to take advantage of more open markets (G7 2005: paragraph 5).

The subsequent G8 Summit at Gleneagles reaffirmed this view, and agreed ‘[t]o increase our help to developing countries to build the physical, human and institutional capacity to trade, including trade facilitation measures’ (G8 2005: paragraph 22a). Given the view among the G8 countries that ‘[p]rivate enterprise is a prime engine of growth and development’ (G8 2005: paragraph 19), with respect to poor countries in Africa in particular, the G8 nations committed additional support for trade capacity building ‘to take advantage of the new opportunities to trade which will result from a positive conclusion of the DDA’ (G8 2005: paragraph 22a). The WTO’s Sixth Ministerial Conference in Hong Kong in December 2005 broadened the consensus among the advanced industrial countries and multilateral organisations, by including a number of developing countries (including the coordinators of the ACP, Africa and LDC Groups of WTO members) in a ‘Task Force’ designed to steer the operationalisation of the Aid for Trade agenda.

Support for regional integration is one of the key mechanisms established by the Task Force to promote the internationalisation of the economies of so-called developing countries. In its first recommendations report, submitted in 2006, the Task Force listed the following key objectives necessary to operationalise Aid for Trade:

- To enable developing countries, particularly LDCs, to use trade more effectively to promote growth, development and poverty reduction and to
achieve their development objectives, including the Millennium Development Goals (MDGs).

- To help developing countries, particularly LDCs, to build supply-side capacity and trade-related infrastructure in order to facilitate their access to markets and to export more.
- To help facilitate, implement, and adjust to trade reform and liberalization.
- To assist regional integration.
- To assist smooth integration into the world trading system
- To assist in implementation of trade agreements (WTO 2006: 3).

Furthermore, the Task Force called for donors to ‘give more attention to trade issues in their aid programming’ and to develop trade-related expertise to carry forth into their development projects (WTO 2006: 4). In this way, aid for regional development from donors such as the EU, the UK and the US, which have subscribed to this agenda, is inextricably linked to support for the capitalist transformation of states in regions such as the SADC to integrate into the world economy. This means that aid for more human development initiatives, such as the reduction of life-threatening diseases or the promotion of education, becomes bundled with and linked to a neo-liberal trade related development strategy, thus undermining the model of developmental regionalism. Overall, this trend is evident in the financial commitments that donors such as the EU and the US have recently made. By the WTO meeting in Hong Kong, the EU pledged a five-fold increase of support for an Aid for Trade related agenda, to €2 billion by 2010, from €400 million in 2005. Similarly, the US doubled its commitment for Aid for Trade to $2.7 billion by 2010, from $1.3 billion in 2005.

These commitments from international donors reflect the development priorities that are promoted through aid relations with their recipient countries and regions, particularly in the case of southern Africa. This is especially the case for the SADC’s main donors: the EU, the UK and the US. Due to the importance of the EU as both the SADC’s largest trading partner and aid donor, as well the scope of the EU’s commitment to a regionally oriented Aid for Trade agenda, the next section of this paper will focus on analysing the neo-liberal character of the EU development
strategy for southern Africa and the manner in which this has been aimed at the internationalisation of the SADC region.

The neo-liberal character of the ‘EU consensus’ on development

The European Consensus on Development, which was signed in December of 2005, is the principal document outlining the EU’s common vision of development. Within the Consensus, and during interviews conducted at DG Dev at the European Commission headquarters in Brussels and the EC delegation to the SADC in Gaborone, Botswana, the EU promotes itself as an alternative to the major development institutions (such as the World Bank and USAID), despite, as the last chapter showed, the EU’s active engagement with the World Bank in harmonising its development policy. In an interview with a senior EC official with the delegation in Gaborone, the EU’s approach was seen as ‘morally superior’ to that of the US (Anonymous2 interview 2006), and a senior official at the DG Dev in Brussels, who was close to relations with the SADC, argued that whilst there is much resemblance between World Bank and EU development policy, the EU places more emphasis on ‘structural’ considerations (Dowd interview 2005). As Storey (2006: 332) has pointed out, there exists within the EU an idea of a European ‘social model’, one based on their ideas of ‘citizenship’ and ‘social solidarity’, which the EU feels places it in the position to ‘make the world a more civilised and safer place if they…export their ideas and models to the rest of the world’. However, given the contradictory nature of such a view with the EU’s commitment to a neo-liberal agenda in practice (Storey 2006: 343), the promotion of this idea may be seen as the means by which the EU can establish its hegemony amongst the ACP states, advocating a range of social platforms that combine with its predominant support of liberalised trade, macroeconomic stability and privatisation.

