



ATLANTIC CURRENTS

AN ANNUAL REPORT ON WIDER ATLANTIC PERSPECTIVES AND PATTERNS

The South in the Time of Turmoil

DECEMBER 2019

6th Edition

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About Policy Center for the New South

The Policy Center for the New South (PCNS) is a Moroccan think tank aspiring to contribute to economic and social policies that provide answers to the collective challenges facing Morocco and the African continent, as integral parts of the global South. The PCNS advocates for an open, accountable, and enterprising "new South" that defines its own narratives and mental maps around the Mediterranean and the South Atlantic basins, embodied by a forward-looking relationship with the rest of the world. Through its analytical work and focus on dialogue and partnerships from different perspectives and disciplines, the think tank aims to cultivate African expertise and excellence.

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List of Abbreviations

ACS	Association of Caribbean States
AFCFTA	African Continental Free Trade Agreement
AFFRC	Agriculture, Forestry and Fisheries Research Council
AIDB	Asian Infrastructure Development Bank
AMU	Arab Maghreb Union
AQIM	Al-Qaeda in the Islamic Maghreb
AU	African Union
BoP	Bottom of the Pyramid
BRI	Belt and Road Initiative
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CEN-SAD	Community of Sahel–Saharan States
CEWS	Continental Early Warning Systems
CFIUS	Committee on Foreign Investment in the United States
CFSP	Common Foreign and Security Policy
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
COMESA	Common Market for Eastern and Southern Africa
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DRC	Democratic Republic of the Congo
EAC	East African Community
ECA	Economic Commission for Africa
ECCAS	Economic Community of Central African States
ECFR	European Council on Foreign Relations
ECOWAS	Economic Community of West African states
EEAS	European External Action Service
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FFC	Forces for Freedom and Change
FNB	First National Bank

FOCAC	Forum on China-Africa Cooperation
FT	Financial Times
G5	Group of Five
GAF A	Google, Apple, Facebook and Amazon
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GERD	Grand Ethiopian Renaissance Dam
GVC	Global Value Chains
HCI	Human Capital Index
HIPC	Heavily Indebted Poor Countries
HoA	Horn of Africa
HR	High Representative
HRW	Human Rights Watch
IGAD	Intergovernmental Authority on Development
IITA	International Institute of Tropical Agriculture
ILO	International Labour Organization
IMF	International Monetary Fund
IoT	Internet of Things
ISGS	Islamic State in Greater Sahara
ISIS	Islamic State of Iraq and Syria
ISWAP	Islamic State in West Africa Province
JNIM	Jam'at Nusrat al-Islam wal-Muslimeen
LSE	London Stock Exchange
LSM	Living Standards Measure
MAFF	Ministry of Agriculture, Forestry and Fisheries (in Japan)
MaMo Panel	Malabo Montpellier Panel
MERCOSUR	Mercado Común del sur (Southern Common Market)
MINT	Mexico, Indonesia, Nigeria, and Turkey
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MP	Member of Parliament
MUJAO	Movement for Unity and Jihad in West Africa
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NGO	Non Governmental Organization

OBOR	One Belt One Road
OECD	Organization for Economic Co-operation and Development
PIC	Public Investment Corporation
PRC	People's Republic of China
PTA	Preferential Trade Agreement
R&D	Research and Development
REC	Regional Economic Community
RIA	Regional Integration Arrangement
SADC	Southern African Development Community
SDG	Sustainable Development Goal
SINOPEC	China Petroleum and Chemical Corporation
SOE	State-Owned Enterprise
STD	Special and Differential Treatment
UAE	United Arab Emirates
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNHDI	United Nations Human Development Index
UNSC	United Nations Security Council
USA	United States of America
USDA	United States Department of Agriculture
USMCA	United States-Mexico-Canada Agreement
USSR	Union of Soviet Socialist Republics
USTR	United States Trade Representative
VEO	Violent Extremist Organization
WAEMU	Western African Economic and Monetary Union
WTO	World Trade Organization
YIIFSWA-II	Yam Improvement for Income and Food Security in West Africa



Foreword

Towards a Pan-Africanist renaissance

A perusal of the table of content of the sixth Edition of the Atlantic Current reveals a common theoretical theme running through this year's volume, the charting of ongoing political, economic, and sociocultural trends shaping the Global South and the major challenges facing its regional entities, as embodied in the publication's title « The South in time of Turmoil ». This theme is very timely in that it captures the current African landscape in the context of globalization and the post-colonial era.

One cannot reflect on the fate of the continent without a critical inquiry of the colonial legacy and its politics of "Divide and Conquer", which have undoubtedly blocked the development prospects of African nations, planted the seeds of ethno-nationalist movements, patrimonialism, and to some extent, failed states, and endangered the continent's integration, peace and security prospects.

When some patronizing and afro-pessimist schools of thought raise this derisive question; « Why can't Africa get its acts together, unite to end this negative image of a war torn continent? », the Zeitgeist of such a structure of reasoning, voluntarily or naively, ignores the internal and external factors that account for this arrested development. Granted, Africa is ripe with such a conundrum, due in parts to its own making, but the exogenous factors, far outweigh the endogenous ones in this turmoil. Taken as a whole, a careful scrutiny of the current state of the continent from the era of the triangular trade, the arrival of the missionaries, the 1844 Berlin Conference which carved up well integrated African nation-states into artificial territorial boundaries to reflect colonial interests, to its latest configuration, gives credence to the domain assumptions made earlier through seminal works by prominent scholars such as Walter Rodney's *How Europe Underdeveloped Africa* (1972), Samir Amin's *Accumulation on global scale*, (1974), *Unequal Development* (1977) and more recent undertakings by Munyaradjzi Mawere's *Underdevelopment, Development and the Future of Africa* (2017), as well as John W. Forje's *In the Heat of Africa's Underdevelopment* (2019). Mainly, these authors contend that the problems plaguing the continent have been largely beyond its control. Indeed, they are the inception of a long standing imperial domination, which under the name of Development and Modernization has plunged and maintained Africa in a vicious cycle of underdevelopment, debt dependency, abject poverty, political

insecurity, and vulnerability to diseases. Furthermore, this beautiful mosaic of multicultural representations, pan-ethnic and linguistic diversity, known as the birthplace of human civilization since ancient Egypt, has been severely hampered by its colonial legacy. Consequently, some pessimists would contend that Africa would never fully emancipate itself from the yoke of imperial domination, and catch up with the post-industrial societies. Such a fatalistic stance should be eviscerated to set in motion a global agenda for equitable growth, and sustainable development for the continent. As the German Federal minister of Economic Development, Gerd Muller, stated in his presentation of the “Marshall Plan with Africa”: “We need a change of paradigm, and must understand that Africa is not the continent of cheap resources, but that the people there require infrastructure and a future” (2017).

Africa, acknowledged to be the second largest and second most populous continent in the world, according to World Population Prospects (2017), has also the youngest population in the world with 226 million people aged between 15 and 24. According to the UNDP Africa Report (2017), the population is growing faster than projected, and is expected to double from current levels by 2055. This demographic growth rate of 2.52 in 2019 (United Nations), while regional economic growth is projected to be 2.6 (World Bank), is in a way similar to a Malthusian scenario with an exponential population growth, and limited economic development prospects, prompting scholars like Kinsley Ighobor to describe Africa’s youth as a « Ticking Bomb ». Moreover, as indicated by the African Development Bank (ADB), 12 million young people joined the African labor force in 2015, but, only 3.1 million jobs were created, (UNDP Africa), while the Brookings Institute in its March 2019 review reports that 1 in 3 Africans live below the global poverty line, despite tremendous natural resources, wealth and human capital. One major dimension here, is the feminization of poverty, which makes poverty in the continent an essentially female construct, and the marginalization of African women in both the development process, and the political field (The World Bank Policy Research Paper 8360, March 2018). Thus, it is urgent to launch a collective endeavor from the grassroots to the national and international levels to reverse this trend, and push for further commitments to eradicate gender inequality and discrimination in all spheres of human life in Africa. Admittedly, Africa currently faces the burning issue of how to forge a well-balanced and equitable global human habitat at peace with itself, and in that vein, account for its past and present history, so that it can recapture the new trends, and gauge future directions for development. Forward-looking, Africa needs to debunk the Afro-pessimist narrative in the forms of stereotypes such as ethno-nationalism identity- politics, and launch the foundation of a Pan-Africanist renaissance.

Toward this goal, Africa should not just rely on slogans like “Africa needs African solutions”; no matter its sturdiness, but also take advantage of a new

geopolitical global reshuffling in international cooperation in the post-cold war era, with recent trade and developmental initiatives from the U.S. BUILD program, “Better Utilization of Investment Leading to Development”, the German “Marshall Plan with Africa” presented in 2017, the Pan-African Program of the European Union, the Africa-EU Strategic Partnership project, the BRICS offering (Brazil, Russia, India, China, South Africa), and the China Africa Project on infrastructure and construction. All these ventures are development opportunities, for Africa to seize, and erect a new pact for a sustainable and equitable partnership between the continent, the West, and the Global South.

On a positive note, taken as a whole, despite these negative factors and alarming picture, which are mainly a hindrance to its future, Africa has not collapsed, and is indeed, standing tall today, and is rising from its slumber to reposition itself in the global market economy. As it stands currently, depending on the ebbs and flows of a volatile international economic market, Africa is credited with four of the fastest growing economies in the world: Cote d’Ivoire, Ethiopia, Ghana, and Rwanda (World Bank, October 15, 2019). The recently adopted African Continental Free Trade Agreement (AFCTA) in May 2019, could be the world largest free zone, since the creation of the World Trade Organization (WTO). It is designed to get rid of tariff barriers on a significantly important number of goods, promote a healthy intra-African trade, and push for South-South cooperation and regional economic integration, without falling into the trap of “Delinking”, or of overtly conservative protectionism. The ultimate goal is to strike a balance for an inclusive growth, equity and sustainability, both in our South-South cooperation, and in our new North-South collaborative undertakings.

What is at stake here is a paradigm shift to craft a more embrative and refined socioeconomic and political system. One of the primary challenges facing Africa today is job creation to alleviate youth unemployment, harness its human capital and immense resources, as well as unleash the potential of its women and youth. A key factor we ought to account for in our attempt to understand the new dynamics shaping the African social formation, is the rise of its middle class with a population of 330 million, with its transformative potential across the continent, with Egypt, Nigeria, South Africa, Algeria, and Morocco leading the way, and referred to as the “Power Five” markets (Henry Melber, 2017) (Baldwin Tong, 2019). As Steven Pinker indicated, “the rise of the global middle class, its implications on policies, industrial development and the political economy, might be one of the most important ‘ignored’ stories of 2018”. (In Rethinking global poverty reduction in 2019, The Brookings Institution). It is cogently stated, that a growing healthy middle class is a safeguard for a participatory democratization, an imperative for political transparency, and the empowerment of civil society. Indeed, the middle class tends to be seen as a vector to lift a nation-state to new highs of prosperity. Hence, the cornerstone of

an emerging global African market is a healthy and educated middle class society, which constitutes the bedrock for a transitional stage toward post-modernity.

To reach this goal, Africa must confront these following challenges:

Enhance women status and conditions to upheave economic growth and development.

The multidimensional facets of Globalization and its impacts on the unification of a world market with the rise of new systems of production, financial transfer, and capital mobility has catapulted the world system of production into the age of the digital economy, thus, challenging Africa to swiftly adapt to it, and contract its digital gap.

Africa needs to magnify its bond to global computing and catch up with this fast evolving swing toward an expanding digital economy, which requires, enhancing high quality educational programs for its youth, as it transitions into the future. Africa also stands in need of creative and comprehensive youth and women employment policies, to capture the demographic dividend with the objective of elaborating gender-informed and youth-based employment programs to lift up the collective welfare of these vulnerable social categories to a viable level of affluence.

Additionally, there is a call for good governance, the modernization of the management of the public administration, and the promotion of a strong private sector in Africa today. Altogether, Africa has to craft bold global environmental policies to navigate through the ecological transition, with its strains and challenges on the future of its human habitat, peace, and security.

The Africa we want, is an integrated continent, in which its youth and women have genuine hope for their future and dream about reaching a level of prosperity and opulence, leaving behind any perception of fear, anxiety, marginalization, exclusion, and victimization in their daily life. The Africa we want, is a stable geopolitical and economic landmass, devoid of territorial and identity conflicts, war, terror, secessionism, a continent built on the precepts of peace and security, with freedom and mobility rights for individuals, hence, fulfilling our dream for an “Africa without border”. The Africa we crave for is one with an unwavering commitment to equity, social justice, the defense of human rights, and environmental protection. This Africa is within our reach, and we ought to unite all our forces, energies, human capital, intellect and expertise to overcome these challenges.

by Aminata Toure

Introduction

Since 2014, the Atlantic Currents annual report has been providing a unique overview, fresh insights, data, and broader analysis on the Atlantic space. Previous editions explained how this region is undergoing common challenges, while promoting dialogue and better understanding to help Atlantic countries overcome these fragmentations and choke points and walk together on the road of sustainable development.

“Can we speak of an Atlantic world?” While several chapters scrutinized the dynamics at play within and between countries in the Atlantic basin, identified fractures and choke points that are unsettling the region, the Atlantic space remains one that favors exchanges and interactions and could benefit from strengthened cooperation.

This requires an in-depth analysis of the region’s pressing challenges within a shifting and tumultuous global world order to assess the stakes at play. This year’s edition aims to make sense of this apparent chaos by pursuing a two-phase approach, exploring broader Atlantic issues, before focusing on regional challenges that afflict the South Atlantic.

Grasping the issues behind the turmoil entails an overall and systemic evaluation of the global world stage and its operating mechanisms. It seemed natural to start by mapping the political, economic and diplomatic structures underpinning our modern world, before bringing other subjects such as food security, welfare, inequalities, demographic changes into focus.

Aminata Touré’s foreword captures the current African landscape in the context of globalization and the post-colonial era, and pleads for a Pan-Africanist renaissance.

Len Ishmael initiated the analysis in this edition by examining the consequences of the United States’ increasingly unilateral foreign policy, explaining the reconfiguration of the global power balance into a bipolar system, and revisiting the emerging waves of populism as a response to globalization. Given the interdependencies between world economies, a clash of might may not be the means by which changes happen, explaining why trade and economic policies have been weaponized in a bruising contest between the USA and China. (Chapter 1: Global Governance in the Post-American Order).

In the second chapter, Anabel Gonzales focuses on the World Trade Organization’s (WTO) reforms and the overwhelming challenge of combining the preservation of the system’s nature, making sure all major economies remain part of it, while also confronting rising trade conflicts and geopolitical

competition. While different scenarios are playing out, managed trade is gaining traction, rules are increasingly fragmented in competing spheres of influence and global trade governance is weakening. This chapter examines the stakes at play for the WTO as an organization and for its members to speed up negotiating efforts ahead of the upcoming WTO Ministerial Conference in June 2020 (**Chapter 2: Will the Rules-based Trading System Survive?**).

In Chapter 3, Mohamed Loulichki looks into the shift in diplomatic approaches, with the declining use of hard power and the overall progress of cultural diplomacy since the end of the Cold War. He describes how cultural diplomacy has become the most judicious way to project power and exert influence beyond national borders. (**Chapter 3: Is culture the future of diplomacy?**)

In Chapter 4, Dominique Bocquet sheds lights onto the entanglement of Brexit, Euroscepticism, and populism in general as symbols of the new state of affairs, while decrypting the structure and policy implications of the newly appointed EU Commission. (**Chapter 4: The Future of the European Union**).

Following this exercise of contextualization, this report discusses the drivers and enablers of the Atlantic South's specific turmoil, investigating its social, economic and security issues.

Chapter 5 by Rida Lyammouri looks at the spread and intensification of violent extremist organizations and troubling inter-community tensions in the Sahel region, focusing on coastal West Africa. (**Chapter 5: The Expansion of Militancy in the Sahel and Worrying Signs to Coastal West Africa**).

Chapter 6 by Marcus Vinicus de Freitas examines inequalities within nations, explaining how the Western countries' inability to provide better welfare to their citizens is resulting in a reconsideration of established governance and representative democracy as a whole. In parallel, his chapter shows how emerging countries, spearheaded by China, are becoming increasingly active in the financial sector. (**Chapter 6: China and Africa in Times of Turmoil**).

Driving deeper into the mapping of socio-economic inequalities, Nouzha Chekrouni gives a unique perspective on women's leadership in the South. After identifying various barriers faced by women – including discrimination, violence and sexual harassment, as well as stereotypes linked to a reductive narrative of their role in the public sphere, her article sheds light on the well-earned successes of some African women, who should be celebrated and serve as inspiration for other young girls. (**Chapter 7: Women's Leadership in Africa**).

Chapter 8 written by Fatima Ezzahra Mengoub and Olisaeloka Okocha discusses the implications and side effects of introducing technology into the African agricultural sector in order to improve agricultural growth in the continent. The article provides numerous examples of innovative initiatives, demonstrating how the technology gap could be used to create new job

opportunities. The authors argue that disruptive technology can help solve a plethora of issues stifling Africa's agricultural growth if adequate infrastructures are put in place. (**Chapter 8: Application of Technology to Africa's Agricultural Sector to Create Jobs and Foster Economic Growth**).

Chapter 9 provides an overall economic outlook of the Atlantic space. Tayeb Ghazi and Youssef El Jai find low economic convergence within each sub-region of the Atlantic space, calling for further action and cooperation to enforce and upgrade the relationships between countries from North and the South. The chapter identifies structural economic and political rigidities as major obstacles to the complete emergence of some promising countries (e.g. Argentina, Brazil), while Africa still faces the challenges of improving human capital, providing suitable infrastructure and enforcing good governance. In such a context, the digital revolution seems to represent a tremendous opportunity to develop a new kind of cooperation within the Atlantic space and overcome the specific uphill faced by the Southern regions. (**Chapter 9: An Economic Outlook of the Atlantic Basin: Macroeconomic and Financial Integration in a Morphing World**).

After the diagnosis of turbulences in the world order and the Atlantic basin, the report casts a spotlight on some promising prospects and pioneering projects, including social innovation as a reaction to societal problems, women empowerment, cultural diplomacy, intercultural dialogue, and the digital revolution as a force for good and a tool for cooperation. This edition of the Atlantic Currents closes with a nod towards the rays of hope that continue to shine through the fractures.

Karim El Aynaoui & Bouchra Rahmouni

From Global Challenges ...

Chapter 1

Global Governance in the Post-American World Order *The End of Hubris*

by Len Ishmael

I. A World in Disarray

These are exceptional times punctuated by a troubling sense of uncertainty and disorder. The Western Liberal World Order and its foundational principles of rule of law, multilateralism, competition, open markets and liberal democracy seem under threat from both internal and external forces. Traditional alliances and associated institutions embodied by the Bretton Woods¹ system, the Marshall Plan² and North Atlantic Treaty Organization (NATO)³ - responsible for much of the world's post war security and economic stability - seem today to be split by discord and tension.

Since World War II the USA supported by its allies, has played a leadership role in the design and maintenance of the liberal world order, presiding over a relatively long period of global prosperity and peace. In recent times, however, much has changed. The USA has retreated from the traditional leadership role of seeking not only to promote America's interests but to also safeguard that of its allies. Traditional alliances are fractured and adrift, unlikely partnerships have emerged, global trade - buffeted by tariff wars and sanctions - has slowed and the outlook for global output, downgraded.

1 Bretton Woods institutions include the World Bank and the International Monetary Fund (IMF) established in July 1944 in New Hampshire, USA, named after the Bretton Woods Agreement developed by 43 countries to provide financing for rebuilding economies after the war, and to support international development cooperation.

2 The Marshall Plan was an American led initiative to rebuild western European countries and economies after the Second World War.

3 NATO is a trans-Atlantic military alliance between 29 countries in Europe and North America established after the Second World War with a mandate to implement the North Atlantic Treaty executed in 1949.

The international structure marked by unipolarity since the disintegration of the Soviet Union in 1989 is in transition, and an increasingly bi-polar configuration is taking shape reflecting the growing heft of China not only within its own regional power structures, but also in response to its status as the only potential threat to the hegemonic status of the USA.⁴ Some Great Powers are seeing their relative power decline⁵ while a clutch of countries in the Global South⁶ - India, Brazil, South Africa, Turkey, and others - are assuming more muscular stances in their own regional power structures and attempting to project power and influence further afield.

There is no consensus as to the future of the status quo. There are those who see the demise of the West - and the rise of the rest - as 'greatly exaggerated,' after all, the current order is the result of many decades of US and allied attempts to organize relations among states in a manner which has delivered benefits to most of the world, and is thought to be deeply entrenched, with multiple layers of economic interdependence.⁷ The status quo, with a few hiccups, will probably obtain for some time longer. Others are unsure. They view the period of American exceptionalism as having reached its peak and argue instead that the US should focus on its own internal arrangements, ensuring democracy and order at home, while protecting its interests abroad.⁸ Others question the belief that China has hegemonic ambitions of its own, seeing instead a mission to balance the USA within the Asia Pacific region, and selectively 'displace' rather than 'replace' the USA in other spheres of influence.⁹ Still others argue that bipolarity is not only on the horizon but is already evolving as the organizing system of the international structure, with two superpowers and a constellation of four or five Great Powers. Regardless of which theory is borne out by history, all countries, rich and poor, will have to construct finely balanced and nuanced responses to shifts in the status quo.

II. The End of Hubris

It is difficult to attribute the current sense of disequilibria in the world

4 Len Ishmael. Soft Power & Global Ambition: The Case of China's Growing Reach in Europe. *The Fletcher Forum of World Affairs*. Vol.43:1 WINTER 2019

5 Great Britain is expected to slide from fifth place in economic ranking behind the USA, China, Japan, Germany to seventh in 2019, and is also expected to be overtaken by India in 2019. Matt Withers. *The New European*. December 19, 2018.

<https://www.theneweuropean.co.uk/top-stories/britain-will-fall-to-7th-in-world-gdp-rankings-after-brexit-experts-say-1-5824721>

6 The term Global South is not a geographic construct, but one which groups countries of Africa, Asia, Latin America and the Caribbean formerly described as Developing, Less Developed or Third World Countries.

7 Gideon Rose, editor. *Foreign Affairs*. January/February 2019.

8 Graham Allison. The Myth of the Liberal Order: From Historical Accident to Conventional Wisdom. *Foreign Affairs*. July/August 2018.

