

GLOBALIZATION AND THE SMALL SCALE PRODUCER: HAS AGOA ANYTHING TO OFFER?

Paper presented by Rudolf N. Amenga-Etego¹ at a workshop organised by the Market Access Promotion Network (MAPRONET) at the Christian Village, Kumasi. 13th-15th February 2002.

What is globalization?

GLOBALISATION historically speaking has been with us for ages. Ever since the fortune hunter Christopher Columbus set foot in the Americas and introduced sugar, oranges, and large-scale mining to those parts of the globe things have never been the same for Africa. **The trans Atlantic slave trade** emerged to satisfy the greed of these adventurers and introduced for the first time in Africa large scale, externally determined, compulsory migration to satisfy foreign interests. By design Africa became the source of **cheap labour** for the Plantation owners of the so-called new world. Then followed the Berlin conference hundreds of years later that saw the cutting up of Africa to satisfy the raw material needs of emerging European industrialists. The abolition of the trans-Atlantic slave trade was because African labour ceased to be important in the global scheme of things.

The strategic importance of Africa shifted from **being a source of cheap labour to a source of cheap raw materials and a market for finished goods**. The theory that justified this dubious arrangement was the theory of **"comparative advantage"**. Today most of us, if not all of us, eat, drink, smoke, wear, drive and watch products of firms that are global in their operations. These corporate giants are the legal veils behind which the modern slave masters operate. Shareholders, largely located in Europe and North America own almost all these firms. Each epoch, it will appear, produces its own type of globalization.

The influence of the Developed countries over our lives has become so pervasive that it has become almost imperceptible and "normal". It has been more so especially after the collapse of the socialist block countries that provided a countervailing force to Euro-American global dominance. Thus with the demise of the only significant countervailing force there has been a drive to homogenize the world at all levels; especially at the ideological, cultural, social and economic levels. The protagonist of globalization today insist that we must all think the same way, organize society in the same way, not allowing any alternatives to western values and systems of organizing society. In this hegemonic scheme of things the rest of us, who happen to be the majority are supposed to be non-starters or at best, late comers whose only destiny is to follow the lead and paths already laid by the Euro-American hegemonists. Globalization therefore carries with it the value systems of the Western countries, which it imposes on the weaker nations in the name of civilization.

Globalization today

Contemporary globalization may be summed up, as consisting of the following broad processes:

1. Flows of short-term foreign investment based on speculative currency trading
2. Longer term foreign direct investment.
3. World trade with policies aimed at further reducing barriers to trade.
4. The share of global production and trade associated with transnational corporations.
5. The global interconnectedness of production due in part to changes in technology and servicing
6. The movement of people for trade and labour purposes.
7. The global reach of new forms of communications including television, Internet etc.
8. The globalization of policy making particularly after the Second World War through multi-lateral institutions such as the IMF, the WB and the WTO.

Globalization essentially therefore is the new face of corporate dominance, dating back to the days of mercantilism and slavery. What we are witnessing is a case in which new technologies have simply been harnessed by these corporations to extend their grip on capital, labour and natural resources. The new post-war institutions including the aid machinery in general largely serve and are captured by these interests. Globalization therefore is the result of deliberate policy and political measures designed to open markets, facilitate rapid flow of capital looking for quick profits, reduce obligations to corporations and reform the state to create the "enabling environment" for capital. The consequences of these measures, in the form of wealth concentration on the one hand and increased poverty and marginalization on the other are not accidental outcomes. Global equitable development cannot take place without reversing this inequities & inequities. Accountability and participation at all levels of governance is essential to restraining and redefining roles of citizens, corporations and state institutions.

What has AGOA got to offer?

- 1) **The offer:** AGOA offers to Africa general duty and quota free access for her products in the American market; e.g Textiles that formerly attracted 16 % tariff now is expected to attract no tariff. Before AGOA 4,600 products in sub-Saharan Africa were allowed into the U.S. market based on the *general special preferences* criteria, which treated each commodity on a case-by-case basis. AGOA added 1,800 more commodities to the list.

The Reality: the American government will grant access only to goods that it decides are not sensitive. This why coffee, sugars etc are not covered. In any case going by the WTO rules to which our government is committed, tariffs are supposed to come down in the long-term and quotas removed.

Textiles made from yarn and fabric from African countries will be subject to severe constraints. Access will only be granted on yearly basis and should not exceed 3.5% of all apparel imported into the U.S. in 8 years. At the same time the U.S. government can at anytime withdraw this benefit if it determines that there is a sudden surge in imports of textile products into the U.S. market that will threaten its own domestic industries.

There are also the non-trade barriers such as the quality barrier that requires that African products must meet strict U.S. standards and specifications to gain access. The packaging must also be of a certain quality. Failure to meet these standards will deny you access. Take the tie & dye industries. The dye that our producers use here is considered by the U.S. to be sub-standard. This means that to get into their market we must use a dye specified by them. In the absence of such a dye therefore, then, we must import SUCH a dye from the U.S. AGOA by such a specification creates market for U.S. dye. Quite obviously the requirement for U.S. raw materials to be used will work against the ability of African countries to develop their own raw material base thus undermining the development of an integrated textile industry. Added to this is the fact that importing U.S. raw materials for use in the textile industry may turn out to be expensive in view of transport and other costs thus making our products uncompetitive? Don't forget that there are other regions such as Latin America and the Caribbeans that have their own versions of AGOA.

Other demands of the U.S. under AGOA. We are required to :

1. Remove government subsidies and price controls and pursue privatization
2. Eliminate barriers to all U.S. trade and investment in Africa. This includes a demand for American firms to be given equal treatment as African firms as well as for Intellectual Property Rights protection as contained in the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement in the WTO.
3. Guarantee international labour standards, and set minimum age for child labour.
4. Not engage in any act that undermines U.S. national security and foreign policy.
5. Liberalise the services sector.

The Act makes it clear that these conditions must be understood within the context of the WTO. African governments have tried to resist some these requirements contained in existing WTO rules because they have found them to be to their disadvantage. By making these requirements conditions in AGOA, the U.S. GOVERNMENT has effectively set a trap for African governments to concede to the wishes that it has had difficulty in achieving in the WTO.

ANY WAY FORWARD?

A few things come to mind:

- i. AGOA could provide a platform for small-scale producers to organize themselves. The inequities contained in AGOA could provide urgent issues around which to organize and pressurize government to demand a more level playing field.
- ii. I will urge all of you to should consider the ECOWAS trade area and Africa at large as your immediate and strategic market. A conscious effort should therefore be made to link up with similar groups within the sub-region to take advantage of each other's capacities.
- iii. The problem exemplified by the issue of the dye is a call to adopt an integrated approach that links industry to primary production.

- iv. Skills training, upgrading and capacity development in general ought be considered top priority and should attract not only attract government funding but the support of all non-governmental actors interested in the small-scale.

ⁱ Rudolf N. Amenga-Etego is a legal practitioner and a social and economic justice activist. He co-ordinates the Globalization Response Program of the Integrated Social Development center in Accra.