Indeed, the official interviewed at DG Dev made reference to the EU as the model for regionalism in southern Africa, given its experience with regional development. This idea of the EU acting as a ‘model’ for regional development is a central aspect of the European Consensus document, which refers to the promotion of its development model in terms of a ‘comparative advantage’ that it possesses with respect to other international donors: ‘Drawing on its own experiences, and exclusive competence in trade, the Community has a comparative advantage in providing support to partner
countries to integrate trade into national development strategies and to support regional cooperation whenever possible’ (EU 2005: 16). As such, the primary area of involvement listed for the EU in its Consensus is assistance with trade and regional integration through the development of trade and integration policy, institutional capacity building and support of the private sector (EU 2005: 21). The Consensus then argues that such integration, whereby regions in the ACP group of states should follow a European common market model, would then assist the ACP states to link with Europe through the exclusive EPA agreements:

Barriers are often highest between developing countries themselves. Regional integration can lower these barriers. In the case of the ACP, this also helps to prepare Economic Partnership Agreements. For many countries, but especially for those for which the EU is the largest trading and investment partner, approximation of the EU single market regulations is beneficial (EU 2005: 22).

Although the European Consensus places emphasis on a host of development objectives such as the reduction of poverty and the realisation of the MDGs, the form of political economy that is advocated in order to deliver these aims is a neo-liberal one. This is more explicitly stated in an accompanying strategy document for Africa, The EU Strategy for Africa: Towards a Euro-African pact to accelerate Africa’s development, which was published by the European Commission at nearly the same time as the European Consensus (December 2005). According to the document the ‘principal objective’ of the development relationship between the EU and the countries of Africa is the promotion of the UN MDGs in Africa (EC 2005: 3). Immediately following the statement of this objective, the EU’s development strategy outlines its view on the neo-liberal form of political economy that it supports in Africa. Under the section entitled ‘Creating an economic environment for achieving the MDGs’, the EU states that the only way to bring about the achievement of the MDGs is through its assistance in ‘stimulating rapid, broad-based and sustainable economic growth in order to contribute to an effective reduction of poverty’ (EC 2005: 4 emphasis removed). The strategy then calls for a number of neo-liberal policies in order to achieve this objective. In the first instance, the strategy document states that ‘[m]acroeconomic stability, the creation of regional markets and an appropriate private investment climate are crucial preconditions for sustained economic growth’ (EC 2005: 5). More specifically, the strategy states that:
The EU should continue to help African countries to implement macroeconomic and structural policies that encourage private investment and stimulate pro-poor growth. Another key vector for economic growth and regional integration is the development of South-South, North-South and multilateral trade. Increased economic integration within regions stimulates growth by increasing market size and exploiting economies of scale. The aim to foster integrated markets and promote trade and development lies at the heart of the...EPAs...that the EU is currently negotiating with four Sub-Saharan regions of Africa. The Doha Development Agenda and the EPAs both seek to ensure the progressive integration of Africa into world markets. The EU should also support African countries in the promotion of a stable, efficient and harmonised regulatory framework encouraging private business initiatives...(EC 2005: 4 bold in the original).