9 Oriana Skylar Mastro. The Stealth Superpower. How China Hid its Global Ambitions. *Foreign Affairs*. January/February 2019.

order to any single precipitating factor. The ‘big wins’ on democracy’s checklist, including the fall of the Berlin Wall and pro-democracy protests in Tiananmen Square in 1989 followed by the disintegration of the Soviet Union in December 1991 and China’s ascension to membership of the World Trade Organization (WTO) in December 2001, all seemed to portend a golden era for western liberal values. Capitalism had trumped communism, and the world stood on the cusp of far reaching embrace of the western-led liberal world order.

The score did not play out as expected. Eastern European countries thought that prosperity would naturally follow the adoption of western liberal democracy as a social and economic organizational principle. Free trade, open borders and foreign capital were expected to provide conduits through which wealth would be created for home countries. Almost thirty years later, while these countries have become more prosperous, they have not caught up to western states and many rural districts are depopulating to the extent that their viability is at threat. Disenchantment and resentment have set in. In countries such as Hungary and Poland, there is a lingering sense of betrayal and anger at a perceived loss of sovereignty. Though reunification changed the fate of Eastern Germany, a swathe of the German population in the rural east nonetheless feel that prosperity is passing them by. Their communities too are depopulating, and persons left behind have provided fertile fodder for the politics of nativism and populism spurred by strong anti-migration fervor. The politics of division is today Germany’s new wall, dividing east from west.

After the initial flirtation with capitalism in the immediate aftermath of the disintegration of the Soviet Union, the Russian state under Vladimir Putin is undergoing a period of resurgence. The state is projecting hard and soft power not only within its sphere of influence – as both the invasion of Georgia in 2008 and the annexation of Crimea in 2014 attest - but also as far away as Venezuela. Russian military might has turned the tide in favor of the Assad regime in Syria’s civil war and has played a significant role in delivering a shaky peace. The pullout of American troops and the launch of a Turkish attack on the Kurds in northern Syria on October 14, 2019, has produced conditions which benefit Russia, cementing its role as a power broker in Syria - this time in patrolling a separation zone between Turkish and Syrian troops ostensibly to defuse the potential for wider conflict. Russian resurgence has been fueled in part by a deep sense of betrayal by the west around broken promises regarding NATO’s eastern expansion and support for the post-Soviet economy. The perception of the West’s lack of respect and appreciation for the deep sacrifices made by the Russian people in the Second World War has also hardened sentiments.¹⁰

In China, the democratization expected as a result of the country’s entry

¹⁰ More than 20 million Russian civilians and troops died during the Second World War. Russians soldiers were fighting on the Eastern Front for several years before the landing of allies in Normandy.

into the World Trade Organization (WTO) has not materialized. When President Deng Xiaoping opened exclusive economic zones to foreign capital and investments in 1979 pioneering, in the process, an export-led economic development policy as part of a raft of economic reforms, he was not signaling a retreat from communism, but rather a pragmatic response to the need to modernize the Chinese economy and create the wealth needed to provide social benefits for a burgeoning population. This he did by cherry picking through the menu of capitalism's offerings to find mechanisms which were both functional and politically manageable within the Chinese system. The new modality of state led central planning with a market approach, combining socialism with 'Chinese characteristics,' lifted millions out of poverty and created wealth and gains in productivity over the shortest time, unmatched by any other country in historical times.

Assuming the status of a democratic state, however, has never been China's goal, and the west has been late in coming to this realization. Increasingly however, China is participating on the world stage in aspects of global governance, including for example, fielding troops in support of United Nations (UN) peace keeping efforts, working with the European Union (EU) on anti-piracy initiatives in the Horn of Africa, and supporting the Paris Climate Accord. The country aspires to be counted among the world's 30 advanced economies by the centennial of the creation of the People's Republic in 2049,¹¹ but it will do so on its own terms.

1. Winners & Losers

Some features of liberal democracy linked to globalization and the principles of free trade and open markets, are being attacked from within democratic states. Over the past 25 years, international trade has played an important role in lifting "an astounding one billion people" out of extreme poverty.¹² Articulation into global value chains and international trade have brought much needed financing for development to developing countries, but developed countries have also profited handsomely. Despite the enormous gains in economic growth and prosperity generated by free trade and market liberalization, these have come under attack from populations living in rich, western democracies, who blame globalization for a number of ills including their sense of disenfranchisement and the loss of jobs and growing inequality within their countries.

An important characteristic of global trade is its propensity to shift the gains of trade creating winners and losers in response to an array of different

11 Marcus Vinicius De Freitas. China at 70. Opinion. *Policy Center for the New South*. October 3 2019.

12 Jim Yong Kim. Making International trade Work for the World's Poorest.

<https://www.worldbank.org/en/news/opinion/2015/07/01/making-international-trade-work-for-the-worlds-poorest>

variables. While countries in the global south won market access and benefited from outsourcing contracts due to lower wages and environmental standards, traditional industries with high labor content like the steel industry in developed countries, for example, experienced contraction. Not only have jobs in the production of goods been lost¹³ but inequality, and the concentration of wealth in the hands of a few, have deepened over time, contributing to rising discontent and a backlash against globalization and free trade in areas such as the USA's so called "rust belt."¹⁴

The USA makes for a good case study. Despite exceptional growth in income of 60% between 1979 – 2016, the bottom 50% of the population saw an average income increase of 22% (after taxes and transfers) while those in the top 10% experienced income gains of 100%.¹⁵ Reports indicate that the ratio of chief executive pay to that of average workers in the USA "rose from 42:1 in 1980 to 347:1, in 2017."¹⁶ Wealth concentration has grown even faster than that of income. During the throes of the financial capital markets collapse of 2008, while scores of ordinary people lost their jobs and homes, the wealth of the top 1% of Americans increased. Today this minority controls 40% of all wealth, in effect being "almost equal to that of the bottom 90% of Americans,"¹⁷ causing deep resentment towards a system seemingly of benefit to only a privileged elite.

Countries of the Global South have not escaped problems of rising inequality. The continent of Africa is a case in point. While some countries are amongst the world's poorest, Africa is also home to countries which are among the fastest growing and richest economies in the world; eight countries are classified as high income.¹⁸ Issues of inequality are however, significant. While Gross Domestic Product (GDP) per capita in Equatorial Guinea of \$34,865 makes it the wealthiest country in Africa, the country ranks 136th on the UN Human Development Index (UNHDI) due to the extreme rates of income inequality and poverty which exist.¹⁹

Yet deepening inequality need not be an inevitable consequence of rising prosperity and growth. Inequality reflects a failure not of the free market system itself, but of the tools which countries use to redistribute the proceeds of wealth created. Bolivia, under President Evo Morales, has created enviable conditions of rising prosperity across all groups, especially those at the bottom, through

13 The loss of jobs in the manufacturing sector has been offset by the many others which have been gained in services albeit engaging workers with different skills.

14 The American rust belt is an informal term applied to an economic region known as America's manufacturing core, in the northeast United States. It includes a number of states: Pennsylvania, Wisconsin, Michigan, Ohio, Indiana and Illinois.

15 Heather Boushey. The Economy isn't getting better for most Americans. But there is a fix. *The Guardian*. May 1 2019. <https://www.theguardian.com/commentisfree/2019/may/01/broken-capitalism-economy-americans-fix>

16 Martin Wolf. Global Economy. *Financial Times*. September 18, 2019.

17 Ibid

18 Len Ishmael. Africa & Europe: Different Demographic Trends: Seeds of a Smart Partnership. Policy Paper. *Policy Center of the New South*. PP-19/14. September 2019.

19 Ibid

redistribution of that country's wealth. Under Morales's 14-year tenure, Bolivia's growth has outpaced that of regional neighbors averaging 4.9 % annually between 2006-2018.²⁰ Redistributive policies and investments aimed at the country's indigenous people have dramatically changed lives reducing extreme poverty from 38% to under 15%, halving poverty from 60% to 30%, and growing GDP/capita from \$1000 to over \$3600, "dramatically raising living standards in one of the region's poorest nations."²¹

There is also another facet to the growing sense of malaise in western democracies and this is reflected in a mood of cynicism which is "gnawing at western democracies."²² Many populations are distrustful of their politicians, governments and institutions.²³ In a troubling article entitled 'Democracy's Enemy Within,' the Financial Times (FT) records a sense of "ongoing decay not just in young democracies like Poland, but even longest-standing ones like Britain and the United States."²⁴ In reporting the findings of a survey by the Pew Research Centre in 2018 the FT notes that "over half of voters from ten European countries and North America" were "dissatisfied with how democracy is working; almost 70% of Americans and French people say that their politicians are corrupt."²⁵ Taken together, these events have all contributed to the new normal; the credentials of western liberal democracy have been tarnished and are being questioned by the very people whom they are meant to serve.

III. Betrayal: Crisis of Confidence & Leadership

Perhaps no single event has done more to create this sense of uncertainty regarding the integrity of the western liberal architecture, than the policy decisions taken by the current US administration on a range of critical issues. As a consequence, "doubts about the US reliability have multiplied under the Trump administration thanks to its withdrawal from numerous international pacts and its conditional approach to once inviolable US alliance commitments in Europe and Asia."²⁶ While the American President's recurrent themes of making 'America Great Again,' and 'America First' have resonated with groups of Americans, the administration's reversal of long-standing US policy in several strategic areas, reduced consultation with allies and retreat from critical aspect of global leadership have created both a vacuum exploited by others and a troubling sense of crisis in the west.

20 Andreas Schipani. The Limits of Economics. *Financial Times*. October 9 2019.

21 Ibid

22 Democracy's Enemy Within. Leader, *Financial Times*. August 31 – September 6, 2019.

23 Ibid

24 Ibid

25 Ibid

26 Richard Haass. How a World Order Ends. And What Comes in Its Wake. *Foreign Affairs*. January/February 2019.

In the last two years, the USA has withdrawn from a number of important treaties and conventions in which it had formerly played a key role, including the Paris Climate Accord, the Joint Comprehensive Plan of Action with Iran, the Intermediate-Range Nuclear Forces Treaty with Russia and the United Nations Human Rights Council, among others. The US's recent decision to pull troops out of Syria²⁷ followed swiftly by Turkish incursion into north-eastern Syria has unleashed chaos, leaving allies vulnerable, and the region at risk of Islamic State of Iraq and Syria (ISIS) resurgence. US economic and trade policies have been weaponized. Threats to decrease development cooperation and apply trade sanctions have been used to enforce immigration policies in the case of Mexico, and the matter of illegal migration across the USA's southern border. Steel and aluminum tariffs ostensibly aimed at Chinese exports, instead hurt Canada, Mexico, Japan, South Korea and Europe, all American allies.

Escalating trade wars between the USA and China, in place for more than one year, are hurting not just these two economic giants, but have shaken business and investor confidence and are having world-wide impact. The International Monetary Fund (IMF) has decreased the forecast for world output this year from 3.3% to 3%, down from 3.6% in 2018, noting that "global growth will fall this year to its lowest rate since the financial crisis (2008), with precarious economic conditions created by the US-China trade war."²⁸ The Fund predicts that the "big four" economies of the USA, China, the Eurozone and Japan will show "no improvement in their growth rates over the next five years."²⁹ The Eurozone's leading economy, Germany, has seen a downwards spiral in its growth forecast, cut from 0.8% to 0.5% for 2019, and from 1.8% to 1.1% for 2020.³⁰

Confidence in the integrity of the traditional western alliances has been shaken. The Australian Defense Ministry has recently announced plans to revisit its defense strategy and military capability in light not only of China's recent 70th year anniversary celebrations in which previously unknown military capability was unveiled, but also in response to the sense that the Indo-Pacific region is "at the center of the most fundamental geopolitical change since the Second World War," and that "the world has changed far quicker than we assessed in 2016."³¹ Analysts point to the worsening relationship between China and the USA and the legitimate Australian concern that it could "be caught between these great power rivals."³²

27 <https://www.nytimes.com/2019/10/13/us/politics/mark-esper-syria-kurds-turkey.html>

28 Chris Giles. IMF Slashes Global Growth Forecast after Trade War Batters Confidence. *Financial Times*. October 16, 2019.

29 Ibid.

30 Iain Rogers. German Growth Outlook Dims on Waning Export Demand, Trade Spats. *Bloomberg*. October 2 2019. https://www.bloomberg.com/news/articles/2019-10-02/german-institutes-slash-growth-forecast-amid-manufacturing-woes?cmpid=BBD100319_BRUS&utm_medium=email&utm_source=newsletter&utm_term=191003&utm_campaign=brussels

31 Jamie Smyth. Australia to Revisit Defense Strategy in Face of Global Changes. *Financial Times*. October 9, 2019.

32 Ibid.

Rather than leading the world order which it established, the USA is now seen to be openly undermining it and breaching the trust on which alliances are founded.³³ In promoting the narrow interests of the USA, the US government is seen to have “favored competition rather than cooperation, protectionism rather than free trade.”³⁴ Under normal conditions, threats to the status quo are usually poised by rising stars, at this point in history, however, the period of the long peace built by America and her allies, is, ironically, under an attack “led by America,”³⁵ and the world order is seen to be moving towards a state of “illiberal hegemony.”³⁶

IV. Timing is Everything

The vacuum caused by the USA’s isolationism has coincided with China’s rise as the only superpower challenger, not yet able to match the USA militarily, but in a good position to “challenge America’s military dominance of Asia.”³⁷ China’s celebration of the 70th anniversary of the People’s Republic on October 1, 2019 showcased its military might in a move choreographed to send a powerful message of strength to the USA. One scholar referenced the anniversary celebration as the display of a ‘new world superpower,’³⁸ another, a “sobering moment” which said “a good deal about China’s great power ambitions.”³⁹

Standing at the gates to Tiananmen Square, the spot at which Chairman Mao proclaimed the birth of the People’s Republic in 1949, President Xi proclaimed: “there is no force that can obstruct the advance of the People’s Republic of China.”⁴⁰ China’s rise in the world order has been meteoric. Millions have been lifted out of poverty, life expectancy has more than doubled from 35 years in 1949, to 77 years in 2018;⁴¹ a strong and growing middle class has emerged, Chinese travelers are an important source market for many countries and the country is responsible for more than one third of global output. The country is projected to attain the rank of high-income status by 2025.⁴²

China does not see the current unipolar world as being compatible with its own long-term interests, and has articulated its own strategy to gain power and influence. In deploying the One Belt One Road (OBOR) network of infrastructure

33 Ibid.

34 Ibid.

35 Phillip Stephens. America’s Retreat will Outlast Trump. *Financial Times*. October 11, 2019.

36 Gideon Rose. The Fourth Founding. The United States and the Liberal Order. *Foreign Affairs*. January/February 2019.

37 Kathrin Hille and Qianer Liu. Missile Muscle sends message to US. *Financial Times*. October 2 2019.

38 Marcus Vinicius De Freitas. China at 70. Opinion. *Policy Center for the New South*. October 3 2019.

39 Philip Stevens. America’s Retreat will Outlast Trump. *Financial Times*. October 11, 2019.

40 James Kyngé, Nicolle Liu and Alice Woodhouse. Hong Kong Violence overshadows China’s anniversary celebrations. *Financial Times*. October 2 2019.

41 <https://www.chinadaily.com.cn/a/201905/23/WS5ce65408a3104842260bd68e.html>

42 David Daokui Li. Lessons from the first 70 years of the People’s Republic. *Financial Times*. October 2 2019.

projects and institutions such as the Asian Infrastructure Development Bank (AIDB) as a counter to the Bretons Woods Institutions, China now bankrolls more infrastructural projects than the World Bank and has created a tight knit network of investments and projects around the world in the process establishing a system of state-clients which today act as conduits through which it exercises soft power in pursuit of its geostrategic interests.⁴³

Despite its enormous success in creating a market economy however, the Chinese model faces its own constraints. The trade war with the USA and the general slow-down in global demand have resulted in a slowing of the Chinese economy which is now forecast to grow by 6.1% in 2019,⁴⁴ the slowest rate in decades. Months of pro-democracy protests in Hong Kong threaten the longstanding 'one country two systems' policy, and the large-scale internment of unknown numbers of Uighurs and ethnic Turkic Muslims in camps in Xinjiang Province, speak to some of the challenges which President Xi and the country, face.⁴⁵

The strains within the western alliance have come at an inopportune time in that they effectively undermine the West's ability to contain and balance China. Europeans, sitting at the heart of the western alliance, were caught off guard by the American President's declaration that the EU was "one of the US's biggest foes"⁴⁶. The allies hold an array of differing policy postures on many fronts though convergence in some areas has been maintained. The current policy stance towards China, is a case in point. While the USA is seemingly intent in keeping China's superpower ambitions at bay through a raft of actions aimed at decoupling from the Chinese economy and curtailing the competitiveness of big Chinese firms, Europe is treading a careful line which speaks to its own strategic interests, treating China variously as competitor, threat, and partner.

China has partnered with the EU on an array of matters on the global agenda, provides a valuable commercial market for EU member states and is an important source of investments for many of the bloc's southern and eastern members. By slapping tariffs which affected, not only China, but also allies including the EU, the US created unlikely bedfellows between the two. Standing shoulder to shoulder at the Elysee Palace on March 24, 2019, Presidents Macron and Xi delivered pointed remarks regarding a shared commitment to upholding the principles of free markets and trade, with President Xi noting: "Cooperation is greater than competition."⁴⁷

43 Len Ishmael. Soft Power & Global Ambition: The Case of China's Growing Reach in Europe. *The Fletcher Forum of World Affairs*. Vol.43:1 WINTER 2019

44 Chris Giles. IMF Slashes Global Growth Forecast after Trade War Batters Confidence. *Financial Times*. October 16, 2019.

45 <https://www.business-humanrights.org/en/china-ethnic-minorities-detained-in-internment>

46 Cat Contiguglia. Trump: EU is one of US's Biggest Foes. *Politico*. July 15, 2018 <https://www.politico.eu/article/donald-trump-putin-russia-europe-one-of-united-states-foes>

47 Yoan Valat. Macron, Xi, Merkel and Juncker hold talks in Paris. *France 24.com* <https://www.france24.com/en/20190326-live-macron-xi-merkel-juncker-paris-talks-climate-trade>

The retreat of the USA has created a vacuum which has not only provided the opening for China to occupy center stage, but has also created conditions for other unexpected alliances as demonstrated in the evolving relationship between Japan and China, “from barely hidden hostility to cooperation.”⁴⁸ In October 2018, the two sides signed more than fifty cooperation agreements.⁴⁹

V. The Great Unravelling

For many decades, America has been the glue which has held the world order together. This it accomplished by dint of the strength of its leadership, the might of its military and the arsenal of carrots and sticks at its disposal. Both Asia and Europe’s security have in large measure been guaranteed by alliances led by the USA. Gains in prosperity and wealth have been due to the stability of multilateralism systems in which America has had a leading voice. America’s retreat is resulting in unraveling of trade rules, reversal of the gains of globalization, escalation of tensions among allies such as Japan and South Korea, and removal of restraint on the actions of others, demonstrated, for example, by Prime Minister Modi’s actions against the Kashmiris, the Saudi offensive against the Houthis in Yemen, and Turkey’s invasion of north-east Syria.

In an attempt to fill the power vacuum which has been created by America’s focus on its domestic agenda, Europe is being encouraged to ‘aspire to be a superpower,’ and to adopt a tougher stance on the world stage.⁵⁰ While European leaders are aware of the strength of the continent’s status as an economic power and hold no illusions that current conditions speak to a “Europe alone” reality, as a group they do not display an appetite to use economic power for “strictly political goals,”⁵¹ or to shape international economic policy with the explicit objective of ensuring European geostrategic interests.⁵²

Though engaged on matters on the international agenda relating to rule of law, human rights and democracy, and in the setting of rules and regulations in areas in which the EU has an interest including those relating to big data collection, competition policy and tax regimes geared towards global tech giants, Europe’s energies are directed towards an agenda which focuses on matters of domestic concern pertaining to the union’s cohesion, security, the integrity of the eurozone and in protecting what EU Commission President Elect, Ursula Von der Leyen has described as ‘the European way of life.’

While the USA retains the capacity to influence Great Powers in an attempt

48 Yan Xuetong. The Age of Uneasy Peace. Chinese Power in a divided World. *Foreign Affairs*. January/February 2019.

49 Ibid

50 Martin Sandbu. Europe must find its will to power. *Financial Times*. June 19, 2019.

51 Ibid

52 Ibid

to balance China, allies are weary and reluctant to compromise their own interests, and China's ability to marshal soft power through the strength of its global network of economic, commercial and investment linkages should not be underestimated.⁵³ This reality was underscored by the US's failure to deter its allies from joining the AIDB.⁵⁴ The US's push to cajole allies to cut engagement with Huawei's 5G technology has met with mixed results, and Europe took the decision to continue support for the Iran Nuclear Deal⁵⁵ and the Paris Climate Accord in the face of US withdrawal, and has not capitulated on the matter of the Nordstream 2 natural gas pipeline from Russia, to Germany. Far from standing still, the world is moving on, and so too, is China.

Observers note the 'stealth' which allowed China to grow "without provoking," as the formula which China used to reassure others of its lack of hegemonic ambition.⁵⁶ In former times, while China spoke of a peaceful rise, and a lack of intention to 'seek hegemony,'⁵⁷ today the country makes no secret of its view that the US seeks its containment, and its plans to resist. It has stood toe to toe with the USA in the current trade war. There is no other country which could have withstood the effects of this protracted trade war and its economic consequences. It speaks to the depth of China's resources and its resolve. It also speaks to China's ambitions. By 2023, annual investments in military capability by the USA and China will reach \$800 billion and \$300 billion respectively. This is more than that of any other Great Power, each of whom spend on average, \$80 billion. The reality of this spending gap is held as proof that the bipolar world is becoming a reality,⁵⁸ and that "*the post-Cold War interregnum of US hegemony is over, and bipolarity is set to return with China playing the role of the junior superpower.*"⁵⁹

VI. The View from the South: *When Two Elephants Fight, the Grass Suffers*

As the International Structure continues to take shape and evolve, the message from the global south is simple: *Don't make us choose!* Changing power dynamics and the US view of China more as competitor and threat, than partner, are increasing the sense among many countries, that they are being forced to

53 Len Ishmael. Soft Power & Global Ambition: The Case of China's Growing Reach in Europe. *The Fletcher Forum of World Affairs*. Vol.43:1 WINTER 2019

54 Fifty-seven countries, included among them, Western allies, joined the Bank at its founding in January 2016.

55 Ultimately however, the bloc was unable to come through with an alternative to bypass American economic and financial sanctions.

56 Oriana Skylar Mastro. The Stealth Superpower. How China Hid its Global Ambitions. *Foreign Affairs*. January/February 2019.

