The Role of Regional Trade Agreements on Africa’s Multilateral Policy Growth: An Analysis of East African Integration

By

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Student’s Declaration

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution, or university other than the United States International University- Africa for academic credit.

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Abstract

This thesis examines the role of Regional Trade Agreements in Africa’s multilateral growth, the various factors that lead to their proliferation and the role of globalization in Africa’s multilateral policy. The East African Community integration has been used as a case study to represent Africa multilateralism.

To bridge further gaps, the study considered the role of African Regional Trade Agreements in defining their place in multilateral platforms, thereby concluding that Africa needs to take a superior role in formation of policies in order to be felt at the World Trade Organization forums.
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Finally, I must express my very profound gratitude to my parents, my sisters and my sons for providing me with unwavering support and continuous encouragement throughout my years of study and through the process of researching and writing this thesis. This accomplishment would not have been possible without them. Thank you.
Dedication

This thesis is dedicated to my parents, Ernest and Mary, who have always loved me unconditionally and whose good examples have taught me to work hard for the things that I aspire to achieve. This work is also dedicated to my sons, Steve and Eessa - in their hands rests the future.
# Table of Contents

Student’s Declaration ........................................................................................................ ii

Abstract ............................................................................................................................... iii

Acknowledgement ............................................................................................................. iv

Dedication ........................................................................................................................... v

Abbreviation ...................................................................................................................... viii

Chapter One: Introduction ................................................................................................. 1

1.1. Background of the Study ........................................................................................... 2

1.2. Statement of the Problem ......................................................................................... 4

1.3. Research Objectives ................................................................................................. 5

1.4. Research Questions .................................................................................................. 5

1.5. Justification of the Study .......................................................................................... 6

1.6. Scope of the Study .................................................................................................... 7

1.7. Research Methodology ............................................................................................. 7

1.8. Thesis Organization ................................................................................................. 8

1.9. Definition of Terms .................................................................................................. 9

Chapter Two: Literature Review ......................................................................................... 10

2.1. Conceptualizing Regional Trade Agreements .......................................................... 10

2.1.1. Region, Regional Integration and RTA ................................................................. 10

2.1.2. Types and degree of Regional Integration ......................................................... 12

2.1.3. Factors Sustaining RTAs .................................................................................... 15

2.2. The Role of Globalization in the Growth of Africa’s Multilateral Policies ........... 17
2.3. The Relationship between WTO and RTAs.................................................. 19

2.4. Africa’s place in the Multilateral World...................................................... 23

2.5. RTAs and Multilateral Policy......................................................................... 26
   2.5.1. Defining the Agenda............................................................................... 26
   2.5.2. Creating policies and Creating Trade.................................................... 27
   2.5.3. Trade in Services.................................................................................. 29
   2.5.4. Priorities Areas.................................................................................... 29

2.6. Research Gaps.............................................................................................. 31

Chapter Three: The East African Community in Multilateral Trade Policies...... 32
   3.1. Factors Sustaining the Surge of RTAs...................................................... 32
   3.2. Globalization and Multilateral Growth Policy in Africa............................ 36
   3.3. WTO and RTA Trade Policies................................................................. 39
   3.4. East African Community Strengthen Its Multilateral Policy Growth........... 40

Chapter Four: Data Findings and Discussion...................................................... 43
   4.1. Attractive Policies or failure of WTO...................................................... 43
   4.2. Globalization and Trade Wars................................................................. 43
   4.3. Challenges of Regionalizing Multilateral Trade Policies........................... 44

Chapter Five: Conclusion and Recommendation............................................. 46

References........................................................................................................... 48
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGOA</td>
<td>African Growth and Opportunity Act</td>
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<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>EAC</td>
<td>East Africa Community</td>
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<td>EACB</td>
<td>East African Central Bank</td>
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<td>EAMU</td>
<td>East African Monetary Union</td>
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<td>ED</td>
<td>Economic Diplomacy</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GATT</td>
<td>General Agreement on Trade and Tariffs</td>
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<td>GDP</td>
<td>Gross Domestic Products</td>
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<td>IGAD</td>
<td>Inter-Governmental Authority on Drought</td>
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<tr>
<td>KEPSA</td>
<td>Kenya Private Sector Alliance</td>
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<tr>
<td>KIPPRA</td>
<td>Kenya Institute for Public Policy Research and Analysis</td>
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<td>REC</td>
<td>Regional Economic Communities</td>
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<td>RTA</td>
<td>Regional Trade Agreement</td>
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<tr>
<td>SADC</td>
<td>South African Development Community</td>
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<td>US</td>
<td>United States</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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Chapter One: Introduction

After the end of the Cold War in 1989, the 1990s were marked by globalization (Baylis, 2005), trade, and information technology improved communication (Turvey, 2014). The previous alignments with the global East or West that had characterized the Cold War ended. Globalization brought an avenue for collaboration not just with neighbours but also with other states worldwide and worldwide trade increased not just at bilateral but also at multilateral level (Bayne & Woolcock, 2011). While the General Agreement on Tariffs and Trade (GATT) used to regulate the trade policies, the 1995 establishment of the World Trade Organization became umbrella organizations with the mandate of regulating trade agreements among member countries through the reduction of tariffs and customs. This is mostly centred on trade, and in the words of Mehta & Kumar (2000) “The whole process of trade liberalisation under GATT since 1947, resulting in the establishment of the World Trade Organisation in 1995, is about the contestability of markets.”

While in the developed countries the European Union is the model of full regional integration, the developing countries seems to be slow at complete integration. However, as Pant (2010, 187) has argued, the causality in developing countries seems to be from trade to the RTA and not verse versa because of the changes in the world order brought by globalization. Pants (2010) further argued that RTAs do not increase trade or integration per se; rather, trade drives the RTA. Although African countries embraced RTA since the 1950s and 1960s, with almost all countries belonging to on RTA, the bipolar world also influenced their functionality until recently. These agreements have been used as conduits to enhance policy credibility and trade acceleration, to facilitate small nation economies in the continent while overcoming economic disadvantages of
fragmentation. Today, virtually there is no African country that is not a member of at least one regional economic arrangement.

The signing of the African Economic Community Act (or the Abuja Treaty) in 1991, aimed at establishing a single market in the continent by 2025. The treaty declared specific phases for creating and strengthening regional economic integration at sub-regional level. The treaty visualized that one RTA would exist in each of the five sub-regions in Africa; Central, Eastern, West, North, and Southern. Contrary to the envisaged design by the Abuja Treaty, most African countries belong to more than one RTA. The proliferation of these RTAs has been blamed for undermining the WTO, but others see these RTA as mechanism for correcting the screwed trade policies that do not benefit the developing countries. Consequently, it is imperative to investigate how these RTAs affect the multilateralism.

1.1. Background of the Study

The unprecedented increase in the number of Regional Trade Agreements (RTAs) also known as Regional Trading Blocs (RTB) or Regional Integration Agreements (RIAs) in the last three decades is a much-debated concept in the international development policy circles. Regional trade arrangements fall within the purview of World Trade Organization (WTO). Albertin deposits that RTAs form a major development in the contemporary world of international relations (Albertin 2008). Most WTO members are members in one or more of these arrangements, which have become popular in scope and coverage. WTO members have thus been allowed to engage in these agreements as an exception to the important tenet of non-discrimination as set out in the Most-Favoured-Nation (MFN) clause of GATT’s Article 1 but are also required to notify the WTO on formation of new pacts (World Trade Organization, 2006).
The first modern trade agreement was inked on the 23rd of January 1860 by Britain and France. It is called the Cobden-Chevalier Treaty, which assured Britain that France would eliminate all import prohibitions on her manufactured goods, while capping most duties at 30 percent and after 1865, it was further reduced to 25 percent. In turn, Britain promised to remove import duties completely from all but 48 French merchandises as well as dramatically reducing tariffs on French wines and brandy (Ashley, 1904). Each country in this case, assured to grant the other most-favoured nation (MFN), regarding any tariff concession it may successively grant to other trading partners. This was followed by the proliferation of bilateral trade treaties, with 56 pacts being signed in a record of fifteen years. By 1875, nearly all of Europe was party to a low-tariff zone due to a web of agreements in which the linchpin MFN clause was included.