The strategy document continues by stating that the first step in this initiative is to liberalise trade in agriculture and liberalise trade in services (EC 2005: 5). Thus, the EU’s strategy for Africa explicitly conforms to several of the key tenets of a neo-liberal development strategy. The key to the reduction of poverty comes through the stimulation of the private sector, liberalisation of the economy and integration of world markets. This view was also expressed by the official responsible for SADC relations at the EC’s DG Dev when asked why the EU was pursuing a trade-oriented development strategy with the SADC. In response, he stated, ‘it has been proven that trade leads to development’ (Dowd interview 2005); thus showing the influence that intellectuals have had in defining the ideas which may be legitimately applied to development in Africa. The state, in the EU’s strategy, is then reduced to providing ‘arms length’ (Cerny 2008: 24) regulation that ensures the efficient functioning of markets. Finally, the idea of regionalism is a neo-liberal one, playing a central role in the liberalisation of African political economies and linking them to both the EU and the world economy through relationships of economic inequality (as the previous chapter showed with respect to the EPA and Cotonou agreements with the SADC). Therefore, neo-liberal ideas as evidenced in both the European Consensus on Development and the EU Strategy for Africa have provided the ‘structural context’ for the development strategies between the EU and the SADC. They have guided the EPA process and have influenced the EU’s disproportionate funding of trade, privatisation and infrastructure initiatives through the SADC.
From Lomé to the EPAs: the increasing neo-liberalisation of trade and development between the EU and the SADC

The EU is the SADC region’s main trading partner with a market for 40 percent of the SADC’s exports and a source for about 34 percent of the SADC’s imports. In the case of Botswana, exports to the EU account for nearly 74 percent of its total exports, mainly in diamonds (Lewis et al. 2003: 178). In this way, the region’s economies rely on trade with the EU far more than they rely on intra-regional trade. The economies of southern Africa have historically enjoyed preferential access to the European market through the trade agreements inherent in the various phases of the Lomé Convention. Under the General Agreement on Tariffs and Trade (GATT), this form of preferential access was possible due to a waiver as such access existed in contradiction to the GATT. This was an instance ‘of the extent to which multilateral rules had been qualified by the previously existing patterns of development cooperation’ (Brown 2002: 195). With the creation of the WTO in 1995, the long-term waiver granting trade preferences to ACP states to the EU was no longer viable, given challenges to this arrangement by the US and due to the changing political circumstances in the EU (as will be discussed further below). As such, the emergent Cotonou Agreement signed in 2000 and implemented in 2003, redefined the aid/trade relationship between the EU and the ACP group of states, including both WTO compatible EPAs (to take effect after the expiry of the WTO waiver in 2008) and aid facilities to compliment the EU agenda of integrating the poor countries within its purview into the world economy. As Hurt (2004: 164) has argued, the aid and trade aspects of the Cotonou Agreement represent ‘neoliberal provisions and conformity with multilateral regulations and trends’. Indeed, these elements of the Cotonou Agreement conform to the principles of the Aid for Trade consensus.

Full conformity on the part of the EU’s development policies with the multi-lateral, neo-liberal consensus on Aid for Trade has been the result of a gradual process over the course of the agreements between the EU and the ACP since 1975. Lomé I, initiated in 1975, signalled a significant departure from the earlier Yaounde Conventions through the introduction of a non-reciprocal trading arrangement with the ACP. Through this, ACP countries were granted ‘free access’ to European

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2 Source: SADC Trade Database (available online at: http://www.sadctrade.org). Data are for 1999 – 2005 and do not include the Seychelles.
markets in exchange for non-discrimination on exports from the various EEC countries. This also granted European countries equal access to the ACP market with treatment no less favourable than that granted by the ACP states to other developing countries. However, with measures to limit the import of commodities covered by the European Common Agricultural Policy (CAP) and rules of origin on most products stipulating a value added of 50 percent from the exporting country, the EEC placed important constraints on the notion of preferential access to its markets (Brown 2002: 61). For products not covered by the CAP, Lomé I also introduced a ‘System for the stabilization of export earnings’, or ‘Stabex’, to smooth out export revenue for ACP countries that faced losses due to price fluctuations for their agricultural commodities on world markets (Hurt 2003: 162). Although the European Development Fund (EDF) funded Stabex, ACP countries were required to apply for funding based on their dependence on the commodity in their economy, to which funding was disbursed as a zero-interest loan from the EEC (Brown 2002: 60). Lomé II, signed five years later, introduced a similar mechanism for the export of minerals, ‘Sysmin’; a programme that was, however, targeted more towards maintaining productive capacity of mineral export sectors in ACP countries, on which the European economies relied (Brown 2002: 66).