57 Ibid

58 Yan Xuetong. The Age of Uneasy Peace. Chinese Power in a Divided World. *Foreign Affairs*. January/February 2019.

59 Yan Xuetong. The Age of Uneasy Peace. *Foreign Affairs*. January/February 2019.

choose between one side or another. This is not a simple task. The effects of globalization and the ideological divide between east and west no longer as rigidly cast as it once was, have made for a far more interdependent world than that which obtained during the Cold War. China, Cuba, Russia and others in Eastern Europe, have introduced capitalist principles in modernizing their economies; at the same time western countries are considering protectionist policies which include state subsidies for big firms, to increase their competitiveness.⁶⁰

Today, choosing a side requires the balancing of an array of competing economic and political variables and strategic interests, none of which are simple or straight forward. Most countries in the world have ties to both the USA and China. In the developed world, the security of several countries is linked to the USA through treaty arrangements even while these countries have vital trade, investment and commercial ties with China. Countries from the Global South have relations with both the USA and China and were part of the Non-Aligned Movement (which included China) established in 1961 during the Cold War, in large measure prompted by the fear of being squeezed between the two super powers of the day.⁶¹ Given the extensive commercial, investment and trade ties which China has with much of the world, and the fact that China is already a leading, if not *the* leading trade partner for many, few countries would consider it in their best interests to have to choose between the two.

For Asian countries, China is the giant in their backyard. Several also have treaty-based relations with the USA on which their security depends. This is a difficult time. In a recent interview with CNN's Fareed Zakaria, Singapore's Prime Minister Lee Hsien Loong noted that Asian countries would be most "unhappy" if they have to choose between US and China.⁶² China is already the largest trading partner with the US's treaty allies in the region who include New Zealand, Australia, Thailand, Philippines, South Korea and Japan. Though not a treaty ally, Singapore nonetheless is an important US partner given its strategic location on the Singapore Strait which connects the vital Melaka Strait in the west to the South China sea in the east. The country has established trading links with China which are more lucrative than those with the USA.⁶³ Asian countries wish to engage "cooperatively and constructively with China, *and* to have economic and other links with the USA."⁶⁴ Forcing countries to choose between Chinese led 5G technology or American technology is titling the international structure increasingly towards one which is bi-polar with separate technological systems,

60 France and German are considering picking winners and using state subsidies to allow mega businesses the ability to withstand competition from China, despite arguments made with respect of Chinese state led enterprises and the benefit derived from state subsidies.

61 Len Ishmael. Underinvested: The Caribbean-African Relationship. Policy Paper. *Policy Center of the New South*. PP-19/08. June 2019.

62 Choo Yun Ting. *The Straits Times*. Oct 6, 2019. <https://www.straitstimes.com/singapore/asian-countries-would-be-very-unhappy-if-they-have-to-choose-between-us-and-china-pm-lee>

63 Ibid

64 Ibid

and does not serve the world's best interests.⁶⁵

2. A Wider Menu of Options

A Post-America International Structure comprising two superpowers, the USA and China, one each from the north and south, with Great Powers comprising a mix of both the traditional (Germany, France, Russia, Japan) as well as those emerging from the south (India, Brazil, South Africa), and rising medium powers including Mexico, Indonesia, Nigeria and Turkey (the so-called MINT countries) augurs well for the Global South in several important ways.

First is the fact that an increasingly bi-polar construct provides a wider menu of options making countries less vulnerable to the whims of policy weaponization by a single superpower. Chairman Mao's decision in 1972⁶⁶ to pivot to the Americans and away from the Soviets during the Cold War, is an example of the type of balancing which a bi-polar configuration allows. President Nixon's visit to China marked the beginning of a shift in the balance of power in the Cold War, allowing the USA to exercise wedge diplomacy, extracting important Soviet concessions in the process, and setting the stage for China's opening to the west.

In a bi-polar world, many states will adopt a "two track foreign policy," siding with the United States on some issues, security for example, and China on others, such as trade and investments.⁶⁷ To some extent we seem to be already at this juncture. EU - China relations for example, are grouped around the continent's commercial, trade and investment interests and issues on the global agenda on the one hand, and on the other, are guided by the bloc's increasingly tight protocols with respect of Chinese investments, cyber security, anti-competition practices and human rights, a brief which it shares with the USA and other western allies. Foreign policy exercised on parallel tracks would result in a world order reflecting "recurrent tensions and fierce competition, but not a descent into global chaos."⁶⁸

Second, countries from the south will have the power of numbers to more effectively translate increasing economic weight into the political capital required to influence and shape the global agenda. Third, as power structures evolve to include more countries of the Global South, south-south cooperation will assume greater significance. India and Morocco's growing cooperation on security matters emphasizes this point. While Morocco is actively engaged in cooperation with the USA and European countries in "countering and preventing

⁶⁵ Ibid

⁶⁶ In 1972 Chairman Mao welcomed US President Richard Nixon to the People's Republic of China.

⁶⁷ Yan Xuetong. *The Age of Uneasy Peace. Foreign Affairs*. January/February 2019.

⁶⁸ Ibid

violent extremism,”⁶⁹ the country is also engaged with India on issues pertaining to defense and security. The two navies undertook joint activities recently, in July 2019.⁷⁰

Increased cooperation also builds trust and provides the foundation for cooperation in other areas requiring higher ambition, as, for example, the possibility to address long simmering disputes and frozen conflicts. Despite a long-standing dispute over the border in Kashmir’s Ladakh region, China and India recently concluded a Second Informal Summit in Chehhai, India on October 11-12, 2019. Agreeing to cooperate closely in counterterrorism initiatives both Presidents reiterated their agreement in 2018, to “prudently manage differences and not allow them to become disputes,” their desire to “be sensitive to each other’s concerns” and “to be a source of peace and stability in the world.”⁷¹ In undertaking actions which have established conditions for peace between Ethiopia and Eritria, Nobel Laureate Abiy Ahmed, the Prime Minister of Ethiopia has also established the foundation for an agenda of multi-pronged cooperation around which prospects for stability, peace and prosperity can take root and grow in the Horn of Africa.

69 Ihsane Guennoun. India and Morocco’s New Cooperation Areas: Focusing on Security and Preventing Violent Extremism. Opinion. *Policy Center for the New South*. October 2, 2019.

70 Ibid.

71 Shamil Shams. Modi-Xi Summit. China and India identify terrorism as common challenge. October 12, 2019. *DW AKADEMIE* <https://www.dw.com/en/modi-xi-summit-china-and-india-identify-terrorism-as-common-challenge/a-50806221>

Conclusion

The world order is at an important inflection point. These are uncharted and potentially dangerous times. In carving out the space to focus on narrow domestic interests the USA has ceded important aspects of global governance, but a retreat, poorly managed, can result in chaos – as recent events in Syria underscore. The incoming IMF Managing Director appeal for “renewed commitment to international cooperation”⁷² comes at a time during which multilateralism seems to be under threat. Even though an incoming administration in the USA is able to rebuilt trust among America’s allies, it would have to make accommodation for evolving global power realities and challenges and may be incapable of stemming America’s diminished interest in policing the world, or reverse the decline in the country’s appetite for competition or rebalance its “inward tilt.”⁷³

Engagement with allies and foes alike as opposed to postures of isolation and retreat, is required to undertake the tasks associated with creating and maintaining conditions for law and order in the International Structure, but the art of engagement requires the exercise of leadership and the ability to deploy not only threats of hard power, but also the softer touches of diplomacy. It was exceptional leadership executed when most needed that allowed the two superpowers of the day, the USA and the Soviet Union, to co-exist mostly peacefully during the Cold War and defuse its most explosive moment. Nikita Khrushchev and John F. Kennedy combined the real threats of hard power with the stealth of back door diplomacy as the critical tools of statecraft by which de-escalation of tensions was achieved and the world pulled back from the brink of nuclear war during the thirteen days of the Cuban Missile Crisis of October 1962. Today, exceptional leadership is lacking at a time when it is needed most.

Leadership too, will be required, if countries of the Global South are to seize this moment of transition in the world order to position themselves strategically to better influence and shape the global stage on which decisions about the future will be made. Inspired leadership of the type which galvanized the Pan-African and Non-Aligned Movements in attaining the strategic objectives of a different era, is required today. It is left to be seen if the countries of the south can mobilize around this new and urgent call to action.

There can be no doubt however, that the currents of discord in the world order today are troubling. History points to great wars as the means by which ascending and descending powers seek to establish supremacy. There is also the view that economies today are so interdependent that a clash of might may not be the means by which future hegemonic power determination is made.⁷⁴

72 Martin Wolf. We are Playing with Fire in a Wooden Home. *Financial Times*. October 16, 2019.

73 Philip Stevens. America’s Retreat will Outlast Trump. *Financial Times*. October 11, 2019.

74 Gideon Rose. The Fourth Founding. The United States & the Liberal Order. *Foreign Affairs*. January/February 2019.

Yet the concept of might, has several dimensions and the fact of economic interdependence has not deterred the use of might, in this case, not military but economic, as a means of coercion and an exercise of hard power in the current trade war between China and the USA. In the process, the tools of trade have been weaponized in a bruising zero sum show of economic muscle which is more than just about trade, and in which there will be no winners.

For both China and the USA, a regime of cooperation and competition in the context of a rules-based world order would be beneficial to both. In the meantime, uncertainty and instability remain the hallmarks of these times. Perhaps no other summation best captures the mood of today: “the good news is that it is far from inevitable that the world will eventually arrive at catastrophe; the bad news is that it is far from certain that it will not.”⁷⁵ This hardly provides, however, much by way of comfort.

75 Richard Haass. How a World Order Ends. And What Comes in Its Wake. *Foreign Affairs*. January/February 2019.

Chapter 2

Will the Rules-based Global Trading System Survive?

by Anabel González¹

I. Introduction

With trade conflicts, new technologies and geopolitical competition reshaping the global economy, the trade and investment policy landscape is rapidly changing. While different scenarios are playing out, managed trade is gaining traction, rules are increasingly fragmented in competing spheres of influence and global trade governance is weakening. The World Trade Organization (WTO) is under strain and the business environment is more uncertain, volatile and increasingly power-driven than before. Amid these conditions, a renewed global trading system is critical to support growth, technological progress and world stability.

The task at hand is difficult, not least because it takes stage against the backdrop of great power rivalry and systemic competition between the United States (US) and China (Bergsten 2018). In moving towards WTO reform, countries face the challenge of reconciling three critical objectives: preserving the rules-based nature of the system, making sure all major economies remain part of it, and improving its rules and how it works. WTO members are presenting proposals to unpack these issues. Traction, however, is yet to be achieved in the negotiation of new rules on key topics underlying current tensions, the solution to the dispute settlement mechanism's imminent halt, and the rebalancing of developed and developing countries' contributions to the system. WTO members need to shift gears and speed up negotiating efforts if they are to reach agreement by the next WTO Ministerial Conference in June 2020. This may prove elusive, however, in

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which case the alternative is not to pause, but to actively preserve the system and prepare the way to be ready to act post-November 2020.

II. Background

For the past 70 years, global trade has been governed by a set of rules based on non-discrimination, transparency, binding and enforceable commitments on tariffs and other policy instruments, which have brought greater certainty, stability and increased market openness. At the heart of the system, the WTO – and before it, the General Agreement on Tariffs and Trade (GATT), ensures that trade flows as smoothly, predictably and freely as possible.

This global framework has helped create an unprecedented extent of prosperity across the world. Trade has long been a driver of global growth – increasing 27-fold between 1950 and 2008, three times more than the growth in global gross domestic product. The expansion of global value chains (GVCs) has facilitated the integration of developing countries into the world economy and has enabled a billion people to move out of poverty. Furthermore, during the global financial crisis, the WTO helped prevent the Great Recession from becoming another Great Depression as by and large, WTO members continued to mostly comply with their obligations – despite resorting to some protectionist measures (Evenett 2010). The system has worked overall because countries have seen the need for the WTO to function as being in their own self-interest “rightly understood” (Bacchus 2018).

Today, in the wake of longer-run trends of diminished trade opening since the 2000s, prospects for trade and investment liberalization at the global level have weakened and are actually going in different directions, with increasing trade and investment confrontations. The US and China are at the centre of these high-stakes conflicts, but underlying systemic issues amplify the impact beyond these two countries. Other sources of tension, like the threat of US tariff hikes on \$350 billion of cars, trucks and parts imports from the European Union (EU) loom on the horizon, and further adds to the concerns over escalation and retaliation (Cohen-Setton 2019). Current frictions are undermining confidence in the world economy and global trade, investment and output remain under threat from policy uncertainty; failure to resolve differences has increased costs for producers and consumers, and has lowered business investment, disrupted supply chains, and slowed productivity growth (IMF 2019), all while eroding the rules-based global trading system. The spillover into foreign direct investment, immigration and cross-border sharing of information and scientific data risks rolling back globalization (McKinsey Global Institute 2019).

Meanwhile, emerging technologies such as artificial intelligence and robotics, internet of things, virtual and augmented realities, additive manufacturing, and blockchain are spurring the development of new production techniques and business models that are fundamentally transforming global production systems (World Economic Forum 2018). They also have the potential to profoundly transform the way trade takes place who trades and what is traded (WTO 2018). While some of these technologies are not new, their adoption is spreading faster than before. Competition to lead in these new technologies is fierce. Governments and firms across the globe are engaging in legitimate - and illegitimate - acts to get a foothold in a particular technology, to pioneer commercial applications, and to gain shares in new markets. Advanced economies, which for many decades have pushed the boundaries of technological development, are now joined by China and other emerging economies' growing presence in the cutting-edge technology scenario (China Power Team 2019). In a 'multi-polar' technology world, commercial friction has increased, taking center stage in the trade arena. While escalating unilateral actions to respond to such tensions are disrupting trade and investment flows, and straining the global trading system, they are also eroding the business environment for innovation, progress and increased productive economic activity (González 2018).

Current trade and technology spats layer on geostrategic considerations, ranging from the military advantage that dominance in some of these technologies may bring about (Ciuriak 2018) to increasing cybersecurity-related trade conflicts at the global level (Huang, Madnick and Johnson 2019). Moreover, multipolarity – understood as a redistribution of global economic power (Laïdi 2019), has given rise to a new era of great power rivalry (Bergsten 2018), with the use of economic tools to achieve strategic goals, and the assertiveness of some governments in trying to unilaterally reduce or manage their exposure to the interdependence underlying the global economy (Roberts, Choer Moraes and Ferguson 2018). One view is that current frictions run much deeper than the trade confrontations, and have more to do with control over technologies such as artificial intelligence, and key inputs such as energy sources for electric vehicles, and command over connectivity, both physical and digital (Choer Moraes 2018).

III. The future of trade and investment

The trade and investment policy scene is in flux as governments and firms try to cope with the challenges associated with current trade confrontations, disruptive technologies, and geostrategic rivalry. There are several plausible scenarios for the future, depending on the interplay of key geopolitical and economic factors, in particular whether countries choose international cooperation or opt for a 'unilateral' path, and whether the world will move in the

direction of higher or lower ease of cross-border movement of goods, services, capital and people. Tan and González (2019) draw four scenarios in stark terms to sharpen the risks and trade-offs involved, while recognizing that reality may end up somewhere in between or in a combination of parts:

- ‘Open international rules’, where countries cooperate to address issues through a revitalized WTO and complementary international frameworks;
- ‘Competing coalitions’, where countries collaborate but are often drawn into competing spheres with regional blocks outside the WTO;
- ‘Technological disruption’, where countries cannot cooperate and technological disruption races ahead of regulation, creating a borderless world for some but with great uncertainty and inefficiencies; and,
- ‘Sovereignty first’, where in the absence of cooperation, prohibitive unilateral barriers lead to inefficiencies, high economic risks and a decline in productivity and innovation.

Figure 1 : Summarizes the defining features of each of the potential set-ups proposed by the authors.

Figure 1. Four Scenarios for the Future of Trade and Investment



Source: Tan and González 2019.

IV. Managed trade, rules fragmentation and weakening of global trade governance

While the landing zone of the current spats is still at play, from the perspective of trade and investment policy, three features are surfacing (González 2019). First, the revival of managed trade, which is a policy focused on achieving concrete outcomes through government intervention. This includes the return of ‘the tariff’ and other measures, like voluntary export restraints, utilized to pursue national economic and security objectives. This is not minor - 40 percent of total US imports could be subject to new tariffs (Bown 2018). Duties are being used as a bargaining chip for a variety of purposes, one of which is to move manufacturing back to the US (Lawrence 2018, Draper 2018), in what is considered national economic security. Affected trading partners have activated the WTO dispute settlement mechanism to counter US tariff hikes and at the same time, have unilaterally retaliated with tariffs of their own on imports of US products. In deals to suspend or avoid new US tariffs, commitments to import more natural gas, agricultural products and others are playing a role (Elliott 2018).

Managed trade is complemented by other policies in the areas of investment and export controls, the combination of which may lead to ‘decoupling’ the U.S. from the Chinese economy (Lee 2018). Strengthened revised investment screening mechanisms, in the case of the US by the Committee on Foreign Investment in the United States (CFIUS), are discouraging the acquisition of US firms in sectors deemed sensitive from the national security perspective. Investment screening rules have also been adopted by the European Union (EU) (Blenkinsop 2018), as well as by other countries (United Nations Conference on Trade and Development [UNCTAD] 2018). Expanded export controls to address concerns regarding the release of critical technologies to end uses, end users and destinations of concern, are part of the package as well in some countries (Akin Gump 2018).

Second, greater fragmentation of trade rules with a flurry of activity leading to new or revised agreements, with potential competing spheres of influence. The number of preferential trade agreements (PTAs) in force has more than doubled from less than 150 in 2005 to more than 300 in 2017 (UNCTAD 2019). This upward trend is accelerating, as countries are redoubling efforts to negotiate or renegotiate regional and bilateral agreements as an offensive strategy in some cases, to secure market access and rules-based frameworks, and for defensive reasons in others, to restrict trade or expand spheres of influence. While WTO-consistent PTAs provide a strong underpinning for GVCs, competing visions in areas like the digital economy risk bringing in differentiated standards and

further consolidate emerging divisions in what has been dubbed a potential ‘splinternet’ (Kharpal 2019).

One key feature of these PTAs is that they have normally been comprehensive and broad-based, covering “substantially all trade”, in accordance with WTO rules. This is the case, for example, of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Japan Economic Partnership Agreement or the United States-Mexico-Canada Agreement (USMCA). With the United States-Japan trade deal, however, a new type of arrangement has emerged: the “mini-trade deal” (Olson 2019). This agreement does not include typical areas covered by modern, deep PTAs, like services trade – though it is accompanied by a digital trade pact, nor does it include dispute settlements or any institutional provision. It is basically a goods deal with limited scope, where Japan agrees to gradually lower or eliminate tariffs and quotas on US agricultural products while the US reduces or removes duties on some Japanese industrial products, but not on cars – Japan’s main exports to the US (United States Trade Representative [USTR] 2019). For Japan, the mini-deal could save it from increased tariffs on automobiles as threatened by the US – though there is no explicit commitment to that effect. For the Trump administration, it is a way of obtaining increased market access for farmers suffering from negative spillovers from the US withdrawal from CPTPP and the confrontations with China, while avoiding a protracted approval process in a divided Congress. For the multilateral trading system, mini-deals spell trouble, as it is unclear how an agreement with such limited coverage could be consistent with WTO rules (Lester 2019). At the time of writing, the US-China deal could follow a similar path.

And third, the weakening of global trade governance. Two immediate actions have brought the WTO to confront its most fundamental crisis since coming into force in 1995, with on the one hand the adoption of the national security tariffs by the US on imports from several trading partners – and the responses in kind of those countries (Bown and Kolb 2019). While security exceptions are critical to the operation of international systems, the key question is on the level of discretion for WTO members to invoke it. This is an important issue as the unrestraint use or abuse of the security exception is deeply concerning: a WTO member could potentially resort to it to increase tariffs or to force countries to enter into managed trade to restrict imports, without the need to compensate for its actions and with no time restrictions. The risk is particularly high if the notion of national security is expanded beyond the defense realm to include economic security. And, if the exception were deemed to be ‘self-judging’ in nature, as the US argues, there would be no mechanism to rein on its potential abuse. Moreover, if one country uses the security exception to roll back its commitments, others may be ready to follow, and the system’s basic tenets of certainty and predictability would rapidly unravel.

On the other hand, the WTO's Appellate Body is under severe stress and if things are not sorted out before December 2019, it may come to a complete paralysis (Stoler 2019). The WTO's dispute settlement system has consistently demonstrated its effectiveness in solving a range of conflicts. It is probably one of the most active international adjudication systems – with about 600 cases reviewed since its inception in 1995, which suggests members' confidence in its referee role (Reich, 2017). The system also boasts a high record of compliance with its rulings. But members have long advocated the need to review and improve it. Most recently, the US has asserted that the Appellate Body disregards WTO rules, both as it relates to what it sees as overreaching beyond current norms in trade defence and other areas, as well as on procedural issues. To escalate its discontent with the system, since the mid-2017, the US has objected to the reappointment of the members of the Appellate Body and blocked proposals to resume selecting members to fill existing vacancies. By the end of 2019, with only one member left, the Appellate Body would be unable to operate. At that stage, absent a solution, an appeal by any party to the dispute would effectively block the adoption of a panel report, rendering the system inoperative (Bacchus, 2018a).

V. Concerns underlying tensions in the rules-based global trading system

While national security tariffs and challenges to the Appellate Body risk the system's breakdown, WTO troubles have been brewing for some time, impairing its ability to keep up with the challenges of the evolving trade landscape, technological change, and the role of emerging countries in the global economy. This is particularly the case as it relates to the WTO negotiating function.

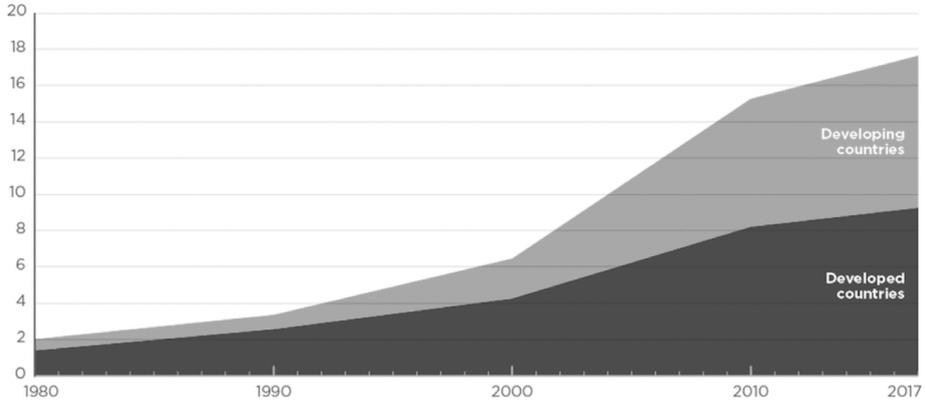
Significant changes since the establishment of the WTO in 1995 have impacted the ability of members to update and modernize the trade rule book. Greater complexity, associated with an expansion in the number of topics, countries and policy trade-offs, in combination with the "single undertaking" principle and decision-making by consensus, made it almost impossible to reach agreement on negotiations for a number of years. Members adapted to the new challenges with a mix of more narrowly focused arrangements, such as the Government Procurement Agreement; plurilateral negotiations conducted on a critical-mass basis, like the expanded Information Technology Agreement; and even more universal ones with innovative approaches, like the Trade Facilitation Agreement. While lacking on several fronts, the Eleventh Ministerial Conference, held in Buenos Aires in December 2017, revealed the commitment of members to advance fisheries subsidies negotiations with a view to reaching an agreement

at the next ministerial meeting, and of many to work collectively towards formulating plurilateral rules on e-commerce and investment facilitation, amongst others (González, 2018).