The first multilateral trade agreements were sequences on 1st of January 1948 when the General Agreements on Tariffs and Trade (GATT) came into force. More than 45,000 tariff concessions were incorporated by its original 23 signatories, while also providing a broader framework for the regulation of international trade. Seven “rounds” (a set of multilateral discussions under the auspice of GATT, with a commitment to reduce tariffs) of discussions by these and other members steered numerous tariff cuts and led to the introduction of rules that would govern various non-tariff barriers to trade. The WTO was created by the Uruguay Round, which took effect on the 1st of January 1995 after being signed by 123-member states. This saw the extension of trade rules to various services, the establishment of procedures for dispute settlement, and harmonizing treatment of intellectual property. The WTO grew to include 164 members the latest to join being Liberia and Afghanistan (World Trade Organization, 2017). According to the WTO database, there were 279 different RTAs by June 2017 (World Trade Organization, 2017), but it was noted that the number is more because many RTAs have not notified the WTO.
According to the WTO ministerial conference of 2005 held in Hong Kong, it was estimated that almost half of global trade is now happening under the auspices of RTAs, this was proven by the fact that these agreements exist in every continent and their increase continues unabated (WTO, 2005). Numerous questions have been posed following this new development in the trading system. The most dominant question is the implication of regionalism for the global trading regime and its objectives for multilateralism. To avoid eroding the concept of MFN of member states, what are the set legal constraints of the WTO system? What influence do these RTAs have? And finally, how would WTO member countries adhere to their obligations while being involved in both models (regionalism and multilateralism) which have become increasingly difficult to tell apart since some maintain that they are complimentary, while on the lopsided they are perceived to be clashing (Bhagwati, 2008).

1.2. Statement of the Problem

International trade policy is by and large seen to be an area curved out for technical policy and trade specialists and technocrats of the WTO and academics in international economics/law. The changing climate of opinion on essential issues such as trade and development policy has increasingly shifted the focal points and actors to more active nationalistic cum regional policy actors keen on harnessing the forces of globalization to benefit local and regional development for the large population to create wealth and improve the standard of living.

For the case of Africa, there has been an urgency with which regional trade arrangements have taken shape and form over the last five decades. From SADC to ECOWAS and EAC, African leaders – political leaders have increasingly become aware of the need to transcend national political divides and limitations to create ‘coalitions of growth’ at
regional level to focus on leveraging on comparative advantage and competitive edge to deliver on economic growth and sustainable development juxtaposed against narrow political differences.

While regional trading arrangements portend great development potential, we remain with critical challenges on collaborative initiatives that drive multilateral policy growth for the African region for the region to command a voice at the WTO ministerial trade negotiations and above all improve the quality of life for the Africans because of international and regional trade. Regional Trade Agreements have increasingly become the essential building blocs leading towards the significant growth in Africa’s multilateral policy. Both the test of time and advantage of history combine to provide useful indicators of this growth with the newly formed Africa Continental Free Trade Area.

1.3. Research Objectives

i) To examine the factors that lead to the proliferation of regional trade agreements in Africa

ii) To analyse how globalization has contributed to the growth of Africa’s multilateral policy

iii) To review the policy support of WTO towards regional trade arrangements

iv) To establish whether the East African Regional Integration process has strengthened Africa’s multilateral policy growth

1.4. Research Questions

Trade economists, lawyers and scholars have differed on whether RTAs are valuable to MTS or they impede their growth (Pal, 2016). This buttresses the long duel that has existed between the advocates of the two schools of thought. The hypothesis is that
regionalism and multilateralism complement each other. This study sought to answer the following research questions:

i) What factors lead to the proliferation of regional trade agreements in Africa?

ii) How has globalization contributed to the growth of Africa’s multilateral policy?

iii) How does WTO provide strategic policy support towards regional trade arrangements?

iv) How has the East African Regional Integration process strengthened Africa’s multilateral policy growth?

1.5. Justification of the Study

This research is useful especially for purposes of enriching the understanding of RTAs and WTO in the context of advancing the growth of African Multilateral Policy. The ascendancy of regionalism necessitates what we focus on its import and how it affects the quality of trade, life, and improving standards of living for majority of the people in developing regions of the world mainly in East Africa, which is the focus on this study. This is because it is one of the fastest growing RTA in Africa. As James and Boukes (2017, 512) explained, “due to the increasing amount of foreign investment opportunities and recent infrastructure developments, the East African Community (EAC) has gained considerable attention in global markets.” It is the centre for the battle between the West (Europe and USA) and the East (lead by China and India), all competing and, the words of James and Boukes (2017, 512), “framing the economy of East Africa Community” in terms of “risk, opportunities, morality and valence.”

Ultimately, the findings of this study will add to the existing pool of academic material on regional integration leading to a better understanding development. It is intimated that from this study, Africa and African countries will derive a specific model of integration
that will address their main political and economic agenda by shaping policies that are applicable in developing countries. The findings therefore do not only draw an insight into the working of the regional trade agreements and Africa's multilateral policy growth but also help in projecting the tangible political and economic impact the integration is likely to have on Africa at large.

1.6. Scope of the Study

The scope, coverage and number of RTAs have steadily risen, and as such, they have become widespread, that most WTO signatories are members to one or more of them. Globally, there are more than 474 notifications of RTAs in the WTO (World Trade Organization, 2017). Some are officially registered with WTO, but many others are not. In addition, not all countries are members of WTO. The most dominant pacts include the Association of Southeast Asian Nations (ASEAN), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the European Free Trade Association (EFTA), the European Union (EU), the North America Free Trade Agreement (NAFTA), and the Southern Common Market (MERCOSUR).

Studying and analysing all these pacts would require ample time and more resources. Consequently, to understand how these RTAs interact with the multilateral policies, the EAC is taken as the case study.

1.7. Research Methodology

This research used qualitative analysis of the role of RTAs in the policymaking of multilateral trade. As a case study, it focuses on the East Africa Community, which attracts a lot of investment as explained above, from all corners of the world. Case studies often ask the question “how and why, questions which particular phenomenon (Yin, 2003) such as the surge of RTA is occurring. Case studies often involves
individuals (Robson, 2002), in this case countries or members of the EAC. Finally, in case studies “the research setting is essential in providing context for the study” (Yate & Leggett, 2016) and the EAC is that ideal setting: there is need to explain why these RTA are increasing and their impact on the regional integration.

This research reviewed desktop data. In other words, it is a document analysis of relevant material that shows patterns of how the EAC undergoes its multilateral policy and how this interact with other regions or states. Consequently, data is collected from different sources about and from World Trade Organization, United Nation Conference of Trade and Development (UNCTAD), the East African Community, leading Business News Papers in EAC such as the Business Daily, the Economist, the African Development Bank, and the World Bank reports on multilateralism and RTA with focus on the EAC. The research furthers shows the implications on these integration on the regional integration and development in the region. These sources are enough to provide empirical data about the role of RTA in EAC.

1.8. Thesis Organization

Having laid down the introduction of the thesis in this first chapter, the remaining chapters build on this foundation. To understand the role of RTA in Multilateral trade policies, one must be conceptualized why these RTA have mushroomed and continue to increase despite the presence of the World Trade Organizations. This is second chapter intends to do: a literature review that identifies current debate on the role of RTA on multilateral trade policies. It explores factors that have favoured RTA since the end of Cold War and the current debates on the unprecedented increase of RTAs especially in the developing countries. In so doing, it answers the partly answers first research question why the RTA have proliferated.
Chapter Three focuses on the case of the East African Community, examining how this RTA has influenced with multilateral trade policies and the challenges faced by both the EAC and the multilateral policy makers such as WTOs.

Chapter four discusses the findings obtained from the EAC, bringing out their implication for the role of RTAs on Multilateralism. Finally, Chapter Five focuses on the conclusion and recommendations based on the research findings.

1.9. Definition of Terms

Regional Trade Agreements (RTAs) are defined by the World Trade Organization (WTO) as mutual trade agreements between two or more partner states. The Free Trade Agreements (FTAs) and Customs Unions (CUs) are perceived as RTAs.

Regionalism is defined as the interacting of political actors in the negotiations and coordination of the outcomes of fiscal policies through region-based, internationally recognized institutions such as the preferential trade agreements (PTA).

Multilateralism refers to “the practice of coordinating national policies in groups of three or more nations, through ad hoc arrangements or by institutional means” (Keohane 1990)

Multilateral Trade Agreements according to WTO are economic pacts between three or more states. These agreements reduce tariff and facilitates businesses to import and export. All parties to multilateral trade agreements operate on a level ground.

Most Favoured Nation is a WTO principle that guides member countries on how to treat other members in terms of trade – that is without discrimination. All member countries should give equal treatment without discriminating any of its trading partners.
Chapter Two: Literature Review

This purpose of this chapter is to review relevant literature indicating the relationship between RTAs and the multilateral trade policies as defined by the WTO. It begins with conceptualizing RTAs, factors sustain the RTAs and the role globalization in this regard. A relationship of WTO and RTA is examined with regards to the conflicts that they have, and this is narrowed to Africa’s experience. Finally, the role of RTA in defining multilateral policy is examined and the gap of the research state.

2.1. Conceptualizing Regional Trade Agreements

A proper conceptualization RTAs includes understanding what a region is, their role in regional integration and the factors that are sustaining the evolution of RTAs today. The subsequent subsections tackle all these aspects in the order mentioned above.