These concessions, regardless of their efficacy, ebbed away during the 1980s and 1990s as the power of the ACP states declined in the face of changes in the global political and economic environment. The rise and application of a neo-liberal orthodoxy in the development policies of the Breton Woods institutions resulted in the imposition of a number of economic and political conditionalities in the aid to Sub-Saharan African economies under the rubric of structural adjustment. Whilst Europe proclaimed that it offered an alternative to structural adjustment, one in which adjustment to African economies would proceed through dialogue with the ACP rather than through forced conditionality, Europe in effect endorsed and supported World Bank and IMF adjustment policies through Lomé III and IV (Hurt 2004: 159-160). The fourth Lomé Convention, which covered the 10 year period of the 1990s in two parts (with a ‘revised’ agreement signed in 1995), marked an important milestone in EU-ACP relations, significantly moving away from the principle of an ‘equal partnership’ (Bretherton and Vogler 2005: 121). Two features to this extent were introduced into Lomé IV: economic conditionality through the support of structural
adjustment and political conditionality through the inclusion of a human rights clause (Article 5) as an ‘essential element’ of the agreement. In addition to Lomé IV calling requiring a country to have an existing SAP in order to qualify for European funding for adjustment, a European Development Council resolution in May 1988 ensured ‘…effective co-ordination between the Community, on the one hand, and the World Bank and the IMF, which play a leading role in the dialogue on adjustment, on the other’ (Council of Ministers 1988 cited in Brown 2002: 98). The agreement to link development assistance to ‘fundamental human rights and to the recognition and application of democratic principles, the consolidation of the rule of law and good governance’ (ACP-EU 1995: Article 5 (1)), further illustrated the EU’s commitment to pursuing a development agenda which conformed to the norm of liberalising developing country economies.

The application of the norm of liberalisation and the project of restructuring African countries towards closer integration into the world economy has been to a greater extent an explicit feature of the Cotonou Agreement, using regional integration in the ACP as a vehicle for implementation. Towards the late-1990s, against the backdrop of the post-Cold War international order, the EU considered it necessary to re-evaluate its development relationship with the ACP. It abandoned the purported political neutrality in its relations and adopted what Marjorie Lister (1998: 379) has called a ‘new interventionism’, actively engaging in the reshaping of ACP political economies to conform with the EU’s political objectives and the agreed development priorities amongst the dominant international actors (Brown 2000: 377). Therefore, the most important aspect of the new Cotonou agreement was that it ensured compatibility with WTO regulations. Lomé was able to breach such rules due to a long-standing waiver, which was only to be renewed until 2008, from Article XXIV of the GATT, calling for reciprocity in Free Trade Agreements (Hurt 2003: 164-165). Furthermore, the EU abolished the Stabex and Sysmin programmes, on the grounds of their relative inefficacy and inefficiency, and has instead opted for an aid approach that supports the integration of ACP states into the world economy based on market-oriented principles.

The EU’s advancement of a neo-liberal agenda towards African states, in accordance with a global consensus on development, is not only evident through the language of
the Cotonou Agreement and the EPAs, but also through speeches its officials and through its policy documents. Two in particular – a speech given by Pascal Lamy to the Institute for International Affairs in Johannesburg in the days preceding the signing of the Cotonou Agreement, and a memorandum from the EC outlining the extent of its collaboration with the World Bank – illustrate the key aspects of the EU’s strategy towards internationalising the state in Sub-Saharan Africa through the promotion of regional integration. These documents reveal more about the EU’s perspective on development than either its ‘European Consensus on Development’ (EU 2005) or its ‘European Union Strategy for Africa’ (2005), both of which, like the Cotonou Agreement, were ‘designed for domestic consumption in Europe and for purposes of legitimation in ACP states’ (Hurt 2003: 165).