More importantly, three complex concerns underline current tensions in the multilateral trading system. The first and most significant plays out in the sphere of market versus state capitalism, with the key question centred on whether and how to redefine the level playing field to better address market-distorting state intervention in the economy, through subsidies, state-owned enterprises and forced technology transfer. China's rapid rise, state-dominated economic system and sheer size have brought heightened attention to its industrial and trade policies. While one may question the uniqueness of China's trade policies or the extent of its non-compliance with trade rules (Beinart 2019), they have undeniably strained the global trading system. Concerns were first centered on the challenges faced by foreign firms competing in the Chinese market, but they now extend to competition with Chinese firms in developed and third-country markets, and expanding Chinese investments and acquisitions of advanced technologies—all of which also intertwine with strategic considerations. The perceived failure of the WTO to rein in some of these practices underline in part US frustrations with the system.

Against the backdrop of the digital economy and technological innovation, a second point is the need to reform existing arrangements and develop a multilateral framework that is fit for the digital age, including on issues such as cross border e-commerce, cross-border data flows and cybersecurity considerations, amongst others (Ciuriak 2019). The launch of WTO plurilateral negotiations on trade-related aspects of e-commerce is an important step to address these issues, even while an agreement modest in scope is likely (Hufbauer and Lu 2019).

And third, as developing countries have become central players in the global economy, with their share in world merchandise exports reaching almost half (see figure 2), the issue of whether all developing countries should continue to claim special and differential treatment (SDT) in ongoing and future trade negotiations is a critical point confronting the world trading system. The question is particularly relevant in the context of the larger developing countries – the 15 largest of which account for some three quarters of that trade share, as their actions can have sizeable economic effects in international markets (González 2019a). While the evidence is mixed at best on the effectiveness of SDT in trade negotiations, it is an issue with high political significance for many developing countries – and for some advanced countries as well.

Figure 2. Merchandise exports (million US\$)

Source: González 2019b.

VI. Towards renewed global trade governance

The need to act in order to sustain a rules-based global trading system that continues to support global growth, enable continued technological advancement and temper escalating power confrontations is pressing. The urgency is greater in a context in which managing and mitigating tensions associated with changing patterns of globalization and the move towards the digital economy require more –not less, global policy cooperation.

WTO reform is challenging. The fact that it will take place in the charged context of the broader US-China confrontations adds complexity to the task. Unfortunately, the crisis at the WTO limits an important channel for resolving conflicts between the two countries, one that has been effectively used by each of them to address trade controversies against the other: the US has activated the system to solve 23 trade conflicts with China, whereas China has brought 15 cases against the US (Schott 2019).

Three objectives are critical in guiding WTO modernization: first, the rules-based nature of the system must be preserved; second, all major economies must remain part of the system; and third, both the rules and the system's operation must be improved. Failure to achieve any of these goals would significantly limit the role of a multilateral trade organization that supports growth, innovation and stability. The crux of the challenge is precisely to reconcile this triad of objectives.

WTO members are beginning to unpack priority issues for consideration, with proposals submitted to safeguard and strengthen the dispute settlement system and improve the monitoring of existing rules (Caporal et al 2019). While very valuable in fostering discussion and engagement in the WTO context, at the time of writing, they have not yet gathered much traction from all major economies, partly because solutions to the dispute settlement eminent impasse cannot come without parallel efforts to address the concerns underlying current tensions, as specified above. This requires at a minimum the revision of current rules to address concerns related to industrial subsidies and State-Owned Enterprises SOEs. In this context, the “trilateral process” launched in December 2017 between the US, the EU and Japan to draft new disciplines on these topics is critical – though, even if successful, results will not translate automatically into progress with other trading partners or in the WTO context. Much more work would be required, particularly to fully incorporate China and other key WTO members in the conversation, and to define the format and enforcement mechanisms of potential agreements (Bown 2019). It may also require adding other topics, such as agricultural subsidies, to the mix. Bringing the WTO out of the emergency room would also entail sorting out the increased tariffs adopted in contravention of the rules.

The WTO will face one important proof on its ability to deliver in the context of the ongoing negotiations of disciplines on fisheries subsidies, not only because governments have committed at the highest level to reach an agreement, but also because aligning trade and environmental concerns is increasingly critical to sustain support for an open trading system. Negotiations on e-commerce and investment facilitation, where two large groups of WTO members are already engaged in discussions, should also find common ground – including on the critical extension on the moratorium on imposing customs duties on electronic transmissions. Inclusion, with greater focus on connecting more people to the opportunities and potential gains from trade is also high on the list, including through ongoing work to support micro, small and medium-sized enterprises, women, and least-developed countries. To reach agreement by the next WTO Ministerial Conference scheduled for June 2020, WTO members need to shift gears and speed up negotiating efforts. Intense and serious participation from all players, particularly the largest amongst them, is crucial. At other times of great stress, countries have been able to coalesce and develop new rules (Wolff 2019).

For strategic considerations, timing factors or the sheer amount of work involved may nevertheless prove elusive. In addition, the disengagement on the part of the US is a source of concern. The alternative for WTO members, however, is not to just pause, but to preserve and prepare. In preserving the system as much as possible, interim arrangements to keep the dispute settlement system working without the Appellate Body will be required, such as the EU’s draft proposal on an interim appeal arbitration procedure for WTO members

to voluntarily arbitrate their WTO dispute rulings (Lester 2019). In parallel, continued engagement with text-based proposals amongst willing members, as well as coalition-building amongst a broad range of countries to make progress on critical issues is necessary to be ready to ramp up work in the aftermath of the US elections. While the context may change one way or another after November 2020, the systemic and substantive issues raised in this paper will continue to confront the global trading system. WTO reform is critical to underpin the trade and investment landscape of the future.

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Chapter 3

Is culture the future of diplomacy?

by Mohammed Loulichki

Cultural Diplomacy first emerged as a concept in Joseph Nye's "Bound to Lead: The Changing Nature of American Power", where the author identifies the notions of "hard power" (coercion by means of carrot or stick) and "soft power" (persuasion based on a state's image and reputation). The latter embraces cultural diplomacy as an instrument of foreign policy, and idea that was further developed in his article "Soft Power: The Means to Success in World Politics"¹ published in 2004.

The concept of cultural diplomacy has given rise to a multitude of works and prompted the creation of academies, centers and institutes specifically dedicated to this new branch of diplomacy. These emphasize its merits as an instrument of foreign policy and its utility in analyzing and understanding the dynamics of post-Cold War international relations. The concept is also frequently used in political discourse. It was notably used in 2003 by former US Secretary of State Colin Powell at the World Economic Forum.

Culture as a foreign policy vehicle is no novelty. Cultural action has always been a component of Embassies and Consulates' mission, yet rarely a priority. It often "appears as the final touch to classical diplomacy; an atmosphere or a setting... in complement to the infinitely more serious work of politicians and trade officials"².

Culture's impact on diplomacy and its value to political and diplomatic purposes stems from the shift occurring in international relations. The declining use of force in interstate conflict and globalization's impact on the free movement of goods, persons and ideas have encouraged countries to use non-coercive means to serve national interests and project influence internationally.

1 "Soft Power: The Means to Success in World Politics (2004). Joseph S.Nye "Soft Power: The Means to Success in World Politics 1990, pp. 153-171)

2 Lafon, Jacques. "Langue Et Pouvoir : Aux Origines De l'Exception Culturelle Française »." *Revue Historique*, vol. 292, no. 2 (592), 1994, pp. 393.

The race for natural resources, strategic positioning and new opportunities in a new global context called for renouncing old and obsolete methods of territorial and military domination, and embracing a new set of instruments, notably cultural diplomacy.

The global technology revolution and the associated democratization of access to information and knowledge enabled culture to prove its relevance as a vector to assert national interest by circumventing sovereignties and directly influencing public opinion and civil society.

Combining culture and diplomacy aims to foster peaceful approaches to state action and neutralize any mistrust and apprehension that recipient societies might face.

In a world increasingly beset by nationalist excesses and populist temptations and undermined governance systems, cultural diplomacy constitutes a tool to mitigate the nefarious side effects of these trends on the stability of interstate relations and the co-existence of peoples.

To assess its importance in advancing national interests and its effectiveness in bringing peoples and civilizations closer, this chapter will first review the genesis and evolution of the concept (I) and dispel its founding myths relating to the practice of diplomacy (II). This critical examination will enable us to establish a cultural diplomacy model that is able to defuse crises and conflicts and promote the rapprochement between countries and civilizations.

I. Cultural diplomacy - Concept and evolution

A short overview of both terms is necessary to understand their interplay and the implications of their dynamics.

1. Cultural diplomacy defined

Firstly, both concepts are complex and lend themselves to a variety of definitions, hinging on perspective (content, sources, role, functions, purpose, instruments, etc.). Diplomacy refers to a state's conduct of foreign policy via peaceful means exclusively, both through communication and negotiation. It is both an activity and a normative and institutional framework. Diplomacy is also a way of conducting oneself according to a pre-established code³.

A. Kroeber and C. K Luckhohn identified 168 definitions of culture⁴, the

3 Balzacq, Thierry, Frédéric Charillon, et Frédéric Ramel. « Introduction. Histoire et théorie de la diplomatie », Thierry Balzacq éd., *Manuel de diplomatie*. Presses de Sciences Po, 2018, pp. 7-22.

4 Edel, Abraham. "Culture: a critical review of concepts and definitions" in *The Journal of Philosophy*, vol. 51, no. 19,

quintessence of which is found in the definition adopted by the United Nations Educational, Scientific and Cultural Organization (UNESCO) at the World Conference on Cultural Policies held in Mexico City in August 1982, where it is defined as “the set of distinctive spiritual and material, intellectual and emotional features that characterize a society or social group”. It encompasses lifestyles, fundamental human rights, value systems, traditions and beliefs alongside the arts and literature. This definition includes a dual reference to national specificities and the universality of human values.

Cultural diplomacy, on the other hand, defies any consensual definition⁵. The term was first used in 1965 by Dean Edmund Gullion from the Fletcher School of Law and Diplomacy at Tufts University. It reflects former US President Woodrow Wilson’s conception of “public diplomacy” and accountability to public opinion. The combination of culture and diplomacy seeks to put culture at the service of diplomacy. As a consequence, diplomacy would become able to disseminate various expressions of national culture, project an attractive image of the country and make an impact on people’s minds, while achieving foreign policy objectives.

Cultural diplomacy is an additional instrument to other types of diplomacy, categorized under various fields of action (economic, military, security, scientific, commercial, religious, environmental, humanitarian, digital, culinary, sports) or conducted by different types of actors (parliamentary diplomacy, trade union, citizen, city, regional and corporate diplomacy). It is customary to link cultural diplomacy to public diplomacy, given the commonality of objectives binding the two as means to influence public opinion. The increasing use of the term “cultural diplomacy”, however, is the result of its positive connotation, in comparison to that of “public diplomacy”, which is most often associated with propaganda and conditioning of the minds.

2. Cultural Diplomacy Trends

Cultural diplomacy evolved under the influence of mutating international relations, notably in the wake of two World Wars, the Cold War and the fall of the Soviet Empire. Historically, the earliest manifestations of this interpenetration of diplomacy and culture date back to the nineteenth century. As early as 1872, Japan set up a Special Bureau for Cultural Affairs, attached to the Ministry of the Interior, with the task of disseminating Japanese culture abroad, as well as a Division within the Ministry of Foreign Affairs to organize the mitigation of

1954, pp. 559–563.

5 Cynthia Schneider “CD hard to define, but you’d know it if you saw it” *Brown journal of world affairs*, Winter/fall 2006 Volume XIII, Issue 1

anti-Japanese sentiment programs in China⁶.

Leaving aside the somber years of Nazi propaganda implemented by Joseph Goebbels, Minister of Propaganda and Public Education of Nazi Germany, the Cold War era fueled the development of cultural diplomacy, as each of the two antagonists deployed strategies in the other's turf, seeking to undermine its home-front, stir up dissent among intellectuals, or showcase an alluring face of one's own culture.

The Society for Cultural Exchanges Abroad (VOKS) in the former USSR, was responsible for organizing artistic tours, including at the prestigious Bolshoi and Kirov ballets, exhibitions and screenings of Soviet films. A 1931 internal report, revealed, however, that the agency was also tasked with political missions directed at national intellectuals: "Without deluding oneself on the long-term prospects, nor on the political solidity of these fragile, unstable layers, which are the members of the petty-bourgeois intelligentsia, VOKS is tasked with neutralizing these masses' most harmful campaigns against us, through good propaganda on Soviet socialist construction"⁷.

Americans, for their part, used every possible means to project the most positive image of a free, democratic, enterprising and creative Western society. The 1952 State Department's Psychological Strategy Board list included newspapers and publishers' associations, artists, sportsmen and women, cultural centers, actors and the American Olympic Committee. Former US President Jimmy Carter, for instance, mobilized boxer Mohammed Ali as an ambassador to defend the boycott of the 1980 Moscow Summer Olympic Games, along with African states⁸.

The Jazz Ambassadors' tours of the Soviet Union and Africa, including Dizzy Gillespie, Louis Armstrong and Charlie Parker, also effectively served the projection of a favorable image of the United States in the bipolar world of the 1960s.

Nowadays, Russia is absorbed by the consolidation of its economy, the defense of its regional perimeter of influence in the face of its neighbors' ambitions to join the European Union and by its strategic positioning in the Middle East and Africa. It is no longer involved in an "all-out cultural projection" of its ambitions.

The deployment of US cultural diplomacy is a piecemeal process, instead of a long-term one. In the aftermath of the September 11 attacks, Washington reactivated its public diplomacy to understand the motivations of the attack's perpetrators and prevent a recurrence on US territory. The United States no longer feel the need to invest in this kind of diplomacy in the current

6 Alexander Buck "Revisiting Japan's cultural diplomacy: a critique of the Agent level approach to Japan's soft power" Asian perspective 38, (2014) pp 461-485

7 Jean François Fayet "La diplomatie culturelle soviétique en Suisse", entretien du 16 novembre 2014, Paprik@2F

8 Jérôme Gyax "Diplomatie culturelle et sportive américaine : persuasion et propagande durant la Guerre froide", dans Relations internationales 2005/3 (n° 123), pp 87-106

environment, given its status as a “Hyperpower” (Vedrine) and “Indispensable Nation” (Madeleine Albright), which are confirmed by the universalization of its “way of life” and the predominance of the English language and the US Dollar.

On the other hand, other countries have given cultural diplomacy a new impetus over the past two decades by developing strategies and action plans to optimize their diplomatic action abroad. This is particularly the case for Brazil, South Korea, Turkey and China, whose “New Silk Road” project includes a significant cultural component. This is also increasingly the case for countries aspiring to play a regional role, such as Vietnam, South Africa, Qatar, and more recently, Morocco, which is building a dynamic cultural and religious diplomacy geared towards the African continent⁹.

Furthermore, groups of countries are also adopting cultural diplomacy. The European Union adopted a Cultural Platform in 2016 to “stimulate initiatives in third countries through cultural diplomacy”, considered as “an integral part of the common foreign policy” by the High Representative of the Union for Foreign Affairs and Security Policy, Federica Mogherini.

II. The founding myths of cultural diplomacy

Cultural diplomacy was built around three founding myths: it helps win people’s hearts and minds, facilitates closer ties between peoples and civilizations through culture, and its effectiveness depends on the state’s withdrawal in favor of private actors.

1. The impact of cultural diplomacy

By virtue of the neutral and unifying nature of culture, cultural diplomacy is regarded as the preferred means for conducting bold and attractive foreign policy in today’s intensely interdependent world. By addressing civil society directly via art, music, theatre and films, and above all education, countries conducting cultural diplomacy can influence people’s minds and generate endorsement for their culture’s respective values.

The emancipation of African and Asian countries, subsequent to decolonization, led to subtler diplomatic strategies toward countries wishing both to diversify their partnerships and simultaneously maintain equal relationships through South-South cooperation.

⁹ “la diplomatie culturelle du Maroc, Proposition d’un modèle renoué”. Rapport de l’institut Royal d’Études stratégiques, 2019

2. Cultural diplomacy: bringing peoples closer

A common belief about cultural diplomacy is that it prevents the “clash of civilizations”, promotes dialogue and even leads to an “Alliance of Civilizations”. UNESCO states in the Preamble to its Constitution that “peace based solely on the economic and political agreements of governments cannot lead to the unanimous, lasting and sincere support of peoples and that, consequently, such peace must be established on the basis of the intellectual and moral solidarity of mankind”.

Yet, a glance at the regions of the Middle East and Africa is all it takes to put these professions of faith into perspective. Countries of different cultures but also those sharing the same civilization and culture are at the heart of some of the deadliest conflicts, such as the wars in Syria and Yemen.

Culture can be a blessing, when it acts as a bulwark against excesses and succeeds in reasoning minds and appeasing primal instincts, and a curse, when it mixes identity and religion and divides a people or community, transforming simple differences or disputes into armed conflicts. In both instances, cultural diplomacy and diplomacy in general simply follow the imperatives of high politics and can serve as an exacerbating or mitigating agent for such conflicts of interest.

Advocating for the transfer of managing and driving diplomacy to non-state actors seeks to avoid such manipulations.

3. Cultural Diplomacy is best served by non-state actors

In an attempt to avoid the appropriation of culture by public entities and protect its sanctity and nobility, a number of countries have entrusted cultural diplomacy to independent non-state organizations. There is an apparent difference in approach between Latin countries, favoring state bodies to steer such diplomacy, and Anglo-Saxon countries, opting instead for autonomous agencies.

American public diplomacy, including its cultural function, was officially enacted by the Smith-Mundt Act of 1948, which was operationalized in 1953, when President Woodrow Wilson established the US Information Agency. Its mandate encompassed educational and cultural exchanges (including Fulbright, international visitors, future leaders), information, broadcasting (Voice of America, Radio Marti, etc.) as well as research and analysis. The Agency was disbanded in 1999, and its functions split between the State Department and security services.

The events of 11 September 2001 brought to light the shortcomings of the then US public diplomacy and the value in further developing the cultural dimension, particularly towards public opinion in the Middle East and in the Arab-Islamic world in general¹⁰. It also exposed the competition between the Pentagon, the State Department and the National Security System.

While the United Kingdom and Germany opted in favor of the British Council and Goethe Institute to independently manage their cultural diplomacy, France chose a hybrid system that combines government action within cultural services housed at Embassies, along with that of 436 cultural institutions and 283 Alliance Francaise representations, in addition to the precious support provided by the Organisation de la Francophonie that promotes the French language and culture and Paris' influence within international institutions. A further step was taken in 2011 with the creation of the Institut Français, as the sole operator for implementing France's cultural diplomacy.

It is an illusion to believe that cultural diplomacy will better fulfill its mission if entrusted to non-state actors. This is true for major powers, including China, which provides substantial subsidies to operators and coordinates their activities. It is especially true for emerging countries, where direct government intervention is key to the success of cultural diplomacy. This idea is corroborated by public opinion in these countries, as reflected in a report prepared in 2016, by the Union of European Institutes for Culture and the University of Siena, on the theme "Cultural diplomacy in both discipline and practice: concepts, training and skills"¹¹. Asked about the best structure for managing cultural diplomacy, responses were as follows:

- **The Ministry of Foreign Affairs and the Ministry of Culture** 44%
- **National Institutes for Culture** 20%
- **An autonomous agency** 16%
- **The Ministry of Foreign Affairs** 09%
- **Other** 05%
- **A Ministry of Cultural Diplomacy** 04%
- **The Ministry of Culture** 02%

These figures lead to two important conclusions. Firstly, only a small percentage (16%) believe that cultural diplomacy should be entrusted exclusively

¹⁰ Maud Quessard-Salvaing, « Repenser la diplomatie publique américaine après le 11 septembre : acteurs, enjeux et stratégies de diffusion au service du leadership », *Mémoire(s), identité(s), marginalité(s) dans le monde occidental contemporain*, 16 | 2016.

¹¹ Final Report prepared by the European union national institutions for cultural diplomacy and the University of Siena on "cultural diplomacy as discipline and practice: concepts, training and skills", November 2016.

to an autonomous body and, secondly, a firm conviction (44%) that cultural diplomacy requires close collaboration between the ministries in charge of both sectors. However, despite its importance, this complementarity does not remedy the poor interest paid to culture in diplomacy and more so, in society as a whole.

III. For genuine cultural diplomacy

To live up to its promise, cultural diplomacy must satisfy a set of criteria ensuring it is acceptable, effective and sustainable. It should be based on a representative cultural policy and reciprocity, respect the identity and specificities of the host country and take a long-term perspective.

1. Diplomacy, reflecting national cultural policy

Cultural diplomacy is successful only when national cultural policy is able to reveal the identity and genius of a nation in both its diversity and richness, showcase cultural heritage in all its aspects, and encourage artistic and intellectual creation.

It is disappointing to note that culture holds a secondary status compared to sovereign functions entrusted to the Ministries of Defense, the Interior and, to a lesser extent, Foreign Affairs. Consequently, only limited financial resources are allocated to departments of culture, affecting the quality as well as the sustainability of cultural diplomacy activities.

2. Cultural Diplomacy based on reciprocity

North-South cultural diplomacy, as practiced in the past, was one-sided in its design and implementation, as it paid very little attention to the culture of host countries and rarely contributed to its promotion.

As the dominant culture, it is much more akin to acculturation than to a fruitful exchange leading to mutual enrichment. Reciprocity in this area is as important as it is for diplomacy. It is a requirement in the absence of which diplomatic actions may be unwelcome or ineffective.