2.1.1. Region, Regional Integration and RTA

Due to the mushrooming of Regional Trade Agreements, it has become increasingly difficult to define a region, let alone what regional integration is. As Cotton and Gumbrell-McCormick (2012, p. 722) point out, “regions are not clearly defined or delineated by international organizations and may not share any linguistic or cultural commonalities.” This is the case with many African RTAs: most of the countries are members of another one two RTAs. Tanzania, for instance, is a member of both SADC and EAC, and Burundi a francophone country struggles to fit within the EAC. As such, a region in terms of regional integration, could be geographical, but the limits do not restrict belonging to another region. A reality which could complicate the policy making decision, as some regional policies of the different RTAs could conflict as would be seen when studying deflection within the RTAs.
Another point worth noting is that not all regional agreements are trade agreements. Even if many RTAs begin, as Söderbaum (2013) notes, with the European Model from an Economic community; not all have trade agreements: some of the regional agreements originate for security or political reason. The Regional Centre on Small Arms (RECSA) has many of the East African countries and Great lakes regions but its sole aim is on arm control and not on trade or economic motives.

Furthermore, regions and regionalism convey different meanings across the disciplines. According to Söderbaum (2013), “the prevailing diversity is a sign of both weakness and fragmentation” (p. 10) which is explained by a couple of reasons. The first is that there is lack of dialogue among the different disciplines to define what these terms means, and secondly, even within the different regions such as Africa, Latin America, Asia the academicians used the terms in different ways.

Söderbaum (2013), argues that while in the Cold War era of the bipolar world regions were state-led - meaning that the policies were driven by the state, today’s global regions are more fluid and the concept of the state is subsumed in regionalism. Consequently, in order properly conceptualize the region and regional integration, a constructivists lens is necessary in the conceptualization of what it means to be a region, for example, Africa or Asia. This is necessary because the regions are made of states which can define the policies that affect the multilateral processes. The European Union for example dominates the international organization because it is a form of consolidated leadership that involves policies that have already been drafted in their parliament before being presented in the multilateral processes. Consequently, within the region, we can have what Cotton and Gumbrell-McCormick, (2012, 708) have called a “mini-lateral” process. Such processes are indeed the base for multilateral policies and there is a sense in which large federal states such as the United States of America, India or China, could be having these mini-
lateral processes as their national interest is served by other states interests. All these states have the power and the capacity to articulate and negotiate their national interests within multilateral platforms such as the WTO where their interests are adequately considered.

2.1.2. Types and degree of Regional Integration

Although these ‘mini-lateral’ processes do take place, they cannot be the same for all RTAs. This means that the degree of the RTAs, as they are loosely called by the WTO (2005), also determines the level of the integration until they reach a sense of a “security community” (Deutsch, 1970), whereby the region does not only solve their common problems peacefully but also design their common interests. Of great importance is how the implication of a security community are applicable to the relationship between the regional and global or multilateral policies, a rapport which Deutsch, as Vesa (1999) pointed had attempted to establish in his later works.

Even though there are different types of regional integration initiatives, each type signifies the level of the integration as it moves towards a political community. (Jha, 2013), points out that in the language of international trade or WTO, RTA is an umbrella term for these initiatives towards integration. The first degree of regional integration is usually started through Preferential Trade Agreements (PTAs). Such agreements are signed by states willing to give concessions on goods and/or services. Consequently, a certain percentage of the tariffs is reduced for the members, only a percentage and the entire tariffs are

The second degree of regional integration is achieved through Free Trade Areas (FTAs). In this case the members enjoy free trade without barriers in both goods and services. However, the members are still free to choose their most favoured nations (MFN) for
which these barriers do not exist. In other words, members of an FTA can still enter other FTAs of a different kind with fellow members or with non-members of that FTA. Such freedom brings forth competition among members of an FTA and it becomes imperative to reduce the competition of the lowest tariffs for the MFN. As Harilal (2012) explains, "a solution to the problem of such trade deflection in FTAs is to have stringent Rules of Origin (ROO), which would help prevent simple transhipment of goods by requiring products to originate in exporting member countries" (3).

The third level of integration comes with the establishment of Customs Unions. The Customs Union is more engaging than FTAs, as members go step a further to add the common external tariff (CET) and trade members (Jha, 2013). These unions can easily lead to another level of a common market where there is free movement of capital and labour from one member to another (World Bank, 2005).

In addition, the Economic and Monetary Union is the last desirable state of integration. So far, only the European Union, has been able to reach such a stage with a use of Euros as a common currency in the region. And as can be noted even before the Brexit, the UK was not part of this monetary union, another reminder that integration is not always perfect.

Finally, there is the Economic Union which signifies the greatest level of integration where the community eliminates all trade barriers and can now take care of its political and economic policies through debates in a parliament. These barriers can only be eliminated where there is trust and mutual understanding in the Deutschian sense of a security community; otherwise no member state would risk integration at the level of economic union if their national interest is not considered in the regional interests or at least if the regional interest is not for the common good of the region. This means that the “regional capability” would have been increased in terms of institutions or systems. The
importance of a region’s capability when it comes to multilateral policies cannot be underestimated. For African countries that lack capabilities such as negotiating skills or experience, International Political economists and lawyers who can decipher the implications of these policies, suggest the use of conference diplomacy such as summits or during the WTO rounds. Without this capability, a region can neither define its interests nor suggest a policy or trade deals that suits it.

Vesa (1999), adds that the concept of "integration capability" must complement security community because this refers to "resources and institutions that enable the system to meet the growing load". By doing this, he cautions that interactions and flow of transnational activities are not integration unless they increase this capability: in this context, the capability to influence multilateral policies.

Although the Deutschian sense of regional integration pertains a peaceful coexistence, the link with the RTAs is traceable: No region can be economically stable with recurring conflicts, and above all, a stable region is one that has reached the level of making both internal polices, that is within the region and external policies, which begin with common external tariffs (CET). Consequently, a region that is yet to attain a sense of community such as the European Union, would hardly create common sustainable policies. As Turvey (2014) points out, “there is a compelling need to link economic diplomacy with economic security”. Hence, all the conference diplomacy such as the Doha Round can only make sense to developing countries is the security of the security community is factored in the discussions.

Even though not all the RTAs can reach this sense of a security community, some common interests can still be discerned, and this is what might be responsible for the proliferation of the RTAs as examined below.
2.1.3. Factors Sustaining RTAs

Many reasons have been advanced as to why the RTAs have burgeoned since the end of the Cold War. One of the main reasons is that the GATTs and its successor, the WTO, have not favoured many developing Africa’s economic or trade interests. To put it in other words, the interests of developing countries have not been taken in win-win agreements and regulations. Perhaps the reason is that these developing countries, especially those in Africa, have not reached the “capability” (Vesa, 1999) of negotiating their interests in the multilateral platform or their interests are completely ignored in win-lose policies, which force them to rely on regional agreements, to advance their interests. Whatever the reason, it has not stopped the proliferation RTAs. However, the latter view seems the case, as most of the multilateral polices are often “outright contrary to Africa’s interests” (Mengisteab, 1996, p. 21). Because of these failures, some economists have opted for an ‘auto centric’ approach to trade, which moves from “local self-help, national self-reliance, and regional collective self-reliance” (p. 21) to balance the developing countries national interests which are often subsumed in the multilateral policies.

Another reason for the mushrooming of the RTAs is the success of the European Commission (Vesa, 1999), in the face of GATT’s failure. This success has seen many RTAs formed but also modelling them along the European Union as Sindzingre (2016) has pointed out. Two decades later, the successor of the GATT, the WTO has made no significant change to this effect, making states to rely on RTAs for either trade creation or marketing.

Some countries think that if they get to these RTAs, they would enjoy more benefits as MFN. This is an incentive for joining one or two groups to improve the competition between the terms of the tariffs in each of these FTAs, which can only be regulated by
having clear ROO as already mentioned (Sindzingre, 2016). However, Sindzingre (2016) explains that trade liberalization through any form of agreement does not necessarily foster growth. He cites the example of the political interest of the member states within the EU and final crisis of 2008, which such a union could not prevent. While it might be less attractive for many developing countries, it is still a model that can be built on, since there is more to stability in the EU than chaos. It is understood that the security and economic needs cannot be separated (Vesa, 1999) because of the link between capability and negotiation, which is why the Brexit or the attempted Franxit were movements anchored on the security threats by "migrants."

However, trade in Africa could have been booming if Africa could strategize. Instead, based on the colonial heritage, many countries do not easily trade with others, a reason why the East African infrastructure was, as with many African countries, "designed for extraction rather than integration" (Barnekow & Kulkarni, 2017, p. 105), and a reality, which current African governments need to correct.