In his speech, ‘The challenge of integrating Africa into the World Economy’, Pascal Lamy, the former EU Trade Commissioner, made the point that ‘the process of globalisation and, more specifically trade liberalisation, if correctly employed can and will be good for development’ (Lamy 2000: 1). First, however, he stressed that African states must begin with ‘appropriate’ macro-economic policies, structural reforms and good governance. From this:

…an international dimension can be added to contribute to development and to successfully integrating African countries into the world economy. On the one hand, this dimension involves the definition and implementation of international rules that fully take into account the specific needs of [the African] continent. On the other, it involves strengthening the regional integration process (Lamy 2000: 1).

Therefore, Article 22 of Cotonou, on ‘Macroeconomic and structural reforms and policies’, and Article 28(a) on ‘Regional Cooperation and Integration’ to ‘foster the gradual integration of the ACP States into the world economy’ (ACP-EC 2000), require that these states transform their political economies in order to comply with the demands of global capitalist development.

To this effect, the EU coordinates its policy with the World Bank to bring about these transformations. According to an interview with the EC DG Dev official responsible for SADC affairs (Dowd interview 2006), and a memo published by the EC (EC 2006) on the ‘Collaboration between the European Commission and the World Bank’,
the Commission and the World Bank base their country (and regional) programmes on Poverty Reduction Strategy Papers (PRSPs), the key document produced by developing countries in conjunction with the World Bank, outlining their country reform programmes. As Graham Harrison (2004b: 114) has argued, the PRSP ‘is the key document’ in the formation of ‘governance states’, which enables the World Bank to be involved in the politics of the state, ‘without appearing to be intervening, interfering or imposing’ (2004b: 111). According to the 2006 memo, the EC and the World Bank share the same outlook on development: ‘[n]ot only do the European Commission and the World Bank share the objective of growth and poverty eradication in Africa, but agree on how best to achieve this’ (EC 2006: 1). The consensus on development between the two organisations places emphasis on good governance, economic growth and aid effectiveness (EC 2006: 1), which the EU supports through aid. As discussed earlier, this aid aspect is only part of the overall EU approach to development in the ACP. The other cornerstone of the EU’s development policy for economic growth focuses on liberalised trade, which it has supported through EPA negotiations with regions such as the SADC.

The most important departure from the Lomé Convention involves the reversal of over 25 years of non-reciprocal access to EU markets by the ACP states. Embedded in the Cotonou Agreement is the principle of integrating the ACP states into the global economy, which provides the main justification for the creation of the EPAs (ACP-EC 2000: 1-2). To this effect, there is compliance with the overarching consensus on trade liberalisation as a means to development, and with the WTO rules that enforce this (resulting in the loss of the non-reciprocal trade waiver for the ACP at the end of 2007). Another key point to this strategy, included in the Cotonou Agreement, is the importance for the EU of the promotion of regionalism in bringing about the integration of ACP states into the world economy. According to a brochure issued by the EC on the EPAs, regional integration is considered an effective means to stimulate this integration, based on the EU’s own experience (2002: 5). As Holland (2003: 168) argues, ‘the undeniable message is that the EU prefers to promote ACP regional integration and deal primarily on a region-to-region basis. Such a development, of course, corresponds to the EU’s own original philosophy and is consistent with a view of integration as a global process’.
However, the EPA process, which witnessed the signing of an ‘interim’ EPA between
the EU and the SADC in late-2007, managed to face various levels of resistance,
acting to undermine the process of integration in the region. One EC official close to
the EU-SADC EPA agreement, who had previously worked on the Cotonou
Agreement negotiations, admitted that in the 1990s, the EU foresaw a set of
partnership agreements with a discrete set of regions, hoping that the ACP states
would share the EU’s vision of integration. The result, however, has ‘been a
disappointment’ for the EU (Anonymous3 interview 2008). From the start, the SADC
did not negotiate the EPA with the EU as a coherent bloc of its member countries.
Instead, the SADC countries split along lines roughly equal to those that belonged to
the Common Market for Eastern and Southern Africa (COMESA) region, and those
that belonged to the Southern African Customs Union (SACU). The former group
joined the Eastern and Southern Africa (ESA) negotiating group and the latter,
consisting of Botswana, Lesotho, Namibia, South Africa, Swaziland, plus Angola and
Mozambique joined the ‘SADC-minus’ group. Tanzania had initially been part of the
SADC-minus negotiating group, but then defected to the East African Community
(EAC) in 2007, reducing the SADC’s 10th EDF programming allocation from €135
million to €116 million (SADC 2008: 2). South Africa, which already had established
its Trade, Development and Cooperation Agreement (TDCA) with the EU, joined the
SADC group due to its obligations as a member of SACU (Stevens 2008: 220).