This has been confirmed in the Declaration of the Principles of International Culture Cooperation of 4 November 1966, which stated that “cultural cooperation is for the mutual benefit of all nations that practice it. Exchanges it gives rise to shall be held in a broad spirit of reciprocity”. Under such conditions, cultural diplomacy can fulfil the crucial function of bringing peoples closer together. But

it is an approach that requires sustained and sustainable effort.

3. Long-term cultural diplomacy

For many years, cultural diplomacy consisted of ad hoc and circumstantial activities aimed primarily at intellectuals and elites of recipient countries. As globalization and competition for additional markets and develop or restore geostrategic influence intensified, cultural diplomacy has emerged as an indispensable complement to commercial and economic diplomacy.

The widespread use of media and the democratization of access to information have also led to an exponential increase in the number of cultural products and recipients. This twofold dynamic forged the need for long-term projection of cultural diplomacy and led to a change in both its content and strategy, although the orientation of cultural diplomacy has remained a state affair.

4. Cultural diplomacy, a “State Affair”

The leading role of public authorities remains essential to conduct any type or activity of cultural diplomacy. Synergies between the departments of Foreign Affairs and Culture offer the best opportunities to enhance national culture and put it at the service of foreign policy via decentralized institutions led by the men and women working in the field of culture.

At the same time, in view of the relational and logistical contribution of diplomats, training these actors to the various aspects of their country’s culture is highly important, and to a large extent determines the success of any national cultural diplomacy.

Conclusion

In the Preamble of its Constitution, UNESCO enshrined the following lesson from the History of Humanity, and particularly from the two World Wars: “since wars begin in the minds of men, it is in the minds of men that the defenses of peace must be constructed”.

In the face of the worrying rise of nationalism and populism and the multiplication of the transnational challenges, such as terrorism, violent radicalism and climate change, the international community is struggling to find ways to reverse these trends that threaten the stability of its member states.

Multilateralism, which has always provided the framework for dialogue and consultation to discuss common challenges, is now being put to the test and marginalized in favor of unilateralist actions and receding sovereignty. It is precisely in such critical circumstances of uncertainty and disruption that cultural diplomacy can act as a catalyst by raising collective awareness of the shared interests and values that bond nations, peoples and civilizations of the world.

Chapter 4

The future of the European Union

by Dominique Bocquet

2019 was the year that brought forth the consequences of a reform that had long gone unnoticed: the extension of the European Commission's mandate to five years. Before the Maastricht Treaty (1993), this term only lasted four years. Underlying this apparent detail is a major transformation of European institutions.

This extension was intended to align the duration of the Commission's mandate with that of the European Parliament. At stake: to allow the European elections to influence the appointment of Commissioners. Newly elected Members of Parliament (MPs) are directly involved in the appointment process.

For some years now (Lisbon Treaty, 2009), the Parliament has even had the authority to "elect" the Commission, this on the basis of a proposal from the European Council of Heads of State and Government. The latter continue to play a major role in selection and appointment. However, they must factor the outcome of elections into their choice of candidate for the presidency of the Commission. This procedure is part of the process of enhancing the powers of the European Parliament, which has now become a co-legislator, on par with the Council. This strengthening of parliamentary power aims to remedy the "democratic deficit" that the European institutions have been accused of in the past.

In practice, the "season" for appointing the Union's new leaders begins with the election of Members of the European Parliament in May and continues until November (when the new leaders are supposed to take office). This sequence is designed to attract the public's attention. First, voters must go to the polls, then they are expected to take an interest in the appointment of officials, their mandates and commitments.

In 2019, this last objective was, overall, better achieved than in the past. To everyone's surprise, voter turnout increased significantly. The Heads of State and Government of the European Union were able to attract media attention during

the selection process. Two European Councils were devoted to the matter¹. There was genuine suspense. The final choice made the news headlines, with two women occupying the most prominent positions, the German Ursula von der Leyen as President of the Commission and the French Christine Lagarde as President of the European Central Bank.

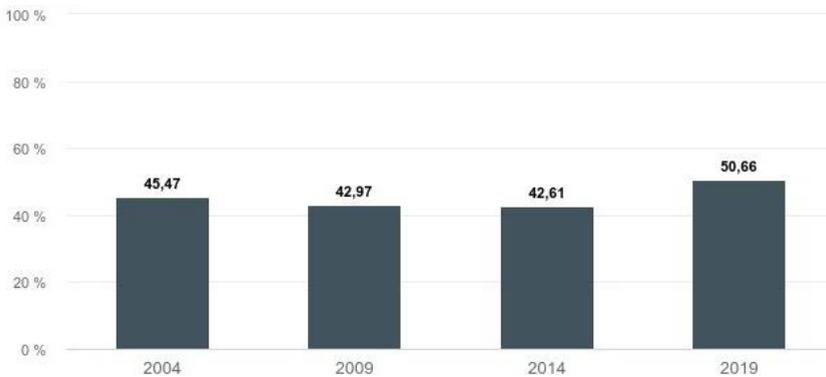
Both are from the center-right (the European People's Party came first in the European elections). Concurrently, the liberal Prime Minister of Belgium became President of the European Council and a Spanish socialist, Josep Borrell, High Representative of the European Union for Foreign Affairs and Security Policy².

22/10/2019 - 11:30

Toutes les heures sont affichées au format GMT+2

Participation par année

Résultats définitifs



Source : Parlement européen en collaboration avec Kantar



¹ The selection of the President of the Commission was controversial. The EPP had appointed Manfred Weber as leader in the European elections (for the whole Union). Leading the polls with 182 seats, the party believed that he would become President of the Commission (the so-called “Spitzenkandidat” system). The French President, supported by several Heads of Government, objected to this rationale, considering that it overstepped the Treaties and deprived the European Council of its power to make proposals. The individual in question had no ministerial experience. Ursula von der Leyen, German Minister of Defense (and also a member of the EPP), was selected by the European Council. Parliament elected her President of the Commission on the 15th of July.

² The European Parliament also selected a President, member of the Party of European Socialists, which came in second in May's election.

This attention from the public comes at a time when the future of the European Union is under great scrutiny.

On the one hand, judging by the impact of the policies for which it is responsible, the Union has reached an incontrovertible degree of development. On the other hand, it is now under attack like never before. Various forces, both internal and external, are targeting the European Union, and their hostility has grown stronger. Some would like to do away with the EU.

Do they stand a chance of achieving their goals?

I. The European Union confronted with the loss of goodwill syndrom

Since its launch coinciding with the beginning of the Franco-German reconciliation in 1950, European integration has long benefited from a two-fold benevolence. First, the public goodwill throughout all Member States, as the vast majority saw only advantages in bringing European countries closer together in a world dominated by major powers (the United States and the Union of Soviet Socialist Republics [USSR]). The spontaneous popularity of the European cause was of valuable help to this cause facing national governments, which were inevitably reluctant to give powers to European institutions.

Benevolence also came from the protection of the United States, the undisputed leader of the Western world. For Washington, Europe was the highest stake in its rivalry with the USSR. It was therefore vital to prevent Western Europe from falling prey to the Soviet side. Hence, a twofold strategic choice for the United States: on the one hand, a politico-military alliance with Western Europe (North Atlantic Treaty and military organization [NATO]), and on the other hand, fostering European unity.

For the United States, the incentive for European integration was based on both an elementary geo-political calculation and an ideological conviction. The geo-political calculation was that a united Western Europe would be better suited to counterbalance the Eastern bloc. The ideological conviction was that the American federal example could be replicated, with a united Europe expected to emulate the American model of continental federalism.

This twofold benevolence towards European integration can no longer be taken for granted.

Public opinion has become ambivalent as a result of the very progress of European integration. The Union's policies are most often geared towards the long term. Inevitably, in the short term, they require discipline and, on occasion, sacrifice. This has become a major source of controversy, which was hardly the

case when Europe was in its infancy.

Some European citizens, often voters of mainstream political parties (Christian Democrats, Social Democrats, Liberals or Greens), still want the Union to be consolidated. However, the small size of the European budget (around 1% of the Gross Domestic Product [GDP] of Member States) suggests that it continues to be a small entity in terms of financial weight, with the bulk of public money being managed at the national or sub-national level.

Nevertheless, while it is a “budgetary dwarf”, the European Union is a “normative giant”. It has established effective legal mechanisms, which enable it to legislate and enforce its standards within the framework of the powers conferred on it by the Treaties. This made it possible to build the single market without internal frontiers proposed by Jacques Delors in 1986 and completed by 31 December 1992. It is not only the world’s largest market in terms of population and GDP, but it also enjoys a high degree of integrity and safety, particularly in terms of consumer protection.

The stringency of standards, which is a robustness factor vis-à-vis the outside world, sometimes puts the EU in the position of being the “bad cop” internally, calling to order the others. In terms of allocation of powers, the national State acts rather as the “good cop”, providing public services and social protection, while being invested with sovereign legitimacy.

Thus, although European competition policy emphasizes consumer protection over any other consideration, it is often equated with systematic economic liberalism, itself confused with globalization. The Euro in itself is highly valued by the European people, but the limitations of public deficits involved by the monetary union are inevitably an ungrateful task, which befalls European institutions. When these institutions carry out this task, they appear indifferent to the needs of citizens and to considerations such as the smoothing of economic cycles.

As early as the 1990s, a so-called “Eurosceptic” trend emerged in public opinion. More recently, there has been outright hostility to European integration with the populist wave, which tends to designate the European Union as the cause of all evils.

Immigration critics have made it all the easier to attack the European Union as internal borders had been abolished in most of the Union’s “continental” countries. The EU has become accountable for intra-European immigration, which stands to reason, but it is also often made responsible for immigration from third countries, despite not being endowed by member states with a common immigration policy.

In addition to the shift in European public opinion, the United States has changed its position. After the Second World War, the United States sponsored

European integration. When this process took its first steps (common customs and trade policy, for example), they proved to be fair players in dealing with a Europe that was united and, therefore, became a tougher trading partner than the Member States taken individually. Even after the fall of the Soviet Empire, the US maintained this attitude, which corresponded to its broader commitment to multilateral cooperation.

However, a spectacular shift has occurred recently. This shift was fully materialized with Brexit in 2016, year of the presidential election in the United States. In the first half of the year, before the British referendum on June 23, President Obama was still warning the British against Brexit. A United Kingdom out of the EU would, he added, be “at the back of the queue” to negotiate a free trade agreement with the United States. In November, Donald Trump was elected. Very quickly, he applauded Brexit, made multiple hostile comments about the European Union, and went as far as to encourage a hard Brexit. In 2019, he openly welcomed Boris Johnson’s appointment as Prime Minister, promised a “fantastic” free trade agreement between Washington and London post-Brexit and, finally, criticized, Mr. Johnson’s divorce agreement with the EU.

The United States’ about-turn with regard to European integration is inextricably linked to the Trump administration’s rejection of multilateralism (to which the EU, for its part, has remained committed).

Above and beyond the new approach to American diplomacy, the whole nature of international relations has evolved. The entry of China and other highly populated emerging countries (India, Indonesia, even Brazil...) has tended to overshadow regional integration: these countries hardly need to join forces with others to weigh in because they are of critical size on their own. Their increasing economic and political clout has thus resulted in “pulling” the international system towards an interstate dynamic.

As a consequence, the relative supranational aspiration embodied by the European Union is less understood outside its borders. Some powers show hostility to the very political form the EU represents as well as to the democratic values it defends. This is in particular the case of Russia.

Thus, European public opinion on the one hand, and the international environment on the other, no longer lend the same support to European integration as they did in previous decades.

Since it can no longer rely so much on this two-fold benevolence, what can the European Union rely on to consolidate ties between its members? Fortunately, there is an answer to this question. It is to be found in the achievements of 70 years of European integration: the single market and the euro, but also, common policies and institutions that have withstood the test of time and created a real sense of common interest.

This achievement is considerable, but not without vulnerabilities.

These stem from the centrifugal forces inherent to a Union that has become much larger.

II. Will the European Union survive in 2030?

the geographical expansion of the European Union is to a large extent the price of its success. It has led no fewer than twenty-two countries to join since 1973 the circle created in the 1950s by six founding members.

Enlargement is placing the cohesion of the Union under great strain. The European Community began as a restricted club, with France, Germany, Italy and the three Benelux countries. These countries were close to each other in terms of their economic development. They were also brought together by a project, inspired by a partially common history: to overcome the political divisions that had caused the continental wars.

From the outset, this small Europe of the Six was intended to be the precursor of a wider community. Quite naturally, accession requests were considered as an acknowledgement of its success.

In 1957, the United Kingdom believed that the common market would fail and refused to sign the Rome Treaty. Yet, it was the first to join it (alongside Ireland and Denmark) in 1973. However, its insularity and history provide it with a political background that differs from that of continental countries. This is the root cause of Brexit. The United Kingdom no longer recognizes itself in the notion of an “ever closer Union” as it appears in the European treaties.

Enlargement to the South (Greece, Spain, Portugal) proved to be more politically harmonious, but at the end of the 2000’s, it gave rise to a major economic backlash-- the Euro crisis-- due to the lack of economic convergence with the richest countries in the Eurozone. With convergence, it is a key concept of European integration that is failing. The Euro has been saved (and these countries stabilized), but further convergence remains to be secured.

In the aftermath of the Cold War, three neutral countries joined the EU: Sweden, Finland and Austria (hence the EU-15). Then came the “Great Enlargement” towards Central and Balkan European countries mainly. From 2004 onwards, Europe gradually increased from 15 to 28 members.

The accession to the European Union of countries that had, for the most part, experienced Soviet occupation, centralized economies and single-party regimes, constituted a major symbol. For the peoples concerned, this symbol embodied a twofold promise, first of democracy and, subsequently, of prosperity. In Europe, it has often been portrayed as a form of reunification between East and West,

similar to the reunification achieved by Germany as early as 1990.

This was however a simplification. Prior to the Cold War, the history of Central and Eastern Europe had by no means been identical to that of Western Europe: the industrial revolution had been confined to a few regions and national sovereignty was often hindered by the presence of empires or border delineations that disregarded the identities of their populations. Hence, the recent resurgence of long frustrated nationalist impulses, which at times goes as far as undermine democratic principles (so-called “illiberal” democracies). This is detrimental to another key value of the Union: the rule of law.

Will hostile and centrifugal forces defeat the European project?

A collapse of the European Union is not a theoretical scenario. The countries that comprise it have retained virtually all of their nation-state attributes. They may be tempted to leave the Union, an opportunity offered by the Lisbon Treaty. For the first time with Brexit, a Member State has taken the plunge.

In addition, common policies form a whole. If cohesion or compliance with the rule of law is lacking, the single market edifice could be weakened. Lastly, foreign powers do not shy away from playing on diverging interests between Member States, amplifying centrifugal forces. In a beautiful book entitled “After Europe”, the Bulgarian politician Yvan Krastev spoke of the prospect of the European Union’s disappearance.

This disappearance, however, is not the most likely scenario.

First, the European Union has survived many crises in its history. Some of these crises, it is true, were due to a lack of Europe and could therefore only help to substantiate the case for European integration.

In the 2010’s, a new type of crisis struck the Union. These crises were new by their nature: they would not have occurred without European integration and the enlargement of the Union. This was true of the Euro crisis, the refugee crisis and tensions with Russia over Ukraine. These crises could be seen by EU detractors as consequences of European integration, even if they were in fact due to the incomplete design of the European policies in question. The EU has been able to address them, although it did so late and incompletely. Nevertheless, it has finally managed to overcome the threats that these crises posed to its achievements and, consequently, to its existence³.

Subsequently, Brexit served as an eye-opener. Following the results of the June 23rd 2016 referendum, the British had to quite quickly recognize that it was impossible to leave the Union while maintaining the same ease of access to the single market. They started to realize (without always admitting it) what they were going to lose. The dates speak for themselves: London took nine months to send its simple request to leave Brussels on 29 March 2017. While the exit

3 See Luuk van Middelaar’s book, *Quand l’Europe improvise*, cited in the bibliography.

was supposed to come at the latest two years after this official request (i.e. on 29 March 2019), London asked for three successive postponements.

The agreement reached in October 2019 shows there is a way out. But, for the citizens of the Union, the lesson is clear: it is one thing to protest against the Union's constraints, or to want to amend the European project, but it is another to give up its advantages. This awareness is not unrelated to increased electoral turnout in 2019.

Another sign of resilience for the EU: in the negotiations with London on Brexit, the other 27 countries joined forces. To everyone's surprise, they all defended the integrity of the single market and refused to allow products to enter the EU in the future without respecting its rules. The leaders of Eastern Europe, even those reputed to be Eurosceptics, stood in solidarity. This underlines the strength of the single market and its internal coherence.

External forces hostile to the European Union are, for their part, double-edged. US President Donald Trump's attacks on the European Union triggered a reflex of European solidarity. The uncertainty he introduced regarding the US security guarantee prompted an electroshock. The Member States most committed to NATO are gradually coming to understand that Europe will one day have to ensure its own security.

However, it is not enough for Europe to avoid disintegration. It must also be able to cope with the new global context.

III. Can the European Union keep its sovereignty?

Initially, European integration was deliberately intended to be technical and depoliticized. This approach aimed to overcome the mistrust of nation states by emphasizing objective data and the practical dimension of cooperation. Hence the choice of economic integration (rather than political integration) and, in the decision-making modes, the preference given to rules (as opposed to discretionary decisions that would have required the creation of a real government, and therefore a European super-state, which would have been refused by Member States).

The preference for rules has enabled the law to play a central role in European integration, giving undeniable authority to the two most legitimate institutions in this field, the European Commission, guardian of the Treaties, and the Court of Justice, which alone has the power to interpret them in the event of a dispute.

At the time, no one noted that this preference was contingent on a way of organizing the planet and a vision of its future, which also placed rules at the

forefront: post-war multilateralism, successfully promoted by the United States itself. This multilateralism included a political component, with the United Nations and the prerogatives of the Security Council. It was however, also more economic, with a flourishing of global institutions: International Monetary Fund (IMF), World Bank, General Agreement on Tariffs and Trade (GATT), Organisation for Economic Co-operation and Development (OECD)....

The role of norms is particularly prominent in the context of the GATT, which became the WTO with the Marrakech Agreements of 1994. This organization essentially embodies an orderly vision of trade. One of its cornerstones is the most-favored-nation clause, which proscribes disadvantaging one WTO member over another and serves as a basis for non-discriminatory trade regulation. The presence of a judicial body, the Dispute Settlement Body, underlines the role of law within the WTO. The European Union was partly built by trying to be the WTO's "best pupil".

Within the framework of these peaceful international economic relations, a certain form of collective European sovereignty emerged at a very early stage.

Since the 1960s, thanks to the Customs Union, Europeans have formed a cohesive group in multilateral trade negotiations: the European Commission was the sole negotiator in the GATT and subsequently in the WTO. The Commission must, as a matter of course, comply with a negotiating mandate adopted by the Council representing Member States (mandate adopted by a qualified majority, but it is the only body to negotiate on behalf of Member States. Combined with the scale of the European market, this has allowed Europe to compete on an equal footing with the United States and other economic giants at the WTO.

The EU and the WTO have been mutually supportive, with the European Union supporting the consolidation of the WTO, while the latter provided the EU with a framework conducive to its international influence.

The WTO is however the multilateral organization most undermined by US trade policy since 2017. Not only did the United States issue unilateral injunctions, protectionist measures and sanctions outside WTO rules, but it also opposed the renewal of the membership of the WTO Appellate Body, thereby obstructing its functioning.

The Trump administration's protectionist strategy is disrupting the game. Faced with US sanctions, the EU is certainly able to retaliate. It has the necessary legal arsenal. Nevertheless, when tensions rise, divergences emerge from within. Germany for example, is reluctant to respond too harshly to US measures, fearing for its exports to the US market. Together with other Member States, particularly Scandinavian countries, it is shying away from the protectionist tendencies it suspects on behalf of France and some southern European countries.

To use a metaphor, the EU excels in the long-distance race and in the

painstaking defense of its common interests. It is a little less comfortable when it comes to sprinting and accelerating. And, it is altogether unprepared for wrestling...

In contrast to the polished WTO negotiations, a radically different style of international economic relations is emerging.

While the European Union has generally focused on separating economic regulations from power issues, the United States has never had quite the same scruples, even at a time when it was actively promoting multilateralism, because of its global political and military role. Faced with China's spectacular rise to power (which openly connects all aspects of influence), the US is hardening its stance, to the point of seeing multilateral rules as an obstacle to preserving its global leadership.

On the trade front, Washington is committed to extracting from Beijing concessions that can only be made at the expense of other WTO members, in particular preferential purchases (e. g. soya).

To launch their offensive, the United States invoked Chinese breaches of equal competition (support for state-owned enterprises, intellectual property violations). In practice, we are witnessing the emergence of a "G2" (United States, China) whose clashes and compromises both depart from common rules.

This is not limited to trade. In terms of foreign investment and technology, these two countries do not shy away from intervening in the name of national security and in the pursuit of their ambitions.

The European Union has not adopted such an attitude. First, power-related prerogatives have largely remained the preserve of its Member States (which can use them but with a limited scope due to their size). In addition, European tools are generally designed to be operated in a non-discriminatory and rule-based manner. Some Member States are concerned about this.

Faced with the changing global context, a new awareness is emerging. Once perceived as dubious, the notion of European sovereignty is now seen as an essential concept by the European Parliament, the Commission and the Council.

To defend such sovereignty, the EU must undergo at least three transformations.

The first is to adapt its vision of competition and expand its foreign economic relations, in short, reform its *acquis*.

Some proposals have already been put forward to this end by some Member States and think tanks: European control of foreign investment in strategic areas, or even an adaptation of European competition doctrine. France and Germany for example, have expressed support for a new Merger Regulation after the rejection of the Siemens-Alstom merger by the Commission (2019). This new regulation could make the development of European champions easier through

an understanding of competition extended to the global market (and no longer focused solely on the European market).

The second challenge is related to sovereignty in specific areas, digital technologies on the one hand, and international sanctions on the other.

With the advent of digital technology, Europe finds itself at a disadvantage. It does not possess digital giants comparable to American Google, Apple, Facebook and Amazon [GAFAs] or their Chinese counterparts. In general, its companies are lagging behind Chinese state-owned companies with large financial support or American giants backed by the military-industrial complex and bolstered by the United States' pioneering role in the virtual economy. Hence the need for a European industrial policy.

In addition, the United States recently decided to compel non-US companies to implement unilateral sanctions against Iran. To do so, they relied on the international role of the Dollar, which the Euro is not yet able to match⁴.

To address these challenges, the European Union must expand its toolkit. It must consolidate its scientific and technological base, further unify its financial markets, extend the role of the Euro...