In addition, Metzger (2008) cautions that not all the regional arrangements would benefit the member states, citing the case of South Africa within SADC, which seems to benefit from both trade creation and trade deflection from South Africa alone.

Finally, it must be remembered that RTAs are a reaction to globalization (Walker, 2011), which came in because of the collapse of the bipolar world order. The losers in globalization, since not everyone can benefit, have been compensated through regional trade (Poke, 2010). The next section examines the role globalization has played on Africa multilateral trade policies.
2.2. The Role of Globalization in the Growth of Africa’s Multilateral Policies

The Cold War brought two processes that appear to be pulling each other apart but also reinforcing one another: RTAs and globalization. According Giddens (1990), globalization is the “the intensification of worldwide social relations.” This intensification enables states to identify the trade opportunities that are already in existence and those that can readily be created. But a better definition of globalization was coined by (Harvey, 1989) as “compression of space and time through development of new technologies and increasing interdependence.” This second definition is important to this study for a few reasons: First, it reinforces the idea that the compression of time and space makes it difficult to define some RTAs as if they are confined to a certain region. Secondly, the increasing interdependence shows that regional actors can no longer tolerate the polarity of dependency that characterized the Cold War era. The question then is how globalization influences African RTAs. As already mentioned, there are two arguments in the debate: one is that globalization has given rise to regional integration in a positive way that is hastening the integration, but the other argument is that RTAs are a reaction to the consequence of globalization, which the regions could not handle.

Considering how globalization gave rise to RTAs, it easier to see the interconnectedness through technologies that make these goods and services available. Easier knowledge and communication about this availability often leads to bilateral or multilateral trade agreements. Links to knowledge, trade unions can easily be formed across borders, but these international trade unions involve imperfect multilateralism, which often requires collaboration between small groups what Cotton and Gumbrell-McCormick have called “mini-lateral” relationships (2012, p. 708). They further argue that “size of membership increases the legitimacy and power: (p. 729) of the mini-lateral group. This power could
be in terms of negotiations or in terms of creating the implementation policies, which as single states they could not. If these RTAs can also create policies that go against the global markets, the market laws can “punish these policies” (Bayne & Woolcock, 2011, p. 5) such as the financial crisis in the US and Europe: not even the European Union with all its policies could prevent this crisis in Europe (Sindzingre, 2016). Dent notes that the recent growth in interest in macro-level economic security is very much a product of the post-Cold War period. Hence, it derives from the respective shifts from geopolitics to geo-economics” (Dent, 2010). Some of the issues include supply security, financial security, market access that is often captured in RTAs or WTO principles.

However, there is another view that RTAs are a reaction to the failure of the WTO to bridge the gap between the developed and developing countries. Walker (2011) strongly affirms that the changes, which the WTO had hoped to bring had failed and that “developing countries have been completely side-lined by the global powers.” Bearing in mind that most of these developing countries depend on primary commodities, Walker (2011) demonstrates ten examples of how the WTO had failed the developing countries. Among these are subsidies in cotton that send the farmers out of businesses in West Africa, the agricultural product subsidies by large-scale farmers who continue to threaten the small and peasant productions.

Ruth Bergan of the Trade Justice Movement wrote in the Guardian:

> Poor countries are bullied into premature opening of their markets, undermining local producers, while rich countries flout the very rules they claim to uphold. The US, for example, rather than abide by the 2005 ruling that its cotton subsidies are against WTO rules, now pays Brazil not to implement countervailing measures (Bergan, 2011).

Bullying is a strong allegation that must be taken seriously by developing countries, given that the WTO would have saved the anti-globalization, had it addressed such unfair practices from the developed countries. On the contrary, regional trade agreements have
been formed but their purpose is yet to be examined if they divert or create trade and the impact this has on multilateral policies.

2.3. The Relationship between WTO and RTAs

It is interesting that not many people have a clue of what goes on in multilateral processes and even the regional bodies, and the existence of most of them cannot even be questioned regarding whose interests they serve. According to Jawara and Kwa (2003), “until 1999, relatively few people outside the ranks of economists, diplomats and political analysts and commentators had heard of the WTO, or even knew that the initials stood for the World Trade Organization.” (Jawara & Kwa, 2003). What changed was the demonstration during the Third Ministerial Conference in Seattle in which the objectives for and equitable field of trade for the developing countries was not achieved but the calls for the abolition of the world organization.

Similarly, the purpose of the Doha Round was abolished not even because of the lack of negotiating power of the developing countries at that but because of the designed by western nations to keep the status quo in the WTOs. Watkins (2015) explained what had happened and how the real problem why no agreement could be reached:

> European and American negotiators, and their emerging market counterparts, talk like free traders but act like old-fashioned mercantilists bent on opening up other countries’ markets while offering as little as possible themselves. Meanwhile, the rules-based, multilateral trading system is increasingly unable to rise to the challenge of supporting inclusive growth, eradicating poverty and tackling climate change (Watkins, 2015).

The situation which the GATTs faced could not be rectified by the WTO due to competing interests and what Bergan (2011) termed as bullying of the developing countries. The aim of the WTO is to create an environment where free trade can take place, where members can make the most from the international interactions in multilateral processes. This is explained by "contestability of markets would mean the
ability of firms of one country to be able to sell goods and services to firms or consumers of another country, if the quality, prices etc. are acceptable to the buyers, and that the transaction does not violate any public policy” (Harilal, 2012). However, as seen with globalization of trade, poor policies can punish the market (Bayne & Woolcock, 2011) and lead to challenges such as the 2008 economic crisis.

But the RTAs are the opposite of this principle because by their very nature, they are discriminatory. Harilal (2012, p. 4) explains that “even though, non-discrimination is the founding principle of the WTO regime, it allows for discriminatory arrangements such as free trade areas and customs unions under Article XXIV of the GATT 1994”. This would not be a big issue if the WTO were committed to free trade.

Following the surge of RTAs in the 1990s, some people were concerned that this would undermine the multilateral negotiations and the progress that was already made. But many countries that had relied on the multilateral trade started shifting their focus to RTAs. However, other states “consider RTAs an important trade policy instrument which can lead to economic and political stability while at the same time promoting development. It is against this backdrop that African countries have been pursuing the goal of full economic integration.” (Low, et al., 2008, p. 254).

Harilal (2012) in his article, “Regional Route to Multilateralism” suggested that the relationship between regionalism and multilateral trade:

There are no easy answers to the question whether proliferation of Preferential Trading Arrangements…among member countries would help strengthen the World Trade Organization or not. The PTAs are known to generate impulses that strengthen as well as weaken the multilateral arrangement (Harilal, 2012, p. 1). How the proliferation of RTAs Africa’s trade policy remains unexplored. While each RTA might be different, the focus on one explicates how these RTAs can shape the multilateral policy. This means that a region has already defined its economic and trade
interests, it is then that it can make an impact into shaping the multilateral policy. RTAs can generate new trade routes or create new trade for goods and services, but the region is often the focal point for preferential trade. While this focus might be true for Europe, say the European Union and the AIFTA, it is difficult to see the same in many African countries (Barnekow & Kulkarni, 2017). It is only recently, that the Kenyan Economic diplomacy has focused on intra-African trade; the preference for most African has often been to align with their colonial masters and their allies.

The WTO’s foundation in 1995 to succeed the General Agreement on Tariffs and Trade (GATT) was through a culmination of negotiations that had taken place between 1986 and 1994 (Jawara & Kwa, 2003). While only four fifths of its founding members were developing countries, it is doubtful to ascertain if the representative from developing countries were skilful or understood what the principles were or how they affected Kenyan interests. Moreover, as Jawara and Kwa (2003) state, the rules of WTO included changes in intellectual property legislation, and agricultural policies etc. This favoured the developed countries but affected the employment and imports in the developing worlds. While the developed countries were clear about their policies, the “interests of the developing countries are routinely ignored,” or “the rules were imposed by the major trading countries over the weakness of their own negotiators” Jawara and Kwa (2003, p.4) or to quote (Bergan, 2011) again they were “bullied” to contract.

Bhagwati (1991) was the first to examine if the RTAs were building blocks or stumbling blocks, a question, which has been studied by many scholars since the inception of WTO. However, a decade later after Bhagwati claims, Baldwin (2011) downplayed the relevance of such a question, pointing out that it was no longer relevant, because some RTAs go beyond just goods and services, and FDIs. In any case as Jha (2013 p. 234) notes, “Despite the debate, RTAs are the current reality of the global trading order.” Jha
(2013) further pointed out that the best question to pose on this relationship is if the RTAs create trades, and his focus on India indicated that despite these RTAs, the traders still preferred trade with non-members and exported more to Singapore with whom they had no trade agreements. However, Jha findings interestingly contrast with the World Bank (2005) publication, *Global Economic Prospects (GEP 2005)* that had indicated that among the top exports of India, the RTAs did not prefer Indians products. Moreover, a study on Africa’s RTAs (Barnekow & Kulkarni, 2017) suggests different findings as examined in the following subsection.