The EU had long been concerned with this patchwork of negotiations across southern
Africa, and anecdotal evidence from a senior level trade official in the SADC states
suggests that tensions between the SADC Secretariat and the EU arose when the
European Commissioner for Development Louis Michel met with the SADC in 2006
and encouraged an end to the overlapping membership in regional organisations
(Anonymous participant observation 2006). The suggestion by the EU Commissioner
was perceived as a ‘divide and conquer’ tactic, and the response from the SADC
countries was that overlapping membership and the fragmented nature of the SADC
EPA negotiations were a matter of the sovereign right of the SADC’s member states.
Thus, the SADC states negotiating as members of different blocs represents a form of
resistance to the EU’s vision of aid and trade relations with the southern African
region.
Finally, only five of the seven SADC-minus states signed the interim EPA in December of 2007, with South Africa and Angola refraining from initialising the agreement due to issues raised with regard to the its provisions (Stevens 2008: 220). In November of 2007, Namibia also issued communiqués indicating its intention to opt out of the agreement due to ‘long-term detrimental policy implications’, such as the most favoured nation (MFN) treatment provision sought by the EU, the removal of quantitative restrictions on imports (arguing that it would affect cereal production and therefore food security), and insufficient provisions for infant industry protection (Republic of Namibia, Ministry of Trade and Industry 2007: 2). However, by December of 2007, Namibia signed the interim EPA, continuing the negotiations of these issues with the EU, perhaps due to the potential losses it would have faced with the end of Cotonou (Stevens 2008: 220). For the five countries that signed the agreement, the ‘interim’ nature of the agreement reflects the strained character of the negotiations between the SADC and the EU. Stevens et al. (2008: 76) cite that negotiations were suspended in 2006, as the EU deliberated a response to the SADC’s proposal for their terms of the agreement, which included its demands for trade and development from the EU. Furthermore, the SADC-minus group opposed the inclusion of the so-called ‘Singapore Issues’ of the Doha Round of WTO negotiations – trade in services, investment and government procurement – on which the SADC group has agreed to conclude negotiations with the EU by 2008. The EU’s instance on the inclusion of the Singapore Issues has led critics to conclude that EU may be attempting to ‘influence the Doha negotiations through the back door’ (Stevens 2008: 212), furthering the role of regionalism in the internationalisation of the state in southern Africa.

Whilst the EPA process has been contentious in the SADC region, it has nonetheless proceeded forth and has influenced development strategy and the internationalisation of the state in southern Africa. This is particularly the case through direct involvement of the EU in influencing development priorities – emphasising the role of trade and infrastructure (to support trade) – through its aid relationship with the SADC, as the final section below will discuss.
The EU-SADC aid relationship and the EPA framework

From its origins as the SADCC in 1980, the organisation has relied on funds from donor countries and organisations in order to pursue a regional development agenda. In somewhat of a contradictory manner, the SADCC Declaration in 1980 made a direct appeal to the international community for financial assistance to support its project of reducing dependence on South Africa and the world economy at large. By 1990, the SADCC the portfolio of development projects which had either been earmarked for funding or had been in the full stages of implementation, with over 70% of financing from mainly European donors (SADCC 1990: 20). Towards its reformulation as the SADC in 1992, there were concerns by the leadership of the organisation that it had amounted to no more than a ‘begging bowl’ for international funding in the previous decade (SADCC 1992b: 7). This, it was felt, ebbed away at the legitimacy of the SADC and its aims towards some form of self-sufficiency in the development of the region, allowing too much power to rest with foreign states and organisations.