Finally, a third transformation is needed in the EU: that of political and military capacity, a highly sensitive topic, which some Member States have long believed could be avoided because of the American umbrella. Since the United States provided security for Western Europe, the majority of Member States have long considered that such a guarantee should not be undermined by an assertion of European autonomy in the field of defense. This posture suited Germany well, as it was unwilling to emphasize the notion of power in the wake of the Nazi experience. On the other hand, recent events (for instance in Syria vis-à-vis the Kurds) have shown the limits of alliances' reliability. So EU cannot afford relying only on the American alliance for its security.

There is a long way to go. European decisions on foreign, security and defense policy are taken unanimously. This is extremely difficult to achieve with 27 members. Member States have differing views on these issues. There is a considerable gap between declarations of principle on the need for joint action and actual action.

Some remedies are known. For example, as permitted by the Treaties, a qualified majority decision-making mechanism should be introduced on certain aspects of foreign policy. But, in order to introduce the qualified majority rule, a unanimous decision is required...

Similarly, Europe must foster cooperation between its armies and streamline

⁴ The Euro has established itself as a major trading currency, but its presence on the financial markets and as a reserve currency remains limited. This is largely due to a lack of secure euro-denominated assets capable of matching the role played by US Treasury bonds on the markets, on a comparable scale.

its defense industry. It will set up a Defense Fund, endowed with more than 10 billion euros, which should serve as a leverage to promote a transnational approach. For instance, due to the fragmentation of its military apparatus into national armies, Europe currently uses 17 different tank models whereas the United States uses only one. Given the significance of economies of scale in this type of industry, this is a major additional cost factor. This is only one example among many.

Above and beyond these daunting challenges, a cultural shift must also take place. The European Union was built on the rejection of power relations. Hence, there is at times an exclusive focus on human rights and the rule of law in its foreign policy positions. Without renouncing its values, it must learn to play power politics in a world where multilateralism has declined. For many Member States, steeped in a neutralist tradition or pacifism, this is a difficult step to take, even if it is known to be inevitable to some.

IV. Will the European Union establish a coalition with Africa and Latin America?

The mandate of the new Commission is to defend the WTO, by adapting it, and also to bring bilateral free trade agreements to a successful conclusion. These areas of work presuppose the presence of allies.

It is only natural to expect the European Union to find them in the developing world. The latter would have much to lose with the advent of a lawless world, which would lead to the survival of the fittest. The EU has a lot in common with Africa, starting with a series of proximities: geography and time zones (in a connected world, they are a second form of neighborhood), not to mention working languages. There are also strong ties with Latin America, particularly in Southern Europe. Latin America and Africa themselves have an aspiration to strengthen their relations.

Europe-Africa-Latin America convergences are therefore expected to play a major role.

Yet, they cannot be regarded as an exclusive alliance. Africa, like Latin America, will have to defend the interests of the developing world with parts of Asia and Oceania. For its part, Europe shares common concerns with the United States and Japan on intellectual property and fair competition.

Some universal causes require the broadest possible coalitions. This is particularly true of climate, an issue that may be more trade-related in the future.

Therefore, the convergence of Europe, Africa and Latin America must be sought on the basis of tangible agendas.

Deeper and more comprehensive free trade agreements, the principles of equality between partners and support for development, the defense of multilateralism and rules-based trade all require such convergence.

V. How are the new leaders and the new commission preparing to address these challenges ?

In agreement with the European Council, Ursula von der Leyen announced a European “geopolitical” Commission.

This term alone is a small revolution. For a long time, the Commission was kept out of foreign policy matters. This was, for example, the purpose of the “pillar” structure created by the Maastricht Treaty. The Commission played a pivotal role in the first pillar, that of traditional Community matters (economy, agriculture, cohesion, development cooperation, etc.), but it was deprived of authority over the second pillar, dedicated to the Common Foreign and Security Policy (CFSP) and operating on a strictly intergovernmental basis.

This pillar structure has been repealed, which has strengthened the function of the High Representative (HR) and led to the creation of the European External Action Service (EEAS). The HR retains a degree of autonomy from the Commission: he/she is appointed directly by the European Council and, as the “HR”, chairs the Council of Foreign Ministers. However, he/she also serves as Vice-President of the Commission.

Absorbed by the task of creating the EEAS, his predecessors, Catherine Ashton and Federica Mogherini, had made limited use of this vice-presidency. Josep Borrell, the new HR, intends to use it to bring greater coherence to the European Union’s external action, particularly in the field of aid. The Commissioners in charge of the neighborhood policy (cooperation with Eastern Europe and the Mediterranean countries) and partnerships (Africa, in particular) will be placed under the HR’s “guidance”. He will be able to draw on his privileged relationship with national diplomats to provide the Commission and all the European institutions with a geopolitical vision.

Beside this new geopolitical order, the fight against climate change is strongly emphasized by the new Commission. Franz Timmermans heads the EU Commission’s climate portfolio. He is one of the two Executive Vice Presidents of the Commission. Setting tough environmental standards has been one of the key characteristics of the EU project and the fight against climate change is strongly supported by public opinion all over

the continent. The latest electoral successes of the Greens lead to asking a question: will reconfigurations involving this political force take place in the coming years? This question remains valid within the European Parliament, but it will now also burst into the political life of the EU member states.

The current world is not the one dreamt up by the European Union. It was born of a desire to make peace between its members permanent and to combat the rule of the strongest in international relations.

Faced with the decline of multilateralism and the emergence of alternative governance models in international economic competition, it must adapt. It must be less naive in its vision of the world and more agile in power games. It must continue to promote universal causes but it needs to mobilize public opinion in support of the common interests of Europeans and equip itself with the full range of power instruments, either directly or through better coordinated action by its Member States.

A complex process is underway. It can only be gradual. Let us hope, however, that it is not too slow because history, as we know, does not wait.

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... To Southern Atlantic Ones

Chapter 5

The Expansion of Militancy in the Sahel and Coastal West Africa

by Rida Lyammouri



View of Gourma Rharous from Niger River, Timbuktu Region, Mali. Source : Rida Lyammouri

I. Introduction

Since 2012, militant groups operating in northern Mali managed to expand their operations and presence to the central regions of the country and to neighboring countries like Burkina Faso and Niger. Almost seven years later, the situation in the region has gotten worse, with conflicts becoming more violent and deadly, and actors involved are beyond violent extremist organizations (VEOs). Inter-community tensions are becoming more deadly than ever before in the area, and insecurity is resulting in dire humanitarian situations.

In Mali, threats by jihadist groups remain visible and there are no indications to confidently say that they are weakening. In October and November of 2019, both the Islamic State and al-Qaeda affiliated groups conducted multiple attacks against French, Malian, and the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) forces and civilians. The number of casualties exceeded hundred, with the majority of victims from Malian Army and civilians. Inter-community tensions in central Mali are also taking a major turn, with an all-time high of recorded casualties. Insecurity has also deteriorated already worrying humanitarian conditions, notably in central parts of the country.

The same trend can also be observed in neighboring countries, Niger and Burkina Faso. Northern and eastern parts of Burkina Faso witnessed sharp increases in attacks, number of casualties, and number of displaced population. Niger remains relatively less affected, but there is a noticeable increase of violence on the borders with Mali and Burkina Faso as well as around Lake Chad basin, which is resulting in further population displacement. With increased insecurity, humanitarian access also remains a top challenge, particularly to reach the population in need.

The continuing upsurge and expansion of VEOs in the Sahel indicates the limitation of national, regional, and international counter-terrorism efforts. Existing and newly created initiatives have struggled so far to restore – or at least bring some – peace and stability to the region. As a result, new strategies and collaboration frameworks need to be developed to match the complexity of the multidimensional crisis that Sahelian states are facing. Furthermore, this will also create a buffer zone and preventive structures to block the expansion of VEOs and violence into coastal states of West Africa.



Aerial view of Barkhane base in Gao, Mali. Source : Rida Lyammouri

II. Brief overview of security and humanitarian situations in the Sahel

Niger, Mali, and Burkina Faso are the most affected by ongoing instability. This is very apparent in the areas bordering the three countries, which is also known as the Liptako-Gourma region. In recent years, the area has gained the attention of the international community, following the spread of VEOs activities to the area, intensifying inter-community tensions, and dire humanitarian situation. The two main militant groups operating in the region include the al-Qaeda branch Jam'at Nusrat al-Islam wal-Muslimeen (JNIM) and the Islamic State in Greater Sahara (ISGS). Communities implicated in inter-community violence vary depending on the area. Instability caused by these actors forced hundreds of thousands of people to be displaced internally or to a neighboring country.

In January 2012, Mali was confronted with three major events: the fourth rebellion in the north, a coup d'état, and the occupation of northern regions by VEOs. In June 2015 the Malian government and separatist groups reached an agreement and signed a new peace accord. In January 2013 the French intervention ended the attempt by VEOs to move south and chased them out of occupied key cities in the north. Although this was perceived as a success, a cycle of violence continued and militant groups managed to open new fronts in central Mali, while also maintaining a strong presence in rural areas, where guerrilla type attacks are planned against national, regional, and international forces. Simultaneously, inter-community violence reached an unprecedented level in the same region.

A range of factors drive the ongoing instability in Mali. Most notable ones include poor governance and limited to almost non-existent state presence in remote areas. As a result, grievances continued to build among local population toward the state, especially in a context of increased security concerns. Local communities felt abandoned and had to look for alternatives to protect themselves. Some of these gaps started to be filled by non-state actors, including VEOs, which is apparent in parts of central Mali. Since 2012, VEOs exploited the state absence to entice locals by providing public services in exchange for joining the organizations. This approach allowed militants to recruit heavily in central Mali and helped expand and establish a strong operational network that remains active and influential up to this day. They continue to carry constant violent assaults against Malian and international forces in the area, despite ongoing counter-terrorism efforts led by France and Malian forces, and regional forces of Sahel G5.

Combination of poor governance and militants' presence complicated the

relationship between communities who had co-existed in peace in the area for centuries. Mishandling tensions between communities by exercising favoritism created a sentiment of injustice toward authorities. This feeling of injustice was adequately applied by militant groups in their narrative to recruit from among a victimized community. Subsequently, while some members decided to join VEOs, Malian security forces and members from other communities carried acts of atrocities against those suspected to be supporting VEOs based on ethnic affiliation, including unarmed civilians. As a result the situation today in central Mali is getting worse by the day. The number of civilians killed in the year 2019 is the highest since 2012, while the number of displaced population is also on the rise. Such instability has not been limited to central Mali but has been expanding into Burkina Faso and Niger.

Once the epitome of tranquility in a troubled West African sub-region, Burkina Faso saw a worrying trend of violence since 2016. In December 2016, a first ever-local militant group announced its existence in the country when they conducted a deadly attack against Burkinabe security forces on the borders with Mali.¹ Since then, the country has been struggling to cope with the rapid expansion of violence that reached Est, region bordering Niger, Benin, and Ghana. Simultaneously, VEOs like JNIM and ISGS previously limited to operating within Mali, gradually making their way into Burkina Faso. In addition to geographical expansion, data collected demonstrated a staggering increase in the number of attacks and casualties the past two years.² While this trend continues to be observed throughout regions bordering Niger and Mali, there has been a noticeable increase in violence in recent months towards central parts of the country in the Centre-Nord Region. As of October 2019, this rapid deterioration of insecurity has resulted in the displacement of nearly half a million people compared to 80,000 as of January 2018.³

There are multiple reasons behind the rapid deterioration of the security situation in Burkina Faso. It is a combination of VEOs geographical spread following increased counter-terrorism operations in Mali, unresolved local grievances intensified by atrocities committed by local security forces, and poor security and intelligence capacities following the change of regime in 2014. Since January 2018, the number of civilians killed by security forces is much greater than those killed by VEOs in the country.⁴ The Human Rights Watch (HRW) has also documented series of extrajudicial and unlawful killings of civilians

1 Héni Nsaiba, Caleb Weiss, "Ansaroul Islam and the Growing Terrorist Insurgency in Burkina Faso," March 2018, <https://ctc.usma.edu/ansaroul-islam-growing-terrorist-insurgency-burkina-faso/>

2 ACLED. (2019), "Press Release: Political Violence Skyrockets in the Sahel According to Latest Acled Data", <https://www.acleddata.com/2019/03/28/press-release-political-violence-skyrockets-in-the-sahel-according-to-latest-acled-data/>

3 Reliefweb, "Burkina Faso: 2019 -2020 Joint Response (Short Version)," 31 October 2019, <https://reliefweb.int/report/burkina-faso/burkina-faso-2019-2020-joint-response-short-version>

4 José Luengo-Cabrera, International Crisis Group (ICG), March 2019, https://twitter.com/J_LuengoCabrera/status/1109137675775287296

suspected of having ties with militant groups.⁵ Founder of the first Burkinabe militant group, Ansaroul Islam, has based his narrative on social inequality and exclusion of northern Burkina Faso communities to gain support and popularity. VEOs expansion in Burkina Faso and throughout the Sahel is largely due to formulated narratives that resonate with local populations and cultivate homegrown fighters and supporters.⁶

Niger is at the confluence of North Africa, the Lake Chad basin and the Sahel regions. Though this geographic location remains strategic, the threat posed by VEOs operating in the Sahel and the Lake Chad basin pushed the central government to resort to highly militarized policies to confront both hard and soft security issues. The Nigerien government remains exposed to threats emanating from Boko Haram and the Islamic State in West Africa Province (ISWAP) in its southeast Diffa region, the ISGS, and JNIM in the western part on the borders with Mali and Burkina Faso. Despite having Nigeriens among its ranks, and contrary to Burkina Faso, Mali and Nigeria, Niger has not seen the emergence of a local jihadi insurgent group. Rather, it is mainly suffering from the spillover of instability from Mali and Nigeria.

Niger avoided an escalation similar to Mali's following the fall of Gadhafi's regime in Libya in 2011, and has remained relatively stable compared to both Mali and Nigeria. However there has been a surge of attacks perpetrated by Boko Haram and ISWAP around Lake Chad since 2015, and by ISGS and JNIM on the borders with Mali and Burkina Faso since 2017. For instance from November 2018 to March 2019, the rate of fatalities was estimated at 452, a sharp increase compared to previous years.⁷ Both, Diffa and Tillabéri regions witnessed a number of high profile armed assaults claimed by so-called Islamic State and al-Qaeda affiliated groups over the past two years.

In addition to threats posed by jihadi insurgents, Niger, like its neighbors, remains vulnerable to deadly inter-communal clashes in the regions of Tahoua and Tillabéri on the borders with Mali and Burkina Faso. Pastoral communities, mainly Fulanis accused of collusion with VEOs have been targeted by Malian backed militias.⁸ As these zones host heterogonous communities with limited state capacity, militant groups have taken the opportunity to exacerbate localized conflicts around power and resources to entrench their presence and increase their legitimacy. Though Niger has shown some resilience compared to its

5 Human Rights Watch, "We Found Their Bodies Later That Day," 22 March 2019, <https://www.hrw.org/report/2019/03/22/we-found-their-bodies-later-day/atrocities-armed-islamists-and-security-forces>

6 International Crisis Group (ICG), "The Social Roots of Jihadist Violence in Burkina Faso's North," Africa Report N°254, 2017, <https://www.crisisgroup.org/africa/west-africa/burkina-faso/254-social-roots-jihadist-violence-burkina-fasos-north>

7 ACLED Press Release, "Political Violence Skyrockets in the Sahel According to Latest ACLED Data," 2019, <https://www.acleddata.com/2019/03/28/press-release-political-violence-skyrockets-in-the-sahel-according-to-latest-acled-data/>

8 Mahanty, D. "Niger: A Bulwark against Further Instability in West Africa", CSIS Briefs, (2019). Center for Strategic and International Studies.

neighbors,⁹ it has been facing a dire humanitarian situation in Tillabéri, Tahoua, and Diffa regions. As of July 2019, there were an estimated 78,000 IDPs in Niger since the beginning of the year. In addition, there are 56,000 refugees from Mali who resided in Tahoua and Tillabéri regions since 2012.¹⁰ In the Lake Chad Basin, conflict perpetuated by Boko Haram and ISWAP had internally displaced an estimated 109,000 people in Niger and prompted 120,000 Nigerian refugees to flee into Niger's Diffa Region as of September 2019, in addition to 42,000 Nigerian refugees in Niger's Maradi Region.

The rapid spread of instability is evident in the three Sahelian states of Mali, Niger, and Burkina Faso and unfortunately the situation continues to worsen. The number and significance of attacks carried by al-Qaeda and Islamic State affiliated groups in recent months provide a clear image of the gravity of the situation. For instance, within weeks between September 30th and first week of November 2019, at least four deadly attacks were conducted in Niger, Mali, and Burkina Faso that resulted at least 150 casualties. This trend is likely to continue and it would be naïve to exclude the possibility of expansion to coastal states. Jihadist groups have demonstrated their capability to carry high profile attacks beyond Mali, Niger, and Burkina Faso, in addition to kidnappings of western tourists.

III. Coastal States worried over spread of violence

When unpacking the security dynamics in West Africa, one needs to keep in mind the list of countries coming out of brutal civil wars, such as Sierra Leone, Liberia, and Côte d'Ivoire. The nature and scope of threats to peace and development in West Africa in the 1980s-90s led some analysts to portray the region as the epicenter of the coming anarchy.¹¹ Today, resolving civil wars is no longer the main item in the agenda of the international community and their national and regional partners in West Africa. Instead, new forms of violence known under the label of violent extremism and small-scale domestic insurgencies have become the main concerns for stability, peace and economic development. West Africa's biggest economies, Ghana and Cote d'Ivoire, remain vulnerable to attacks by Islamist militants and violence in general. This is also true for their smaller neighbors, such as Benin and Togo. All these countries have responded to the threat, confirming their worries by improving security

⁹ Ibid

¹⁰ OCHA, (2019), Niger Humanitarian Situation Overview

¹¹ Kaplan, D. R. (1994). "The Coming Anarchy, How Scarcity, Crime, Over Population, Tribalism, and Disease are Rapidly Destroying the Social Fabric of our Planet, The Atlantic."

along the borders with Burkina Faso, and pledging to increase collaboration.¹²

The ongoing instability has put Mali, Niger and Burkina in addition to its regional and international partners to the test. Despite multiple national, regional, and international efforts, stability has yet to return to the region. Following French intervention in January 2013, jihadist groups were expelled from main towns of northern Mali. However, they managed to survive, adapt, and expand. In addition to now notable presence in Burkina Faso's borders with Mali and Niger, violence has been recorded on the southern borders with Ghana, Benin, and Cote d'Ivoire. Although these attacks were unclaimed, such a trend demonstrates the vulnerability of security forces in the area. In February 2019 Burkina Faso's Foreign Minister, Alpha Barry announced that it's no longer just the Sahel, but there is a risk that instability might reach coastal West Africa. This announcement came three months after a key leader of JNIM, al-Qaeda branch on the Sahel directly threatened West African states by mentioning countries like Benin, Senegal, Ghana, and Côte d'Ivoire.¹³

Several indicators corroborate the idea that VEOs violence's possible spill-over into West African coastal states shouldn't be taken lightly. In March 2016, the coastal town of Grand Bassam in Côte d'Ivoire was attacked by gunmen affiliated with the Al-Qaeda in the Islamic Maghreb (AQIM). The attack showed that militants could stage a high-profile attack without any risks of operational overstretch. The cost of carrying an operation in a regional capital also doesn't appear to be as costly. The Ouagadougou attack of January 2016 claimed by al-Qaeda affiliated groups in the region reportedly cost the group a total of around 15,000 euros,¹⁴ a low amount considering the requirements of the operation.¹⁵ Following military operations in southeastern Burkina Faso in March 2019, Burkinabe intelligence pointed to existing communication between militants in Burkina Faso and others in Benin, Ghana, and Togo, and confirming their presence. On May 2019, two French tourists and their Beninese guide were abducted in Benin's Pendjari National Park. Tourists were rescued days later but the incident was the first by a militant group in Benin.

It is worthwhile to note that organizations like the Movement for Unity and Jihad in West Africa (MUJAO) and ISWAP have also recruited nationals from Benin, Ghana, Guinea, Senegal and Gambia¹⁶ who could pose a threat if they return home undetected. Consequently, portraying jihadist threat as the sole outcome of instability in neighboring countries could result in serious setbacks

12 Katarina Hoije, "Jihadist Threat Prompts Ivory Coast, Ghana to Raise Guard," 08 May 2019, <https://www.bloomberg.com/news/articles/2019-05-09/nearing-jihadist-threat-prompts-ivory-coast-ghana-to-lift-guard>

13 Antonin Tisseron, "Jihadist Threat: The Gulf of Guinea States up Against the Wall," March 2019, http://institut-thomas-more.org/2019/03/04/jihadist-threat-%E2%80%A2-the-gulf-of-guinea-states-up-against-the-wall/#_ftn14

14 Antonin Tisseron, "Une Question d'Argent? Terrorisme et Lutte Contre le Financement du Terrorism en Afrique de l'Ouest," October 2019, Institut Thomas More.

15 Ibid.

16 Zelin, A.Y. (2018). "The Others. Foreign Fighters in Libya", The Washington Institute for Near East Policy, Policy Note, no. 45, 2018.

for coastal West African states. These countries should put a strategy in place and learn from the struggles that Sahelian states are facing to effectively prevent the expansion of VEOs and establish strong presence in their territories.

Extremist groups normally based in Mali forced to increase their mobility in the region. This is largely due to military pressure from Barkhane operations and national armies forces in Mali. Mobility and expansion would allow VEOs to avoid detection and to implement new training grounds. Initially they abandoned, either permanently or temporarily their initial strong bases in Mali to Niger and Burkina Faso, but there is legitimate possibility to move further south into coastal states. Counter-terrorism efforts, led by France and United States are increasing and will continue to increase in Burkina Faso, this will force VEOs to eventually look for alternative operational ground. Furthermore, border areas have limited state and security presence and that's likely to be exploited by VEOs. Exploitation will not be limited to recruitment and controls of territories, but also to look for additional sources of logistical support. Tri-border area with Benin, Burkina Faso and Niger is an ideal place with dense forest for hiding settlements. Wildlife provides source of food and money without having to travel long distances. These are some of the factors that could explain motivation behind VEOs attempt to expand to coastal states.