It would seem, as some scholars suggest (Pal, 2016), that WTO had initially supported the growth of RTAs hoping that these agreements would complement the multilateral trade regime. Yet, the exception of WTO’s principle of non-discrimination became an excuse for preferential trade route that was not applicable to other WTO members, perhaps a devil in the details meant to exploit developing countries. The implication was that those who do not join the RTAs would miss the market opportunity, and since the WTO does not regulate these RTAs, their policies started conflagrating with those of the WTO. Pal notes how the WTO found this conflict as expressed in WTO Annual Report of 2003.

RTAs can complement the multilateral trading system, help to build and strengthen it. But by their very nature, RTAs are discriminatory: they are a departure from the MFN principle, a cornerstone of the multilateral trading system. Their effects on global trade liberalization and economic growth are not clear given that the regional economic impact of RTAs ex ante inherently ambiguous” p. 27. (in Pal, 2016, p. 27).

As already stated, not many African countries have clearly stated their national interests. Unlike Kenya that has spelled out a clear economic diplomacy by the Foreign Affairs Institute (Nzomo, 2014) as championed by the Jubilee government, not many have seen Trade facilitation with the WTO as a priority.
2.4. Africa’s place in the Multilateral World

As mentioned above, many RTAs have appeared in Africa due to failure of the WTO and associate organizations such as UNCTAD or the World Bank. These RTAs include ECOWAS, ECCAS, SADC, IGAD, and EAC. The New Partnership for Africa Development (NEPAD) formed in 2001, prioritized the acceleration of this integration and development in the region. However, compared to the other parts of the world, Africa has lagged in its trade integration. It’s noted that most of the trade done by Africa’s RTAs is outside the region and not intra-regional trade (Low, et al., 2008, p. 255). This is okay, given the similarities of products within the region, the best option would be to negotiate better trade pacts with the rest of the world. What is worrying is that many cannot fulfil their obligations in all the RTAs they have joined, starting from the African Union itself (Moolakkattu, 2010).

Since member countries are tasked with paying contribution fees and negotiating the admittance of other joining in a political process, many are unable to fulfil their obligations. Another challenge to this integration is the task of consolidating or integrating domestic policies in the regional trade policies. This is challenging, given that most African countries do not have coherent foreign policies, which include trade. Moreover, the lack of cooperation among the different economic within the continent is a counter trade strategy as it reduces the potential markets. Furthermore, the lack of transparency of RTAs affects the non-members who end up marginalized, as they are not the MFN. Finally, these regional agreements are yet to involve the private sector such as Kenya Private Sector Association (KEPSA) with the opportunity to participate in the policy-making decision of regional communities. As Rana (2011), the famous Indian diplomat and economist demonstrated using the experience of India’s private sector; individual countries can pursue an economic diplomacy that favours trade for its nations.
Such involvement of non-state actors can become the way for merging domestic and foreign policies together. That is, the link between the national and international interests would be more visible rather than isolated.

To understand fully Africa’s place in multilateral trade policy, it must be recalled that most of the world platforms such as the World Bank groups and the defunct GATT were never created for Africa’s interest as RTAs are. Lanoszka (2009) wrote, “One significant weakness that characterizes all three key international economic organizations - the IMF, the World Bank, and GATT (WTO) – is their institutional limitation in addressing the asymmetries in the world economy” (2009, p. 197). The reason is that most of these organizations aimed at serving the developed nations first; the developing countries have just been fitted in. Another reason is that there are no set mechanisms to “deal with a fast-growing membership and demands for equal participation voiced by new members, which were poor countries in developing world” (p.197). Trade is often power driven at local or international level, and the will of the strong countries that carry the day as the poor countries are bullied into agreements by the developed nations (Bergan, 2011).

On the part of Africa countries, policy formation seems to have failed as many of these countries belong to more than one economic community causing overlapping limits of the full functioning and policy formation with regards to tariffs and MFN. Like with most developing countries, because of the low bargaining power of African leaders or corruption, “the WTO has also failed to clarify the deliberately ambiguous rules on concluding trade agreements that allow the poorest countries to be manipulated by the rich states” (Walker, 2011). Walker cites the example African countries who are “forced to eliminate tariffs on up to 90% of their trade because no rules exist to protect them.” This could have been the point where the free trade rhetoric would be translated into fair trade.
Depending on where one stands, it can be argued that this unfair trade is to be blamed on one hand, on African leaders who accept such terms of agreements due to greed or ignorance, or, on the other hand, by WTO which has failed to be morally binding through protecting such unfair trade, trade that is exploitative by design. Based on these and other factors, Walker concluded that the WTO had failed developing countries because “true and lasting solutions to global economic problems can only come when the model of global competitiveness between countries become one of genuine cooperation” (Walker, 2011). Interestingly, Africa seems to be the continent that has been lagging, as the Asian and Latin American continents have shown some significant consolidation of trade policies.

Others have claimed that the RTAs in Africa do not create trade (Barnekow & Kulkarni, 2017), perhaps due to poor infrastructure such as routes linking the landlocked countries. Yet, one cannot dismiss the potentiality of regional integration where “closer bonds are formed between neighbouring countries that have been shown to reduce conflicts, improve integration and provide general monitoring of the region” (Barnekow & Kulkarni, 2017, p. 116). This can only be borne out of a sense of a security community that thinks beyond trade (Vesa, 1999) and self-interests or national interests.

Looking at these factors, one can understand why Africans would prefer the RTAs, either to create trade or to increase their bargaining capability (Vesa, 1999). Trade and politics cannot be separated and therefore there is a need for bringing the civil society to monitor who is benefiting from these trade agreements (Bergan, 2011). For Africa to rip the benefits of RTAs they must begin by defining their national policies and foreign policies that are friendly to the neighbouring countries, considering their place in the world as examined below.
2.5. RTAs and Multilateral Policy

If policy formation seems to be the problem that prevents developing countries from being protected from unfair trade, then the question worth posing is how RTAs can fill this gap. Since the international order is not very fair to the developing countries, can RTAs fill the gap through expansion of exports within the region and beyond and how this can shape Africa’s multilateral policy: this is the fourth objective of this study.

As Low, Mchumo, and Muyambo (2008) noted, the relatively high intra-African trade is an avenue for diversification of national economies. Within the region, people can take advantage of tariffs and their most favoured nation and divert trade through competing lowering of tariffs (Harilal, 2012). Consequently, integration must not be an internal looking thing, but one that is both internal and global outlook (Mengisteab, 1996).

2.5.1. Defining the Agenda

Most of the developing countries face the challenge of integrating their national economies into the global arena. It is true that “many African countries are heavily dependent on agricultural exports and sell virtually no manufactured goods overseas” (Low, et al., 2008, p. 225). Yet, the subsidies from the developed countries for their agricultural products have affected the ability of African countries to trade these primary commodities and at the same time affecting small-scale farmers (Walker, 2011).

Within the WTO, RTAs or blocs, in the words of Jawaran and Kwa (2003), have an important role in the WTO “the extent of their collaboration varies, from negotiating as a single entity… to informal discussions on issues being negotiated” (p. 23). Hence, the bloc can help in defining this agenda by initiating collaborator venture with the region and the other actors with whom they want to trade. This is not a new idea; it is the implementation that has stalled since the 1980s:
The efforts to integrate African economies with the global economic system have intensified since the early 1980s. The strategy is promoted through SAPs, including export promotion and decontrolling of prices, exchange rates, and imports. There is little doubt that integration with the global economy is essential for Africa’s development. In fact, it is a paradox that African economies are the most dependent on the global economy for their growth and they are the most marginalized in the global system. IRONICALLY, the policies that have been implemented to promote integration with the global economy have reinforced marginalization. (Mengisteab, 1996, p. 17)

Mengisteab (1996) suggested that the alternative can only be achieved by having a balance between the local and the global strategy. One can further say that if this strategy were not regionally feasible, it also would not be internationally. For if the region can consume their manufactured products and services, how can they sell this to enhance their economies.

While African countries would mostly not involve their citizens in the policymaking, the international regimes are likely to undermine their ability of state to make any decisions (Lipumba, 1994). Similarly, Low, Mchumo, and Muyambo (2008), all members of the WTO secretariat, stated in their Article, *Africa in the World Trading System: Prospects and challenges*, “capacity constraints of various kinds, ranging from the supply of human capital to the adequacy of the infrastructure necessary to underpin success in competitive trading environments” (Low, et al., 2008, p. 223). These are also the challenges faced by national negotiators and regional negotiators.