Whilst these concerns indicated a level of resistance to dependency on international aid, the SADC nonetheless proceeded with the effort to introduce a greater degree of openness in the region to the global economy and to institutionalise its relations with its donors. By weaving the relationship with its donors into the fabric of the organisation, the SADC brought interactions with these international actors from a ‘one-off’, ad-hoc project-oriented form of aid to one where donors such as the EC, the United States Agency for International Development (USAID) and the UNDP could reach some form of consensus for a long-term development programme for the SADC and have more direct input into its affairs. As part of the SADC restructuring effort that began in 2001, the Joint Task Force (JTF) structure consisting of senior members of the SADC and representatives of its major donors was created. The JTF includes representatives from Belgium; Canada; Denmark; the EC; Finland; France; Germany; Norway; Sweden; the United Kingdom; the UNDP; and USAID. The JTF is co-chaired by one ‘lead ICP’, in this case the EC (which is the SADC’s largest donor as may been seen in Figure 1 below), and the Chief Director from the SADC. In order to leverage more efficiently the interests and capability of donors and match them with the priorities of the SADC, the JTF is organised around a number of ‘thematic groups’. These thematic groups include a ‘Water Sector Reference Group’ headed by
the UNDP, an ‘HIV/AIDS Reference Group’ coordinated by Sweden, a group on ‘Trade Related Assistance’ led by the EC delegation, a ‘Finance and Investment Group’ organised by the UK Department for International Development (DFID), and a ‘Food Security Group’ led by USAID (SADC 2007).

**Figure 1: SADC contributions by ICP (2004)**

Source: Adapted from the EC Delegation Botswana (2004) Donor Matrix spreadsheet. Note: This figure does not include direct funding from the World Bank, and does not include funding for regional projects conducted with organisations other than the SADC (NGOs, etc.).

According to a senior member of an ICP delegation close to the SADC-ICP relationship, the JTF and coordination between donors and the SADC was felt to be unidirectional, from donors to the SADC (Anonymous2 interview 2006). Lead ICPs participate in programming and planning missions for projects with the SADC and provide funding for staff members from donor countries to ‘help take the lead’ on SADC projects. In this way, through the JTF, ICPs have become embedded in the processes of policy-making and policy implementation. The power of the ICPs in these processes is enabled and reinforced by their funding of over two-thirds of the SADC’s projects budget. This provides donors a high degree of control over the

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3 The latter two groups, the Finance and Investment and Food Security groups, were still at the proposal stage as of 2007.
proposed projects that must be met with approval, and therefore as a result, the type of strategy the SADC may follow. As a senior official in the SADC’s office of Policy and Strategic Planning, explained, the use of external resources to fund the SADC’s projects renders contradicting the development policies and aid conditionalities of donors difficult; the SADC and member states are under pressure from them, and the international donors are in turn are under pressure from their private sectors (Anonymous6 interview 2006).

Thus, the SADC in many cases must yield to the development strategies of the ICPs. For instance, whilst the SADC holds that the development of infrastructure should be state-led within the member states, donors, he said, insist that it must be led by the private sector. The process of conforming to the strategies, conditionalities and modalities of the ICPs occurs within the JTF. As the senior member of the ICP delegation put it, the SADC presents its ‘shopping list’, which donors consider based on their priorities, their accepted modalities for funding (such as direct project funding versus overall budget support), their capabilities for funding and other criteria such as whether the project can be considered ‘regional’ or simply ‘multi-country’ (Anonymous2 interview 2006). The process of negotiation occurs, but assistance to the SADC may only be approved within a margin of the development strategies that international donors such as the EC, DFID and USAID have formulated for the southern African region.