Coastal states display some of the same domestic vulnerabilities as their Sahelian counterparts. Some studies have highlighted factors such as the absence of public services in some areas, and the distrust between defence and security forces, and population that could be exploited by jihadist groups, especially in remote areas.¹⁷ In the same vein, other analyses have stressed border porosity, youth frustration towards the elders' political and economic monopoly, rural and urban disparities as well as illiteracy, which could ease the spread of extremist ideology in Gulf of Guinea countries.¹⁸

For instance, despite being a state with a strong sense of national identity, Ghana has impoverished northern areas, where parallel religious and educational institutions operate outside the purview of the central government, making it vulnerable to jihadists' activities. Despite not having faced Islamist terrorist attacks on its soil, Ghana remains a possible destination due the continuing rapid spread of violence in general in its northern neighbor, Burkina Faso. Its neighbors, Côte d'Ivoire and Burkina Faso, have both faced mass-casualty extremist attacks in urban areas in recent years.¹⁹ Furthermore, in 2017 it was reported that between 50 and 100 Ghanaians might have joined the Islamic State branch in Libya, while local analysts believe there may be a significantly higher

17 Thérroux-Bénoni, L.A. et al. (2016), "Jeunes "djihadistes" au Mali. Guidés par la Foi ou par les Circonstances? ", Analysis Note 89, ISS Dakar; See also Mathieu Pellerin, "Les trajectoires de radicalisation religieuse au Sahel," February 2017, https://www.ifri.org/sites/default/files/atoms/files/pellerin_radicalisation_religieuse_sahel_2017.pdf

18 Knoope, P. and Chauzal, G. (2016). "Beneath the Apparent State of Affairs: Stability in Ghana and Benin. The Potential for Radicalization and Political Violence in West Africa," Clingendael Report.

19 Nicolas Cook, "Ghana: Current Issues and U.S. Relations in Brief," 25 July 2019, Congressional Research Service.

number of radicalized Ghanaians with Islamic State links. In 2018, arms were seized in Ghana from an individual suspected of ties with IS.²⁰

Togo and Côte d'Ivoire have stepped up their efforts in the fight against terrorism. In fear of expansion of violent extremism to its territory, Togolese authorities established in May 2019 the Interministerial Committee for the Prevention and Fight against Violent Extremism with the mandate to reduce and eradicate risks of violent extremism, as well as to strengthen cooperation and collaboration between the administration, defense and security forces, and civil society.²¹ The threat to Togo became apparent on 15 February 2019 when suspected ISGS or JNIM militants attacked a mobile Burkinabe customs unit on the borders with Togo.²²

With regards to Côte d'Ivoire, the 2016 Grand Bassam marked a turning point in the fight against terrorism. Following the attack, the authorities took measures to reinforce border security. Though the project is still in its early days, the Ivoirian government also announced the creation of an international counterterrorism academy in November 2017. Hence, the scenario of violent extremism contagion is concerning to coastal West African states. Moreover, at the regional level, some intergovernmental initiatives have emerged to coordinate efforts of development and security.

To confront security and development challenges in Sahel and West Africa, a number of intergovernmental initiatives have emerged in recent years. In addition to existing regional bodies like the Economic Community of West African States (ECOWAS), new initiatives started to emerge. The G5 Sahel established in February 2014, the Liptako-Gourma Authority joint task force created in January 2017, and the Accra Initiative in September 2017. These initiatives have been a reaction to growing insecurity and intended to prevent the expansion of VEOs in the Sahel and to West African countries, yet such efforts are slow to materialize. Sahel G5 was the most discussed initiative in the region, however donors remain reluctant to release funds for the entity to be fully operational. Reportedly, French military officials remain engaged and during a recent meeting in Nouakchott organized by the Sahel G5, they encouraged the organization to carry new operations, while acknowledging limitations in terms of military equipment.

20 EXXAfrica, "Ghana: Terrorism Threat Resurfaces as Islamist Militancy Gains a Foothold," January 26, 2018; Ghana Statistical Service, 2010 Population & Housing Census Summary Report of Final Results, May, 2012; Godwin Akweith Allotey, "Gov't Investigating Report of Ghanaian ISIS Fighters-Majority," CitiFMOnline.com, October 11, 2017; and John L. Esposito, ed., *The Oxford Dictionary of Islam*, Oxford University Press, 2003, among others.

21 Reliefweb, "Togo Ups its Ante Against Terror Threats," 30 October 2019, <https://reliefweb.int/report/togo/togo-ups-its-ante-against-terror-threats>

22 BBC, "Quatre Douaniers Tués au Burkina Faso," <https://www.bbc.com/afrique/region-47265414>

Conclusion

The rapid deterioration of the security situation in Mali, followed by Burkina Faso and Niger, indicate the level of fragility and vulnerability of these countries and of the region in general. Counter-terrorism and security measures are necessary, but they have proven to be limited in the short-term. Deeper issues such as poor governance, inequality, and state absence that allowed VEOs to establish themselves should be tackled firsthand to help reconstruct the social cohesion needed between communities, and gradually bring trust back between communities and state actors for long-term goals and sustainable peace.

The current downward security trends in Mali, Niger and Burkina Faso should serve as a wake-up call for the states in the Gulf of Guinea, mainly Côte d'Ivoire, Ghana, Togo, and Benin. West African states should also learn from hard lessons from their northern neighbors and their international partners. Coastal states also share the same ingredients that led violence and VEOs to spread across the Sahel. This includes poor governance, inter-community tensions, limited security forces, and weak institutions. Considering the expansion of violent extremism to West Africa is certainly a stretch, since conflicts in the region are multidimensional and a source of multiple factors. However, it will be naïve to think otherwise if we learned anything from the Burkina Faso example. Conflict prevention strategies at national and regional level should be put in place to make countries resilient to shocks related to violence.

Chapter 6

China and Africa *in Times of Turmoil*

by Marcus Vinicius De Freitas

The world is navigating amidst turbulent times. While Western nations fail to deliver better welfare to their citizenry, leading to a fundamental questioning of governance and representative democracy, a tectonic shift to the East slowly takes place. The Pacific region is steadily becoming the centre for international finance and trade, in an irreversible trend spearheaded by China. As this transition takes place, the leading nations in the current liberal order have sought to slow down such advances and have exercised instead a more intense pressure to reduce the speed of the movement of the pendulum of history, brought about by the ascension of new global powers replacing the Old Order. A strong temptation to treat China like the Japan or Soviet Union of the past has further emerged. Yet, both prescriptions are wrong. China is a much bigger economy than Japan was in the 1980s, and has more people and much deeper trade ties with the rest of the world. Additionally, China does not claim hegemony as the Soviet Union used to, nor is it likely to engage in an arms race with the United States. Though some would like to see a new Cold War, this is a scenario that does not fit the Chinese perspective nor its long-term interests, since it would destabilise the vital element of power balance within China's own neighbourhood.

Over the last two decades, as the country grew into a significant global power, China-bashing has become the favourite topic in many political and economic circles. This results from China's growth, increasing trade and recent assertiveness as a rising power. Criticisms have repetitively featured the following points: human rights, authoritarianism, and neo-colonialism. The third one has been particularly overemphasized in the developing world, whenever China enters into agreements for infrastructure and commodity trading. As a result, China is portrayed as a neo-colonialist country whose sole purpose is to exploit the natural

and energy resources¹ of the countries it deals with, imposing agreements that enslave other nations with debt. China's unprecedented ascension as the world's largest economy (in Purchasing Power Parity), despite its duality- being both a developed and still developing economy-, reflects a true economic miracle, achieved in less than one generation.

The Chinese rise to prominence in the global economy is a reality, nonetheless. Its foreign direct investment outflows have increased enormously, though sometimes negatively tainted under the allegation that China only targets poorly governed countries for its commercial ventures. This argument, however, is not sustained by empirical evidence. Chinese firms have steadily grown more averse to countries with weak governance. Since Chinese firms have historically been less exposed to foreign jurisdictions, the fear from detrimental deals or negative business results is much higher, and aversion to governance-related risks has increased. With regard to natural resource exploitation, the commercial activity between Western countries in Africa and their Chinese counterparts is not as different as one might think. Chinese imports tend to be more resource-driven due to the growing needs of China's vast territory and population.² Its strategic aim to fully industrialize forces the country to focus mostly on the acquisition of primary goods.

The involvement of China in Africa has been longstanding. The year 2009 marked a breakthrough in the China-Africa relations when, overcoming established historical ties with formal colonial powers and economic dependency on the United States and the European Union, China became Africa's largest trading partner. China's trade growth with Africa went from approximately US\$ 10.5 billion per year in 2000 to US\$ 220 billion in 2014³. This trend suffered a temporary reduction between 2015 and 2019, due to weak commodity prices impacting African exports to China.

China is currently undergoing its most profound transition, shifting from a global factory to the world's largest consumer market. This transition, evidenced through policies, such as Made in China 2025, seeks to overcome the middle-income trap and lead China onto the next level of growth and prosperity via technological development. Thus, the country has found a substantial partner in Africa, not only to secure access to the commodities it needs, but also to outsource the future manufacturing of products through Chinese enterprises now based in the continent.

By shifting its focus from the lower to the higher end of technological production, building upon four decades of steady economic growth, Chinese labour has slowly become more expensive. Africa, on the other hand, is a new

1 China is projected to account for 25% of the global energy consumption by 2035.

2 See, China Africa Research Initiative, Policy Brief 38, 2019

3 See, <https://eurasianimes.com/china-africa-relations/>

frontier for growth, both as a major commodity supplier and as a source for more intensive labour. The continent has three competitive advantage factors compared to other regions in the world, namely:

- A vast young population with potential for growth, which can lead Africa to a new level of economic development and consumption power;
- Reliability as a significant commodity supplier, both for agricultural and mineral products;
- A significant potential as an exporting hub for Chinese-manufactured goods (either in China or in Africa) to the consuming markets of Europe and North America. These three aspects will enhance the positive historical relationship, by building on the legacy of a long-term relationship based on mutual support and mutual advantages.

Historical Evolution

Recent China-Africa relations can be divided into three different periods: the 1950s, 1970-1980s and present. In each period, different leading interests have acted as driving forces.

The ties between China and Africa are not new. During the Ming Dynasty, Zheng He (1371-1433), a Chinese Muslim admiral made several diplomatic voyages to East Africa, from Mogadishu to Mombasa, facilitating an intensive exchange of goods and people.

The historical ties grew throughout Imperial China. With the advent of the People's Republic of China (PRC), the first generation of PRC leaders sought to enhance the friendship ties between China and Africa, with the initial goal of restoring mainland China to its seat in the United Nations. With the world divided into two ideological blocs during the Cold War, China and Taiwan – each one on a different side of the political spectrum – fought intensively to exercise influence in Africa. China improved its diplomatic relations with the newly independent countries by supporting the de-colonisation process. The establishment of diplomatic relations with Egypt on 30 May 1956 was the initial step towards African recognition of the status of the People's Republic of China.

A breakthrough landmark in Chinese relations with Africa happened during the Bandung Conference⁴. China, facing fierce challenges from the United

4 Organized by Indonesia, Myanmar (Burma), Ceylon (Sri Lanka), India and Pakistan, the Bandung Conference gathered political leaders from 29 Asian and African countries on 18-24 April 1955, in Bandung, Indonesia, to address the following: (i) the reluctance of Western powers to consult with these countries regarding decisions affecting Asia; (ii) the tensions between China and the United States; (iii) opposition to colonialism, mainly French influence in North Africa; and (iv) the Indonesian dispute with the Netherlands regarding West New Guinea.

States at the time, managed to establish a platform of cooperation with African countries through aid in several areas, particularly, in economics, technology and the military, supporting those countries fighting for their independence. China enhanced its diplomatic relations with the newly independent countries like Algeria, Egypt, Guinea, Morocco and Sudan.

As the relationship with the Soviet Union soured, Beijing opposed the hegemony of the Great Powers - United States and Soviet Union. From 14 December 1963 to 4 February 1964, Zhou Enlai⁵, then China's Prime Minister, headed a delegation during official visits to ten African countries to intensify diplomatic relations. Zhou presented five guiding principles for bilateral relations:

- Support opposition to imperialism and colonialism;
- Establish a peaceful, neutral and non-aligned movement;
- Support African countries to achieve unification and solidarity;
- Aid the countries to settle differences through peaceful resolution;
- Respect sovereignty and non-interference.

Additionally, other principles for economic and technological cooperation were established to promote mutual benefits deriving from aid and promoting self-sufficiency, principally through technology transfer in the path to development⁶.

During the 1960s, China expanded its reach within the African continent. Out of the forty-one new States, China had built diplomatic relations with nineteen. There was a clear effort – despite a brief interruption during the Cultural Revolution – to not only bar Taiwanese relations with African countries, but also to secure the necessary support of African countries in the United Nation's General Assembly for the PRC to recover its Security Council seat.

In the 1970s, China began to support some African countries financially, ideologically and also through solidarity in their development process. There

5 Zhou Enlai (1898-1976), statesman, military leader, diplomat and one of the main leaders of the Communist Party of China and the People's Republic of China, and one of the founders of the People's Liberation Army, implemented many important diplomatic decisions and policies.

6 The eight principles were as follows:

- Equality and mutual benefit in providing aid to countries.
- Respect the sovereignty of the beneficiary countries and never assign any conditions or require privileges.
- Financial assistance, without the collection of interest, and deadline extension for reimbursement, where necessary, in order to relieve the burden of beneficiary countries as much as possible.
- No Chinese dependence by the countries, but set up a path of self-sufficiency and independent economic development.
- Build projects requiring fewer investments and producing faster results for the increase in income and accumulation of capital.
- Better equipment quality and material of its manufacturing concerning prices in the international market.
- Technical assistance and technology transfer.
- Experts sent by China to assist in the construction of beneficiary countries to have the same standard of living as the experts in the favoured country (no special requirements or special precautions).

was a significant increase in the number of new countries in Africa, with China holding thirty diplomatic missions in the Continent. Such support and newly found strength allowed China to secure entry into the United Nations Security Council (UNSC). Africa, with one-third of the votes, was an essential element of the Chinese strategy. China supported independence movements in Africa by providing military aid providing an alternative to the existing dichotomy between the United States and the Soviet Union. By the end of the 1970s, China had already established diplomatic relations with forty-four of the African nations.

With the death of Mao Zedong, the implementation of Reform and Opening-up policies led to greater economic prosperity and modernisation. Chinese foreign policy, however, had shifted the ideological focus to centre on economic modernisation and increased trade. This foreign policy shift aimed to implement newer principles, based on the independence and autonomy of the new countries, which pushed for more significant development and global peace. China opened up to greater bilateral and multilateral cooperation, even with former pro-Soviet countries. Cooperation evolved into bilateral relations. During a visit to eleven African countries, Prime Minister Zhao Ziyang reaffirmed four crucial principles for cooperation with Africa:

- Equality and mutual benefit;
- Practical results;
- Diversity in form;
- Economic development through economic and technological cooperation.

China stressed non-interference in domestic affairs as its leading foreign policy principle, in a clear opposition to some Western countries that have utilised the discourse of human rights as a tool to interfere in domestic policies. This principle gained traction among African countries, some of which even reaffirmed this principle when China faced devastating international criticism⁷.

In the 1990s, the relationship evolved to one of greater pragmatism, principally led by trade and economic development concerns. Access to the African natural resources gained ever-increasing relevance as Chinese growth sped-up substantially. China needed to secure this crucial access to maintain its development pace. This became particularly relevant in 1993 when China was no longer self-sufficient in oil production, after which securing access to oil-producing sources was essential to keep growing. The Chinese became

⁷ This is particularly true when China faced its most challenging international moment during the 1989 demonstration in Tiananmen. The African countries kept their diplomatic channels open with their Chinese counterparts.

particularly keen on securing access to oil from countries that had divergences with the United States.

By 1993, China's leading state oil companies were fully operative on the African continent: China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC) and China Petroleum and Chemical Corporation (SINOPEC), with operations in Algeria, Angola and Sudan, amongst others.

The creation of the Forum on China-Africa Cooperation (FOCAC) in the year 2000, a summit between China and African countries held every three years, aimed to promote cooperation and friendship by steadily improving the economic ties for a new international, political and economic order, with Africa and China playing ever-central roles.

The first FOCAC Ministerial Conference, held in Beijing the 10-12 October 2000, included approximately eighty African ministers from forty-five countries, along with representatives from seventeen international and regional organizations, heads of non-governmental organizations and entrepreneurs. The meeting resulted in the drafting of the "Beijing Declaration" and the "China-Africa Cooperation Programme for Economic and Social Development", seeking a new type of partnership based on equality and mutual benefit.

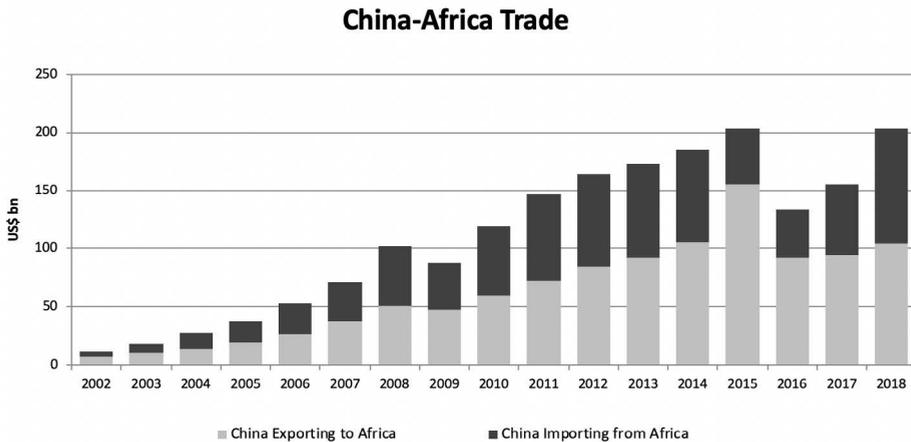
The agreements also resulted in the creation of Ministerial committees to plan and coordinate the implementation of agreed measures. Since then, the FOCAC dialogue has grown stronger, and it currently comprises China and fifty-three African countries. The Beijing Declaration "Toward an Even Stronger China-Africa Community with a Shared Future" and the FOCAC Beijing Action Plan (2019-2021), both from the last FOCAC held on 3-4 September 2018 in Beijing, demonstrate the strength of the cooperation between China and Africa.

Consistent support to the One-China Policy (where Taiwan is not recognised as an independent country but as a rebellious province) has been reaffirmed. Changes in the structure of global governance were an important item of the agenda, particularly with regards to the United Nations and the 1944 Bretton Woods Institutions – International Monetary Fund and the World Bank – whose structures have been superficially updated since their inception after the Second World War to reflect the current status of the world balance of economic power.

This rebalancing ought to take into consideration that China and Africa have deeply changed since the end of the Second World War. The partnership between China and Africa was much less relevant then in the international trade as it currently is. It has steadily grown, with great impact on both sides.

The Partnership in Numbers

The friendly relations between China and Africa have impacted trade positively, with China becoming its most important trading partner (see chart below). Nevertheless, the years of 2016 and 2017 were slow due to a worldwide commodity downturn, impacting the bilateral trade. Yet, Africa still maintained a surplus in trade with China over the last two decades.

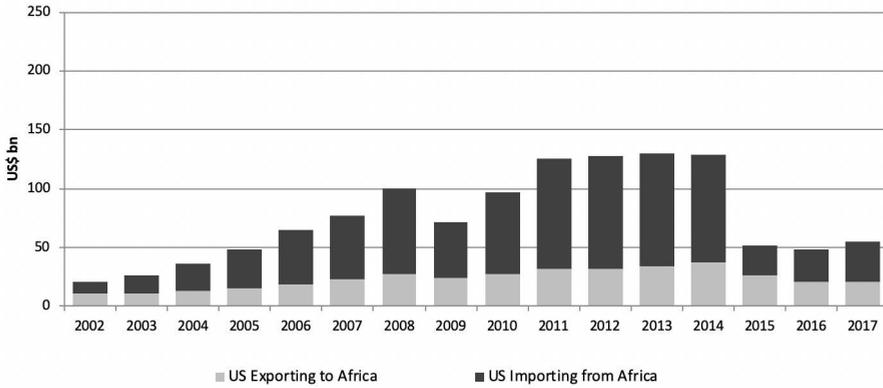


May 2019

Sources: UN COMTRADE 1992-2017; Chinese Customs 2018

The graphic below further demonstrates that the United States-Africa trade relations have been lower in comparison with China, which still has potential to increase its imports from Africa even further. This reduced level of trade between the United States and Africa is one of the reasons that accounts for the substantial growth of Chinese influence in Africa.

United States-Africa Trade



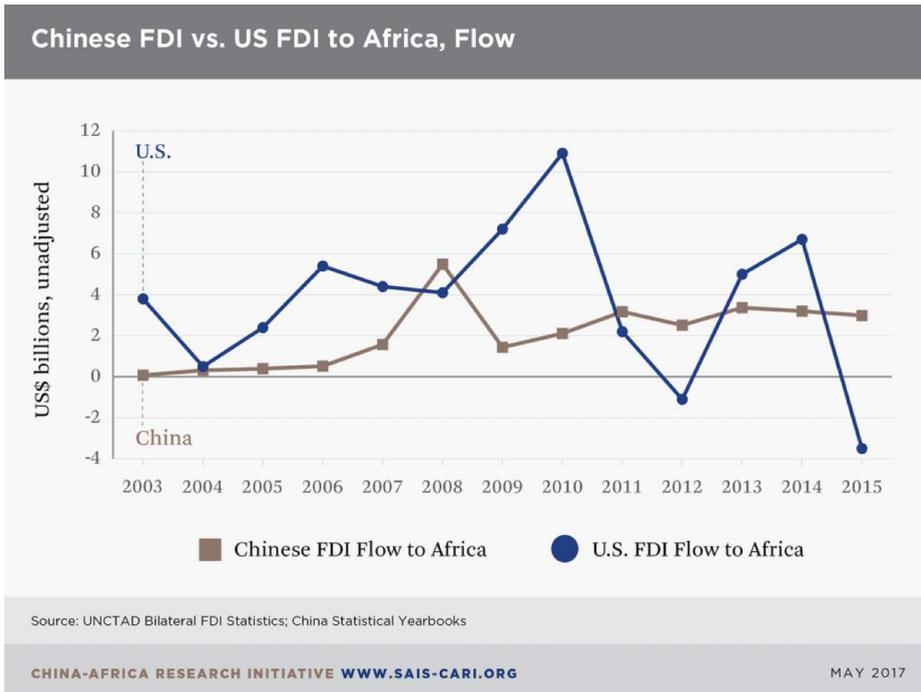
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Foreign Direct Investment in Africa

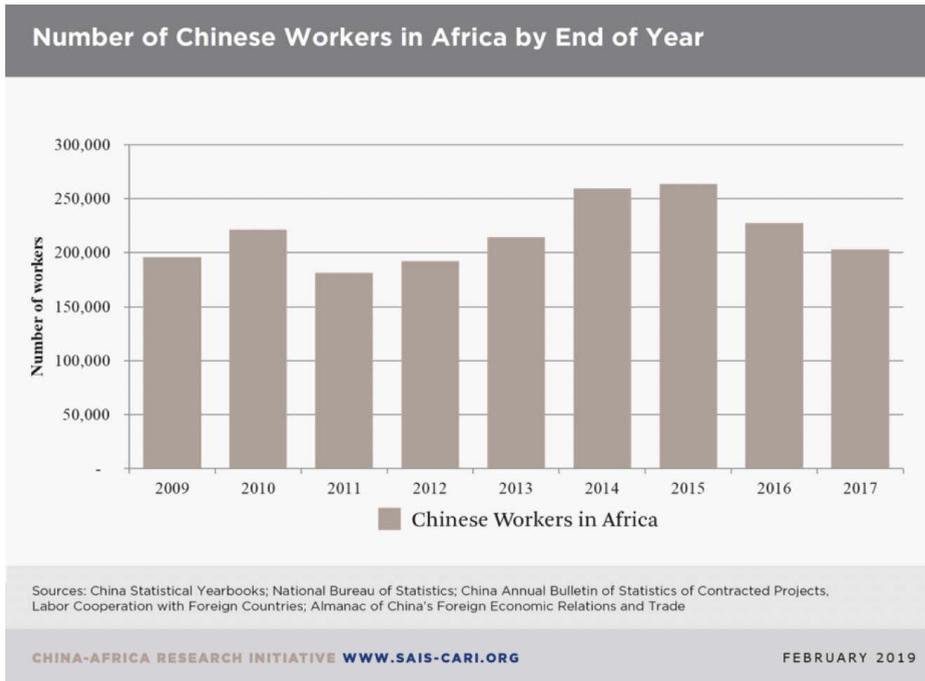
Chinese Direct Investment in Africa has also grown exponentially. Between 2016 and 2017, China invested a total of US\$ 45.1 billion in Greenfield projects, surpassing the European Union at US\$ 34.57 billion and the United States at US\$ 7.54 billion. Such investments indicate ample diversification of interests and an increase in manufacturing and construction projects. As can be viewed in the chart below, China has kept a steady FDI level in Africa, with an average annual growth rate of 20.5% between 2009 and 2012.