### 2.5.2. Creating policies and Creating Trade

Without clear national policies that can influence regional policies such as the exports of crops and products from small enterprises, development cannot be feasible. It goes without saying that a successful trade between the states and its neighbour would largely inform other multilateral trade agreements. As Megisteab emphatically stated, one essential aspect of this alternative strategy if for Africans to reclaim ownership of policy-making, which is essential for reorienting policies to deal with specific structural
conditions that characterize Africa. Since these are largely affected by the developed world interests, grouping as regional organizations, would help define similar interests for the member countries of an RTA”.

Policies can only be created or rather; the members of conference diplomacy can only be negotiated for, if they have the capacity and skills required for this environment. Many developing countries in Africa still lack this capacity. For example, in the extra industries, Kenya might have only a few lawyers specialized in this field, going to an agreement with Tullow Oil for example, a corporate for that matter, might see this company produce a few the best negotiators with the legal background in numbers.

Many African countries still lack the capacity to create policies, that is the capacity to form the security community (Vesa, 1999). Even coordination between negotiators and government institutions is not yet efficient (Low, et al., 2008) as was seen during the Uruguay Round. Another reason is that African countries do not have representative in Geneva for the African corporate docket. It is thus imperative that African governments need to co-operate to send such representatives who can define the interests and identify trade creation and trade diversion (Rana, 2011). Third, African countries need to be proactive and not reactive. Consequently, if the African RTAs can define regional interests, then within these parameters, they can define the policy for trading with other actors.

The ideal, when creating trade policies, would be to have a common central tariff within the RTA that can help the other countries not to be worried about the MFN tariffs and these common levies. Each country would still be at liberty to lobby for its own foreign trade policies (Harilal, 2012). Harilal concludes that under the current situation, developing countries such as members of the ASEAN are likely to face challenges of
reducing the bound tariff rates because the Western countries will claim that they have subsidized the products in the developing nations.

2.5.3. Trade in Services

Services are as much a component of trade, as goods. While many laws surround the trade in goods, services have also to be considered especially for developing countries. The infrastructural services such as transport, telecommunication, and finances have also been developed in Africa and might need some intellectual property rights such as Safaricom’s Mpesa, a mobile banking application that uses cell phones for micro financing and savings.

In addition, within the East African region, there is a commitment to tourism and telecommunication that are the most common services traded in Africa (Low, et al., 2008, p. 237). As such, African countries need “to take a closer look at the services negotiations, especially in relation to market access commitments they might make or seek from others” (Low, et al., 2008). The example of tourism can be related to wildlife services. Many African countries can benefit from the scientific research or documentation of such services if their strategies are well marketed.

2.5.4. Priorities Areas

For RTAs to succeed, the agenda must focus on prioritized areas. First, negotiating more potential export interests and this must be accompanied with low tariffs from the developed countries. Otherwise, the African countries would not benefit from this liberalization (Low, et al., 2008, p. 230). However, this puts pressure on the developing countries to liberalize their own markets on the agricultural products. But such incompatibilities can be negotiated.
Another area of importance is trade facilitation. Lack of proper roads, automation of systems, and dilapidated roads, undue delays in customs clearance, have a negative impact on Africa’s trade. The land locked countries feel the effects and even those on shore countries still need to develop their seaport capacity to this effect. For example, “In Cameroon, due to poor quality of roads, a trip of 500 kilometres can take up to four days. As a result, the firm Guinness Cameroon needs to keep a 49-day inventory in the factory, while some European factories keep only a few hours of inventories” (Low, et al., 2008, p. 239). These delays are also common with goods leaving the seaport of Mombasa, Kenya to the Ugandan border and other parts of East Africa. Setting infrastructure as an agenda would enhance regional and international trade thereby fostering development.

Furthermore, the developing countries with proliferous RTAs need to create strong rules of origin to protect goods infiltrating the region through other members in other PTA that have lower tariffs. (Harilal, 2012).

Finally, the Doha agenda need to be revisited for Africa’s RTAs to enjoy fair trade.

Bergan wrote:

> At the very least, the world's richest countries must honour their commitment to tackling their own damaging practices, particularly subsidies that drive down prices and increase poverty for farmers across the world. Multilateral trade negotiations need fundamental reform, to be based on fair negotiations, not power play, so that developing countries have an equal place at the table. Genuine consultation with civil society in both the global north and south would no doubt produce other proposals for improvement.

The key here is negotiation which can only be done by people who have the both the morale and skills of negotiating in the multilateral platform. Bergan is right to point out that the civil societies from both the developed and developing nations need to be involved in the process. This would see a reduction in corrupt trade pacts usually coded as lobbying.
2.6. Research Gaps

While a lot has been written about RTAs and multilateralism, only a few studies have been done about why Africa’s RTAs cannot substantially define their place in the multilateral platforms. Focusing on East Africa as one of the fastest growing regions (James & Boukes, 2017), would demonstrate how Africa’s RTAs can define their trade policies in a world where many think they can be, in the words of Bergan (2011) bullied to sign agreements.
Chapter Three: The East African Community in Multilateral Trade Policies

Having examined RTA and the WTO in the preceding chapter, this chapter will focus on the specific role of the East African Community (EAC) in multilateral trade policies. In the era where the WTO faces challenges, what can the EAC do to influence multilateral trade policies at the regional and international levels? This case study explores how this role is played out in the international scene. Each country within the EAC and even those aspiring to join find it necessary operate within a tripartite level. All the EAC members belong to the WTO, as well as the AU and many in one or more Regional Body including IGAD, SADC, and COMESA.

These organizations give them the opportunity to trade or define trade policies in the region and beyond. As Mangeni affirmed, the task of each country is to “appropriately positioning trade as part of the solutions to economic development, enhancing market access opportunities through trade liberalization in the partner markets, in order to support the growth of export trade, and addressing institutional and supply constraints to appropriately utilizing market access opportunities” (Mangeni, 2010, p. 221). This positioning is seen at different levels of the multilateral, the regional and bilateral negotiations and has its own challenges. We begin by looking at what factors attract others to join the EAC, and then look at the interaction of globalization and the RTA. The chapter will discuss the role of EAC in shaping multilateral trade policies considering the current state of the WTO.

3.1. Factors Sustaining the Surge of RTAs

If the African Union were functional on trade issues, the way the EU functions, there would be few RTAs and perhaps only bilateral agreements. Barnekow and Kulkarni (20
claim that most of the existing RTAs do not seem to have trade creation. If this were the case that RTA do not increase the welfare, then why were they created in the first place. As already stated, all members of the EAC are also members of COMESA, and Tanzania belongs to the SADC. As Mangeni (2010) reiterated that positioning one’s country is the aim for each of the African countries. If a country therefore does not join a regional trade to increase its bargaining muscle, it would be left behind or would miss an open market for trade in goods and services within its neighbourhood but also the gains of negotiating as neighbours.

In addition to the RTA, there are other networks for negotiating as African countries within the WTO are already part of the African Caribbean and Pacific Group of States (ACP). The WTO holds meeting daily. Yet “it seems to be the case, though those most African countries do not have permanent representative to the regional economic community’s headquarters (Mangeni, 2010). Consequently, many REC representatives often double up as representatives of the country in one or two RTAs and the AU. The problem is that this is work overload with its advantages and disadvantages. The advantage is that the representative can be consistent if they double up in two or more regional bodies. They would be expected to represent the interest of their countries at multiple levels. The disadvantage is that such systems focus only on individuals and not on institutions that can determine policies, and this is a problem for African countries, not just in EAC.

Unlike many developed countries that have foreign policies including trade and security, many African countries have very poor capacity for multilateral policy formulation. Entering an RTA fills the gap in domestic and foreign policies (Maina, 2013). The surge of RTAs is growth element for African states that were often concerned with aid from other international partners and regional peace. Unlike most of the policies that often
defended the politicians and head of states, RTAs invites the private sector to participate in the regional growth.

Although security is still a major issue for many states in Africa, there is a shift towards trade and not security only. This trade is supported by many systems within the country. For example, within the EAC, Kenya had established through the central planning units (CPUs) of the ministries, a research centre: Kenya Institute for Public Policy Research and Analysis (KIPPRA). The independence of such institutions makes it proactive rather than reactive to issues happening within the country and around the region. Consequently, many states within the EAC would benefit from policy formulation of such an institute (Gitu, et al., 2010). In addition, the private sector in Kenya is also very strong and independent. They have been pushing for regional issues such as infrastructure. (KEPSA, 2016). Such institutions if established in other countries within the EAC can greatly influence trade policy, both within and outside of the region. As a regional hub, therefore, Kenya has institutions that can motivate other countries to enter into trade agreements.