For the purpose of gaining insight into the broad contours of a development strategy that the EU has supported, it is useful to examine the policy areas and priorities within the SADC that its international donors have funded through aid. In 2004, the EC in its capacity as lead ICP, prepared a ‘donor matrix’ which reports donor contributions to the SADC by the various international donors. Amounts from this matrix were used to create Figure 2 below, which is a disaggregated view of the ongoing total contribution to the SADC’s four directorates: Trade, Industry, Finance and Investment; Food, Agriculture and Natural Resources; Social and Human Development & Special Programmes; and Infrastructure & Services. It also includes aid amounts that were targeted towards the administrative aspects of the Secretariat. By examining the amount of aid targeted towards specific policy areas in the SADC, the donor priorities may be brought to light.
As the data show, the majority of funding (in 2004) was directed towards trade and market oriented projects, followed by funding for agriculture related initiatives and human resources. Examining the line items of funding in the donor matrix, the majority of support for TIFI programmes came from the UK, followed by the EC. In the case of the EC, aid was targeted towards encouraging private investment in the SADC region. In the area of food and agriculture, the EC provided funding for projects related to increasing food production and security, with the United States (US) providing the second highest amount of funding with regard to increasing market access for regional agricultural products. Figure 3, below, summarises aid to the four SADC Directorates by the EC, the UK and the US, which together comprise close to 80 percent of funding for the SADC (see Figure 1).
The figures above report aid to the SADC from ICP funding cycles that originated in 2000 and continued into 2004. With respect to the largest SADC donors, the figures begin to support the argument that trade and market liberalisation are among the highest priorities for funding for development within the region. When coupled with the data in Figures 4 and 5, and the strategies for development in southern Africa that have been formulated by the EC, DFID and USAID, the data strongly correspond to an effort to promote an Aid for Trade agenda in the region, which aims for the neo-liberal transformation of southern African states towards integration into the world order through development aid. Figure 4 shows the estimated pipeline funding for the SADC after 2004. The majority of this proposed funding involves projects related to assistance for transportation and infrastructure initiatives to facilitate trade. Figure 5, below shows that there has been a prominent trend toward the advancement of an economic integration and liberalisation agenda in the SADC region by the EU, across the EDF funding cycles since 1996. The first two rows of Figure 5 relate to the Regional Strategy Papers (RSPs)/Regional Indicative Programmes (RIPs) for the SADC, which are the central agreements that determine priority areas for EDF funding to the SADC (Sund interview 2008). These figures show both that for the 8th and 9th SADC EDFs, trade facilitation has been a ‘focal area’ and one that has
received a greater proportion of funding (from 65 percent in the 8th EDF, to between 75 and 90 percent in the 9th), from 1996-2007.

**Figure 4: Pipeline ICP-SADC support by directorate (2004)**

![Pipeline ICP-SADC support by directorate (2004)](image)


Note: This figure solely includes pipeline funding from the World Bank.

**Figure 5: EU aid priorities for the SADC (1996-2007)**

![EU aid priorities for the SADC (1996-2007)](image)

Source: Development Researchers’ Network et al. (2007).

Thus, driven by an ideological consensus that conforms to a neo-liberal development agenda, the SADC’s donors, particularly the EU, have directly influenced the strategic focus of the SADC and its development priorities through both aid and trade structures. In the case of the EU, it has influenced strategic priorities in the southern African region through its use of both the EPAs and the EDF as instruments to implement its ‘European Consensus’ on development in Sub-Saharan Africa – which is aligned with a broader Aid for Trade consensus amongst the dominant states and institutions in the world order.
Conclusion
This paper has argued that dominant international actors and the structure of the world order have had a significant influence in reinforcing and deepening a neo-liberal form of development strategy in the SADC. In this way, relatively less attention has been paid to policies related to social development (with the exception of HIV/AIDS) and to the transformation of the region’s economies towards less unequal relations with the global political economy, thus undermining the model of developmental regionalism. As the SADC relies on funding from its ICPs and its members rely on trade with the ICP states, these donors have played a direct role in shaping SADC development priorities through asymmetrical power relations. These ICPs, particularly the EU, have promoted, in essence, a trade-oriented strategy of development along neo-liberal lines, with an associated emphasis on the restructuring of the state through ‘good governance’ policies. In this way, the SADC, through the influence of its ICPs, is facilitating the process of capitalist transformation of its member states oriented towards the exigencies of the global economy. Thus, this undermines the strategy of developmental regionalism, in which the SADC is ostensibly engaged in, and promotes a neo-liberal development model and the internationalisation of the state through the process of regionalism. Indeed, neo-liberalism as a development paradigm underpins the emerging Aid for Trade strategy that international actors such as the EU are promoting in their development relations with regions such as the SADC.
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