

African business braces itself for trade influx

INDUSTRY lobby groups in Africa have heard demands before for their markets to open up and their governments to embrace trade liberalisation. "What the EU is doing today was pushed for by the World Bank and IMF [International Monetary Fund] 20 years ago," says David Thual, who heads the African Industrial Association office in Brussels. "But there's not a single economy in the world which developed by fully opening its markets," he says.

The weak condition of African industry, with energy, infrastructure and transport problems, is the reason why companies fear the Economic Partnership Agreements (EPAs) and sudden competition from abroad, says Thual. "There is often no access to electricity on a regular basis, there is a lack of trained workers and there is a problem with the size of markets," he says.

The EU has been pushing for regional integration of markets but local politics, highly dependent on revenues from customs taxes, militates against this.

The European Commission has said that industry in its infancy will be protected by the EPAs, which will not require the immediate dismantling of trade barriers, but Thual says that this provides little comfort. "If you open even in 15 years' time they won't be able to sustain competition and it will destroy local industry," he says, adding that although EPAs might guard against competition for certain industries today, it is difficult to predict which industries might need protection in five or ten years' time.

African industry does not, says Thual, see a rush of European companies to Africa, since the business environment would put many off. Rather it is the exporting of European products to Africa which could have a devastating effect. "If these markets are open, European industry will sell to them. Counterfeited goods from China are already undermining local businesses," he says.

Ian Finlayson, technical director with World Flowers, a UK cut-flower company which gets its flowers from around the world, says there are particular concerns for the industry in Kenya where ending the preferential trading System with the EU could result in the loss of thousands of jobs from January. Kenya will be forced to compete with countries such as Ethiopia, deemed a least developed country and therefore allowed continued duty-free, quota-free access to the EU. The current uncertainty makes it difficult for flower producers to make long-term plans. "Your typical rosé crop is in the ground for seven years and so people are having to make long-term commitments even now," he says.