Within the EAC, Tanzania is in both SADC and COMESA, which are the major RTAs. Most of the time Tanzania is accused of lack of political will within the EAC, but the fact that it also belongs to SADC should also be considered when making a judgment about its commitment to RTA in general. Consequently, there is often what is called the coalition of the willing (Kisero, 2013). Maina (2013) explained that Tanzania was reluctant to free its market for fear that "Kenyan industries may swallow up the EAC markets and edge out Tanzania's industries." This fear slowed down infrastructural reforms and made Rwanda, Uganda, and Kenya move on trilateral coalition, as Tanzania’s ally, Burundi was also isolated. While this threatened the EAC since 2013 (Maina, 2013), Tanzania has gradually opened its market.
There is no doubt that the EAC multilateral policies can yield significant gains to the member states if the infrastructure is improved. Kessides (2012) argued that infrastructure facilitates economic development and promotes the utilization of human and physical resources. This infrastructure can end up "reducing the cost of trade and facilitating the integration of the continent with the global economy" (Kessides (2012). Whether the first inland penetration is through Kenya or Tanzania, it should not be forgotten that the region even needs many inroads and a healthy competition would reduce an unhealthy hegemonic control.

Kessides (2012) expounded three reasons why the first EAC collapsed in 1979, only ten years after its formation. First, some states had the perceptions of inequality in the cost and distribution of trade. Secondly, as with many RTAs, the political will and ideological differences could not stand the test of time. Political will is what drives the RTA, but the ideological difference is attributed to a colonial past of Tanzania associating with communism and Kenya with capitalism, and Uganda “non-committal” (EAC, 2017). However, it is interesting how the two founding dynasties in Kenya, the Kenyatta and the Odinga, were split; the former favoured capitalism and the latter submitted to socialism. The third reason is that Idi Amin’s military coup strained the relationship with Tanzania and the whole region.

As already explained the coalition of the willing has died down so far and there is hope that the regional trade will move forward. “Perkins and Robbins (2011) further estimate that the cost of transporting goods in East Africa is 30 percent higher than in South Asia, and up to 60–70 percent higher than in the USA, thereby reducing annual GDP growth by 1 percent” (in Kessides, 2012, p. 341). Trade therefore cannot be feasible without adequate infrastructure in the region.
Another sign that the EAC is attractive in its policies is the continuous increase and interest of new members since its new formation. The initial members were only Tanzania, Uganda and Kenya. In the early 2000s, Burundi and Rwanda joined and recently, South Sudan was also admitted. That is not enough as of now, Somalia is attempting to join the EAC. This shows that the policies are attracting even neighbouring countries to join. Even after the collapse and the global financial crisis, Kenya’s recovery always has a spill over effect that attracts other members of the region (Drummond & Gustavo, 2009).

In sum, Kenya is a regional hub that its neighbours and far neighbours would want to trade with. Infrastructure can facilitate this trade and the power of the regional hegemon and indeed all members of the EAC can change the way business is done not just in the region but also in Africa, since the EAC is the fastest region in Africa today.

3.2. Globalization and Multilateral Growth Policy in Africa

Globalization always result in trends that produce winners or losers, especially where there are weak trade policies that a state or region has adopted, or where polices have failed to be adopted. If RTA creates bad policies, the global market will “punish these policies” (Bayne & Woolcock, 2011, p. 5). It would be fair to say that most of the EAC have now embraced the free markets, even Tanzania that was very conservative about free markets. The Common Market Protocol that was operationalized on 1st July 2010 as an expansion of the Custom Union had envisioned five freedoms that are in line with globalization processes.

Free movement of people
Free movement of goods
Free movement of services
Free movement of labour
Free movement of capital (EAC, 2009)
Although this process of openness to freedom is a challenge, Tanzania opened its market to the region and EAC members were free to buy even government securities (Andae, 2018). Tanzania is also an important partner in the EAC communities that cannot be ignored as the GDP of both Kenya and Tanzania is 60% of the EAC economy (Mahona, 2014). Interestingly, no member of the EAC can “bully” (Bergan, 2011) another state to open its market even during the competition. This means that while protecting one’s economy, there must also be a time for liberating it such that the country does not lag its neighbour.

The Geopolitics politics have become geo-economics (Dent, 2010). Yet, it is hard to still separate the two; what counts most is the economy. For example, there is competition between Tanzania and Kenya over which country should dominate the economy in the region (Wright, 2016). The international partners play in the hands of this competition to influence the infrastructure and the investment plans that enhance trade in the region. Without infrastructure, globalization would suck up the continent’s potential to market itself or to participate in international trade (Kessides, 2012). Globalization goes to where opportunities are made, and this comes from strategic economic policies at domestic and international levels.

In addition, communication, a key characteristic of globalization, as part of freedom of expression and movement, has improved within the East African region. Both the mobile communication and mobile money transfer has been facilitated and this gives the region a unique way of trading with the partners. This movement has been disturbed by the current migrant crisis and homophobia. However, the African RTA and the African Union have not responded to this crisis.

The trends of anti-globalization are very visible today, not just in the USA where protectionism is visible by the current administration but also among the Brexites. As the
famous African and World Bank Economists argued, protectionism is a false promise against globalization (Moyo, 2018). It seems that even with the resistance from the USA and UK, globalization would not be suppressed as protectionism would not affect the developing countries who are making themselves visible through the RTAs. It is more plausible to think that “International commerce today is driven by knowledge flows, which are not stopped by tariffs and walls and by the large-scale production allowed by cross-border supply chains” (Sandbu, 2017). Rather, than protectionism, many EAC countries are likely to open their markets.

However, the reality of protectionism remains. African leaders need to formulate policies that can favour them through negotiations with the RTAs such as the EAC. According to Adeyemo (2017), the best way to fight protectionism tendency as protectionism can also be globalized in a certain sense of copying – many Africans now believe they need a Trump version for the sake of trade policies (Hirsch, 2018) is to fight inequality that is in the world and within EAC. Without enhancing trade policies that attempt to reduce inequality, the political federation would not be formed as conflicts would emerge in the regional inequality does not contribute to even a feasible state building (Richmond, 2014), let alone a political federation. Adeyemo (2017) elucidated:

Protectionism and a retreat from international cooperation is clearly not the answer, but policy makers minimize the underlying mistrust of globalization and multilateralism at their peril. In order to promote sustainable and inclusive growth, policymakers must focus on tangible changes that are responsive to the challenges we face. (Adeyemo, 2017).

Thus, it would be important that the institutions that are on the way to support the East African Central Bank to have a strong component of peace building and state building, components that can respond to the inequality which Tanzania always points out as a socialist state but also to consider the views of the people at the grassroots.
However, this is not going to be easy for the African countries opening the market to the non-traditional western actors such as the USA and the EU. For example, while protecting trade and the local market, the issue of protectionism would be relative as shown in the trade war between Rwanda and the USA over the ban of second-hand clothes in the country (John, 2018) which is against the African Growth and Opportunity Act (AGOA) arrangement but good for Rwanda. This conflict must be isolated as there are other countries which have broken the same arrangement, and it must be interpreted with the fact that Rwanda “has China as its largest trading partner and had inked a strategic partnership with Beijing just last year” (Rajagopalam, 2018) something which a western country would be uncomfortable with.

Consequently, as EAC countries adopt and formulate policies, regional policies are likely to compete with other multilateral policies. Since the WTO policies have not favoured the African countries (Walker, 2011), the competition would increase, but the collaboration and negotiation at regional level would reduce the balance of trade. The question remains, would the WTO change to favour the developing countries?

### 3.3. WTO and RTA Trade Policies

As Walker (2011) had argued, the WTO had failed developing nations as many joined hoping that they will get free and balanced trade, only to see that the rules only favour the actors whose policies could be adopted. The East African is not exempted from this constraint in the WTO. Even Kenya coffee farmers benefits only a little from the lucrative business, agricultural subsidies paid by rich countries to their farmers. The hope that the Doha round would salvage the situation has been shattered and it is time for the RTAs to influence policies.
3.4. East African Community Strengthen Its Multilateral Policy Growth

The final research question was to find out if the East African Community strengthens its multilateral policy growth. The objective of the EAC is in line with multilateral policy: the custom union the common market and the monetary union are already means of creating multilateral trade policies. The focus would be on the monetary union, which needs institutions that are independent to create policies.

The monetary union would influence trade within and outside of the region and having a currency would influence the foreign exchange. In addition, the monetary union would increase the ease of doing business across the region as inflations, and multiple exchange rates would be reduced. This is not, however, without challenges.

As Kessy (2018) noted, the 2013 Protocol set the 2024 as the year of operationalization of the East African Central Bank (EACB). The union would be implemented in two phases. The common market needs to be implemented, and the macroeconomics needs to be identified and a convergence criterion needs to be determined. This has four primary convergence criteria that members are expected to fulfil before joining the monetary union. “a ceiling on headline inflation of 8%, reserve cover of 4.5 months of import, a ceiling on the overall deficit of 3% on GDP, including grants, and a ceiling on gross public debt of 50% of GDP in net present value terms.” (Kessy, 2018). Apart from South Sudan where the data is not available, the inflation is below 8% for all. Kenya debt to GDP ratio exceeded 50% in 2017, but both Kenya and Uganda achieved the 4.5 months of import cover criterion since 2014. Kessy (2018) stated that there was no reason to doubt that all the EAC states will attain the convergence target by 2021.

Recently, the EAC noted that the region would need to harmonize one hundred laws, these would include free movements of goods, capital, services, and of course, the
freedom of movement of people (EAC, 2017) and this would include the residence
permits (Otieno, 2018).

The EAC would also have to create and harmonize policies when the single currency is
adopted, and the secretariat is already working with EAC Central Banks. In addition, the
EAC will have to harmonize the EAC Tax Treaty Policy (Kessy, 2018).

The East African Monetary Union (EAMU) necessitates the creation of institutions to
support it in operation. Four of these institutions would enhance the trade policy and
increase the bargaining power for investment in the EAC. These include “the East African
Monetary institute - to be set up as a precursor to the East African Central Bank, the East
African Statistics Bureau; the East African Surveillance, Compliance and Enforcement

Although these institutions are not yet formed, they are already in the process of being
adopted by the East African Legislative Assembly for the enactment and their creation
was already a major policy that could influence multilateral trade.

Nevertheless, the trends in the words of the executive director of the East African
Business Council is “Worrisome” (Mugibira, 2018), as the organs of the EAC are
reluctant to improve infrastructure and reduce the cost of doing business. For example,
the reduction of the cost of communication as part of the implementation of the One
Network Area (ONA) has been slow. The roaming and internet rates are still very high in
many parts of the region.

There is no doubt that the EAC is a great policy maker in the multilateral trade today. As
a regional bloc, it has the negotiation capacity to attract many investments and trade.
Many actors deal directly with the EAC and recognise it for what it is. For example, the
World Bank recognised the EAC strides towards the integration in line with the trade
especially the common market. As the World Bank’s Coordinating Director on EAC, Ahmadou Moustapha Ndiaye, noted, the World Banks lends 33% of official development assistance in the sub-Saharan goes to EAC because of the strong policies (East African Community, 2017). Perhaps, the EACB would be the new actors lending money to member countries. Besides, the East African Community and the EU are now strong partners in trade. In 2014, the EU was EAC’s first trade partner with 25.3% of export, and 12.3% of imports to EU (European Commission, 20).
Chapter Four: Data Findings and Discussion

The research attempted to find out the role of RTAs on Africa’s multilateral trade policies. This was informed by four objectives: i) what factors sustain the surge of RTAs in developing countries? ii) How has globalization affected Africa’s multilateral growth policy? iii) How is the relationship between WTO and RTA trade policies? iv) Does the East African Community strengthen its multilateral policy growth? As an exploratory study, it was found out that EAC is growing but not without its own fragility. The potential for shaping multilateral trade policies are there but need to be exploited by all states.

4.1. Attractive Policies or failure of WTO

The first research question which concern factors influencing the surge of RTA found out that a regional hub such as Kenya can attract neighbouring and regional states to join. The admission of Rwanda and Burundi in on 1st July 2007, and South Sudan on 05th September 2016, shows that the policies of the EAC are attractive. Meanwhile, Somalia is struggling to be admitted sometimes in the future.

In addition, the failure of the WTO to intervene for the developing countries justifies their formation and alignment. Besides, the world order is fast changing with Eastern countries such as India and China becoming strong economic hegemonies (Brautigam, 2011), which alter the rules of the WTO and Western Countries (Rajagopalam, 2018).

4.2. Globalization and Trade Wars

The current incipient trade war indicates the helplessness of the WTO, when the super power does not exercise enough political will. This was/is an opportunity for African RTAs to look for alternative policies in the multilateral systems that can favour their
regional integration. Such alternatives should not just come from China and India but must be engineered by the Africans for Africans. As the Secretary General of UNTAD wrote, “If we must fight a global trade war, let’s do it as a team or else avoid it altogether” (Kituyi, 2018). This statement came from the observation that the countries that once established the multilateral trade were now abandoning the international system. While the trade has been lifting the lives of billions in the global south, there are issues of climate and environmental concern. Kituyi (2018) noted that even for the global giants, “Average tariffs could rise from negligible levels to as high as 30 per cent for US exporters and 35 per cent and 40 per cent for EU and Chinese exporters, respectively.” Thus, the RTAs would need a combination of factors, diplomacy, economics and political will to navigate through this trade wars. This shows that the EACB and other institutions are a necessity not just for one country but also for the region as they would fill the gap of sustainable policies.

In this regard, Kituyi (2018) was right to state that it is better to fight together, or better yet, it would be most desirable to respond to the wars as a regional bloc. Given the small size of the developing countries economy, even the regional ones, the policies makers are clear that Africa would suffer. This would come from dilemma of whether to increase debts, impose tariffs, or bans such that the local industry picks up (Watima, 2018). If these institutions were already in place, Rwanda would not be affected in the tariffs alone, as such acts would have further implications.

4.3. Challenges of Regionalizing Multilateral Trade Policies

Many challenges still hinder adequate formulation for regional multilateral trade policies as already noted in passing in the previous chapters. The major challenges are still regional and multilateral. The countries within the EAC still need to improve their
knowledge on macroeconomics such that this can inform the policymaking on RTAs and multilateralism.

Political will remains one of the key challenges, as they also include the different political systems. The only democratic countries, or at least those that undergo transitions are only Kenya and Tanzania. The other four countries have uncertainties for the future and having an independent institution to challenge the policies of the “big men” remains to be seen. Still, Tanzania cannot be pushed to completely liberalize its market, as that would not resonate well with its domestic politics. Thus, it remains to be seen if the RTAs would be a matter of foreign policy that gives room to other multilateral policies.

The advantage of tackling these challenges within the regional institutions is that it will build the individual countries’ capacity to formulate public and foreign policies. This could be the answer, not only to inequality which the region finds itself in within the international system but also an answer to the reduction of inequality within the region for the EAC citizens. It is the togetherness that can enable the regional states to fight or to respond to the incipient international trade wars that have left the WTO toothless. As it has been pointed out, the trade war is also a war on multilateral systems, where the US might prefer to adopt bilateral negotiations (Lamy, 2018).
Chapter Five: Conclusion and Recommendation

This final chapter makes some conclusions about these exploratory studies and some considerations. Although an exploratory study cannot adequately bring out the implications for policymakers, there are glaring considerations from this research.

The international trade has begun a new wave of conflict, an incipient trade war due to the protectionism that populist parties in the West have driven. This is an opportunity for African policymaking agents and institutions to grow and look for alternatives policies but also to create them. Although they would suffer from the outcomes, (Watima, 2018; Hirsh, 2018; Kituyi, 2018; Lamy, 2018), this war also shows the need to have policies that are not dependent on other countries as well as the power of negotiation as a bloc. The EU would fight as a bloc, and even the USA and China are some sort of RTAs because of their larger political federations.

The EAC leaders should consider how to tackle security and trade within the region without neglecting any of the two. As it has been proven, inequality is the cause of many conflicts that affect state building (Richmond, 2014), and this means that lack of human security would affect the efforts of regional integration and destroy the gains.

As with other conflicts, the EAC should aim at harmonizing its policies such that the positioning within the region and in Africa. This is not the task of the state actors but that of the civil society and the private sector that stands to benefit from the trade. Thus, the regionalization of the EAC is a process that should also involve the private sector whose voice should be reflected in the multilateral trade policies, in terms of economies of scale, comparative advantages, and fair trade since the region cannot as of now balance trade.

While this has been an exploratory study, some recommendations or simple remarks are worth making.
- The political will should be rallied beyond state actors to the private sector that know the value of trade in the regional integration.
- The institutions of the monetary union, EACB, should have a peace-building component that analyses the security risk of regionalization such that attempts to relapse to protectionism can be averted.
- All East African states need to be ready to respond to externalities since the failure of the WTO is engineered by spoilers who would still want to trade with the region.
- Trade policies should aim at reducing inequality, otherwise conflict would derail the integration agenda.

While the EAC has policies and a framework for regional integration, it remains to be seen if these policies can sustain international interference by the superpowers. In other words, the multilateral trade policies must benefit primarily the RTAs such as the EAC. The pulling together of talents and institutions for multilateral policy is a requisite for any RTA. EAC citizens would do well to support these institutions through the presence of the CSOs and the private sector such as KEPSA and KIPPRA. Protectionism would bring negative impact in the growth policies as the region could be divided along super powers affiliates, but what is important is for the regional countries to pull their efforts and determine the comparative advantage as well as advocate for fair trade for the developing countries.
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