Despite the fact that some African countries still face challenges such as small markets, poor infrastructure, political instability and weak regulatory frameworks, Chinese financing may become an essential factor to attract and stimulate foreign investments from other regions of the world in the Continent. In parallel, African countries should push for reforms to attract even more investments. Instead of crowding out interest by other players, Chinese capital should be used to implement the necessary framework to make African countries more attractive for FDI.

One widely diffused myth is that China has flooded Africa with Chinese workers and that there is little legacy from the Chinese infrastructure investments, particularly on the improvement of the labour force. The chart below indicates differently. By the end of 2017, there were 202,689 Chinese workers in Africa. The leading countries, which accounted for 57% of Chinese workers in 2017 were Algeria (almost 30%), Angola, Ethiopia, Nigeria and Zambia. Most of these workers were employed in construction projects. A survey recently conducted by the University of London regarding Chinese investment indicated that more than 90 per cent of employees at construction sites and factories ran by Chinese enterprises in Ethiopia were local residents.⁸

⁸ SOAS, "Industrial Development, Construction and Employment in Africa", July 2019. See, <https://www.soas.ac.uk/idcea/>. Accessed on 10 September 2019.



Long-term Perspective by China

As China becomes the world leader, incrementally displacing the United States as the most crucial player on the international stage, and as it solidifies the transition from the Atlantic to the Pacific, Africa should use its competitive advantages to build a brighter future, building on the potential of its vast youth to push the Continent into higher development levels.

China held the fourth largest FDI stock in Africa in 2016⁹ at US\$ 40 billion, behind the United States at US\$ 57 billion, the United Kingdom at US\$ 55 billion, and France at US\$49 billion. However, China rises to the second position when Hong Kong's financial activities are included, jointly averaging investment capital rising to US\$ 53 billion. In 2011, China was at the same level of investment as Singapore and India (around US\$ 16 billion). Chinese interest in Africa has grown significantly. As the chart below lays out, the top Chinese FDI destinations in Africa.

⁹ See, 2018 UNCTAD World Investment Report.

China FDI Top Destinations in Africa (2005 - 2017)

Country	Volume in \$ billions	Global Ranking	Economic Development Level
DRC	11.74	16	Lower middle-income
South Africa	10.83	20	Upper middle-income
Nigeria	7.64	30	Low-income
Egypt	5.39	38	Lower middle-income
Niger	5.18	39	Low-income

Source: Center for Strategic and International Studies

China has also emerged as an essential development assistance player for Africa, with Beijing financing more African projects- particularly in infrastructure- Africa has two significant advantages which attract Chinese FDI: its vast population and the abundance of natural resources. Such wealth can be used to diversify sources of growth and incentivise the continent's long-term sustainable economic development. Using its primary advantage with a long-term plan and perspective is essential for Africa's promising future.

Conclusion

Africa still has a long way to go to recover from centuries of exploitation by Western countries, and its poor growth performance following the decolonization process. The continent still has a long way to go in order to attract more investments, develop the infrastructure, and improve living conditions for its citizenry.

China complements Africa and vice versa. Despite the usual criticisms from the West to undermine Chinese investments around the world, the relationship between China and Africa is not a zero-sum game. “China is the largest developing country. Africa is the continent with the most developing countries,” declared the Heads of State and Government attending the last FOCAC in Beijing. There is synergy in Chinese-African relations.

Although Chinese values and culture may not constitute the ultimate soft power element, as defined by Joseph Nye, Chinese power in international relations is growing exponentially. China brings in precisely what African countries need and Western countries no longer seem capable to offer: trade, investment, financing and infrastructure to secure growth and development. China also brings pragmatism and solutions that address the bottlenecks Africa faces. Once addressed and solved, opportunities will certainly open up for more trade with China and other countries in the world.

China can offer three critical lessons to Africa and the world: (i) a leading elite highly committed to finding and implementing long-term solutions can transform realities for its citizenry; (ii) a hard-working population who, without many of the social benefits and entitlements usually deemed essential in many Western countries, can generate much growth, wealth, and most importantly, savings to secure steady development; and (iii) cheap labour can go a long way in building a success story if the population has a long-term perspective of positive results. The China-Africa Cooperation is based on the Chinese promise to neither preach nor interfere. Of course, funds flow as certain milestones are reached, but China does not want to convert Africa to Chinese values – its interest is focused on trade.

China is capable of supplying whatever is necessary to Africa through enhanced connectivity, infrastructure, railway development and industrialisation. As logistical capabilities in Africa improve, China should open up its borders to accept more African products, while African countries should open multinational companies in China enhancing the intra-industry relationship, and creating a dual interest leading to an even more robust and intensive partnership. As China and Africa embrace more openness, transparency, and win-win goals, cross-investments should become more of a reality, to promote high-quality and

sustainable development for all.

As the map below shows, the Belt and Road Initiative (BRI) should also provide more investments from China to Africa. BRI's purpose is to address three relevant Chinese long-term objectives: (i) transform the Renminbi in an international, easily tradable currency; (ii) reduce the exposure of China to US Dollar or Euro fluctuations; and, (iii) secure acquisition of Chinese equipment guaranteeing continuous economic growth and higher levels of employment within China.



Source: Vantage Asia¹⁰

Therefore, China-Africa relations should consolidate three important common aspirations in the construction of a new global order:

- Defence of global peace;
- Promotion of global development and prosperity;
- Construction of new international relations based on mutual benefits.

Finally, the Communist Party of China has recently released a White Paper titled “China and the World in the New Era”, where it affirms that “China will never

¹⁰ See, https://www.vantageasia.com/wp-content/uploads/2017/10/BAC_pic.png. Accessed on 23 October 2019

pursue hegemony or expansion, nor will it seek to create spheres of influence, no matter how the international situation changes, how China develops itself.” This comes with great relief to African countries who do not wish to witness a new Cold War scenario. Despite the turmoil, the future is a time for enhanced cooperation between China and Africa.

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Chapter 7

Women's leadership in Africa

by Nouzha Chekrouni

Introduction

This article outlines women's leadership in African societies, the progress made and the obstacles and constraints faced by women in exercising their full citizenship. It also provides some food for thought to ensure that women are fully involved in building an inclusive Africa. Notwithstanding the importance of context, we posit that genuine leaders mobilize, inspire and empower teams and allies to collaboratively chart and create a future with a positive and lasting impact in and beyond their community.

Addressing women's leadership in Africa requires an in-depth exploration of history, social codes governing gender relations, socio-economic structures and cultural models that shape women's behavior and determine their position in society. Such a research project would shed light on an issue fundamental to a better understanding of the role of African women at all levels of society and would provide greater insight into the policies needed to address the challenges of development and prosperity in African societies.

I. Women's Rights History and Foundations

At the international level, the United Nations played a crucial role in promoting women's rights: From the 1975 Mexico-City Conference, through the 2000 Millennium-Development Summit (its goals included: gender-equality promotion, women empowerment, and reducing maternal-mortality), to the adoption of the Sustainable- Development Agenda for 2030. These UN conferences constitute crucial milestones that highlight the objectives of gender equality as a foundation for human rights and development.

Four conferences deal specifically with the status of women: the World

Conference of International Women's Year held in Mexico City in 1975 (which adopted the World Plan of Action and proclaimed the years 1975-1985 the United Nations Decade for Women), the International Conference on Women in Copenhagen in 1980, the World Conference to Review and Appraise the Achievements of the UN Decade for Women in Nairobi in 1985 and the Fourth World Conference on Women "Action for Equality, Development and Peace" held in Beijing in 1995. The Beijing Declaration and Platform for Action encompassed 12 areas of action needed to achieve women's rights and established an agenda for women's empowerment. Civil society organizations from the South and North were very present during these major UN events and greatly contributed to progress thanks to their expertise and advocacy.

The international community's interest in women issues has remained strong. At all of these conferences, member states agreed on the fundamental principles of gender equality, access to education, fighting violence against women, their right to employment, care, participation in politics and decision-making positions. It is worth recalling the importance of the Cairo Conference action plan, which approached reproductive rights as an integral part of human rights. The Beijing conference was a major turning point in stating that "equality between women and men is an essential condition for sustainable development, peace and democracy".

This dual commitment of the international community was intended, firstly, to promote gender equality in all spheres of life in society and, secondly, to strengthen international cooperation as a means of helping developing countries achieve these goals.

In Africa, the African Union (AU) has displayed strong political will by recognizing the importance of women's rights and their integration into economic development for sustainable development. The African Charter on Human and Peoples' Rights (Banjul Charter) was adopted in 1981 by the Organization of African Unity. Article 2 prohibits discrimination on any grounds, including gender, in exercising the rights it guarantees. The Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (Maputo Protocol) was adopted in 2003. The AU declared 2010-2020 as the African Women's Decade and recently adopted Agenda 2063, in which article 17 stipulates "full gender equality in all spheres of life, including in priority areas, the empowerment of women and girls, and combating violence and discrimination against women and girls."

II. Women's Rights Progress in African Countries

It is worth noting that the African continent is experiencing significant momentum due to a sustained growth rate, but also thanks to the renewal of its elites and its desire for democratization. Against this background, women, as a result of their mobilization through civil society and social networks, have been able to access more rights and enjoy greater protection of their dignity. UN conferences, as well as international conventions, have encouraged African countries to commit to the advancement of women and their rights. Many measures have been adopted in several sectors to increase women's visibility, their involvement in political, economic and social life and their empowerment.

The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) is a key instrument adopted by the United Nations General Assembly on December 18, 1975 and entered into force on September 3, 1981. It has been ratified by all African countries except Somalia and Sudan.

In terms of access to decision-making positions, including the representation of women in parliaments, Africa is doing particularly well. There are percentages that even outperform Scandinavian countries. **Six African countries are among the 20 countries in the world with the highest number of women in parliament. Rwanda ranks first, with 61% of women MPs compared to a global average of 24%, followed by Namibia, South Africa, Senegal, Mozambique and Ethiopia.** Ethiopia has the best performance in terms of gender parity, resulting in higher productivity for women. Other countries have also adopted quotas of 30% or more, such as Burundi, Tanzania, Uganda. This trend has also spread to political parties in Côte d'Ivoire and Senegal.

North African countries have reported lower rates of women's representation in public life. But their willingness to join the ranks of democratic countries has been a strong impetus for the adoption of many measures, including quotas -an instrument of affirmative action still disputed by some political classes-, but which has allowed some progress in terms of women's access to political decision-making positions: Tunisia 31%, Algeria 30%, Egypt 27% and Morocco 20%.

Although political representation is a pillar of democracy, as there is no democracy without gender equality, legal, economic and cultural dimensions are just as important. Women aspire to participate fully in socio-economic development provided that States remove the barriers faced by women in male-dominated societies.

In the case of Morocco, the country adopted a new constitution in 2011, in which women were granted undeniably significant rights, namely: the primacy of

international conventions over national laws and the establishment of a council for the achievement of gender parity. A few years earlier, the Family Code signaled a positive turning point by restoring women in their role as partners rather than subordinates. Gender equality can only be achieved if women and men are legally equal and enjoy the same rights. Legal reform is also an important prerequisite for building a just, equal and fertile society. When women are recognized as equal to men, their full involvement is felt in all areas of life. By becoming full-fledged agents, women enable society as a whole to benefit from its full potential. For if women are not part of development, they can constitute a drag on it.

While women -especially in rural areas-, are natural entrepreneurs, the structuring of women's businesses and the emergence of women's entrepreneurship only began in the 1990s. According to a 2018 ILO report, female entrepreneurship accounts for between 10 and 12% of all businesses in Morocco. This figure is indicative of the sluggishness of this sector and calls on decision-makers to intervene in order to remedy deficiencies and encourage women to make a greater contribution to wealth creation.

From a socio-cultural point of view, the issue of access to basic services, such as education, health, training and the representation of women in the public sphere, must be addressed in order to establish an objective assessment and constructive recommendations. Unfortunately, the available indicators are not sufficient. Although compulsory and universal schooling are important achievements, their implementation is lacking, with serious repercussions on attitudes, intellectual level and civic and citizen engagement.

III. Barriers and Dysfunctions that Hinder Women's Empowerment

The advances referred to above must be measured in terms of their impact on the daily lives of women and society in general. However, despite the dearth of studies evaluating these policies, it is today difficult to make exact assumptions. If no action is taken to rectify these gaps, such achievements will remain insignificant and will not lead to the desired leap forward, namely full gender equality.

With regard to the ratification of international conventions, in particular CEDAW, the majority of signatory countries have formulated reservations, which renders this instrument meaningless. Morocco partially lifted its reservations following the revision of the Family Code in 2004. However, the reservation on equal inheritance continues to pit progressives against conservatives. Beyond its negative impact on women, this issue is highly discriminatory and is based on a discourse that instrumentalizes religion by confining women to an outdated role

and is underpinned by an interpretation of religious texts that is in contradiction with a modernizing Moroccan society.

While political representation and women's access to decision-making positions remain areas in which African countries have achieved their best performance, some perceive quotas as a form of windfall that should be discarded.

Economically, women face a wide range of barriers. Stereotypes about women entrepreneurs cause significant harm, including loss of trust, a crucial element in the construction of any project. In addition, access to financing and bank loans is also a major obstacle, along with difficult access to professional networks that are largely dominated by men. For employees in the private sector, discrimination, including wage discrimination, continues to hinder women's empowerment, promotion and access to managerial positions.

Socially, two major scourges constitute serious violations of women's rights and dignity: sexual harassment and violence in all its dimensions against women that makes them vulnerable. Protective measures are inadequate. This phenomenon is aggravated by child marriage, the numbers of which are alarming in some African countries. In Morocco, despite efforts to curb this phenomenon, the picture remains disquieting, with 32,104 child marriage applications registered in 2018. This raises questions about the legislation in force and its limited impact for the protection of the rights of children and women. These societal behaviors are indicative of the failures of the education system, of messages conveyed by the media, and questions our entire society on one of the fundamental values, namely women's freedom to dispose of their bodies - a right that is still being infringed to this day.

Rural women are in need of special efforts. Isolation and lack of resources hinder their integration and participation in economic development, while climate change is exposing them to water shortages, deforestation, with significant repercussions on their agricultural performance, jeopardizing their survival and exacerbating their vulnerability. While much remains to be done on the part of States to honor their commitments to the international community, the fact remains that the latter must also contribute with necessary financial resources for the implementation of the UN action plans.

Therefore, all these barriers diminish women's leadership opportunities and undermine their empowerment.

IV. Growing Female Leadership in Africa

Despite these difficulties, women and women's groups are able to break through and leave their mark in all areas of activity.

According to the March Forbes report, African women have distinguished themselves, particularly in the field of entrepreneurship. For example, Public Investment Corporation (PIC), Africa's largest asset manager, is currently led by a 36-year-old South African woman. The Microsoft for Africa initiative, one of the giants of the Web, is led by Amrote Abdella of Ethiopia, Facebook Africa is led by Nunu Ntshingila of South Africa, Google in Nigeria by Juliet Ehimuan, and Hewlett-Packard by Franco-Capeverdean Elisabeth Moreno, who was recently appointed Vice President and General Manager Africa.

Above and beyond States' commitment to international conventions and Sustainable Development Goals (SDGs), it has been proven that the presence of women on boards of directors enhances financial and economic performance. This assumption is supported by the latest London Stock Exchange (LSE) report entitled "Companies to Inspire Africa", published in January 2019. The latter indicates that "companies with the highest number of women on their boards of directors have seen their profit margins increase by 20% as compared to the overall average of companies" (Forbes Afrique, Portraits of Women Leaders by Patrick NDUNGIDI, April 1, 2019).

In politics, several women have been appointed ministers, mayors or even heads of National Assemblies, as in the Democratic Republic of Congo with Jeanine Mabunda. However, only Liberia has seen the election of a female President, Ellen Johnson Sirleaf, elected in 2005.

In the field of culture and the arts, women writers, artists, poets and filmmakers have made a breakthrough and distinguished themselves by their courage or their original ideas or styles. In this context, the late Fatema Mernissi, a Moroccan writer and sociologist, has pushed back boundaries by exploring thorny issues, particularly in "Women and Islam".

Speaking of African women's leadership means assessing the impact of their actions on other women and their empowerment. However, individual success does not necessarily translate into benefits for women, which contributes to widening the gap between those who succeed and all others. However, this should not deter us from recognizing and celebrating successes and valuing these models by making their experiences more visible and audible.

V. Some Ideas and Proposals for Stronger, Sustainable Female Leadership

The world is moving forward, as is Africa. Good performance, high growth rates and important infrastructures are being achieved. However, in terms of human development and particularly on the issue of gender equality, the pace is

slower and there is still a long way to go. The path ahead is a concern to all of us and involves, first of all, the political will of States, the involvement of politicians, governments and political parties, but also that of the driving forces, namely the elite, the media and civil society.

Engaging all stakeholders around this crucial issue will only have an impact if innovative action plans are developed. A prerequisite for any action plan is to have a database that supports the situation of women in our countries, reports findings, details the pitfalls that impedes their full participation, describes their aspirations, analyzes their emotional intelligence, and recognizes their multiple capacities and potential. It is imperative to fill the existing gaps in research and studies on the issue of women's leadership in Africa.

Africa has tremendous human potential that can take our societies to new levels of development. But this cannot be accomplished by excluding 50% of our populations. Restoring women's confidence requires the recognition of their fundamental rights. It is imperative to deconstruct the discourse on masculinity and replace it with a "narrative" that values women's strength.

An example would be "In contrast to men, who tend to be career-centric and want to maximize their financial return from work, women view work more holistically, as a component of their overall life plan" (Business New Daily). Furthermore, Joseph Nye in his book "The Power to Lead" reinforces this idea: *"Women are said to have a greater ability to work networks, to collaborate, and to nurture. Their nonhierarchical style and relational skills fill a leadership gap in the new world of knowledge-based organizations and groups the men are less well prepared to fill."*

There is not enough emphasis on women's ability to multi-task, to have strong listening and empathy skills, or high emotional intelligence. The latter has recently been recognized as an essential leadership skill.

We also need measures to address existing inequalities. In the economic sphere, the business world and the private sector, African women working in agriculture face problems related to land ownership. Laws must be enacted to protect them so that they can enjoy the benefits of their labor indiscriminately. Women's access to credit is also necessary to promote women's entrepreneurship. States can encourage women by promoting banking inclusion, helping women compete for public contracts, and improving their access to venture capital. Training and mentoring are also ways to stimulate female leadership. As for wage inequality, the State could require companies to publish the pay scales of their employees, as has been done in some countries of the Organization for Economic Co-operation and Development (OECD).

Gender equality policies require sizeable budgets to support expected change. Gender-sensitive budgeting is an important tool for addressing gender issues in public policy making. Particular attention should be paid to girls in

rural areas, particularly to guarantee their schooling and education.

Violence against girls and women and harassment causes physical, moral and psychological harm. They cause girls to drop out of school and drive women out of public spaces, which restricts their freedom. Tighter laws are needed, in conjunction with awareness-raising campaigns involving the media and civil society actors. New technologies are a great way to denounce and combat this disastrous phenomenon.

From a political point of view, women's representation and access to decision-making positions is improving. During my term as Minister for Women's Affairs in Morocco (1999-2002), I was committed to bringing this project, prepared in consultation with women of various political parties, to fruition. Although I do not defend an indefinite use of quotas, they are an instrument of affirmative action that still makes sense in our societies today. Only when equality is matured and anchored in people's minds will quotas become obsolete. Over and above quotas, parity must now be established, as the only instrument capable of guaranteeing full equality for both men and women. In Morocco, although the 2011 Constitution stipulated the establishment of a Parity Council, it has yet to be established.

The thorny issue of inheritance in Morocco could also be resolved through open dialogue. A re-interpretation of the Quran and enlightened jurisprudence would likely lead to a resolution that would redress this injustice. Morocco, under the leadership of His Majesty King Mohammed VI, had already succeeded in carrying out a similar reform in a peaceful and consensual manner in 2004 with the adoption of the new Family Code. This Code also calls for a new and more advanced reform that is consistent with the international conventions signed and ratified by Morocco.

Lastly, we are in a changing world, where we should not be subject to change but anticipate it in order to evolve at a pace to which African women and men aspire. Gender-based comparative approaches that emphasize individual differences and embed them in male supremacy are grossly biased and indicate an expansion of male domination and power. Yet, women are neither less competent, nor less efficient, nor less available. There are structural and endogenous factors that have led to this state of segregation. As soon as we can analyze these factors, we will be able to address them by better adapting our structures so that they can meet the requirements of both genders, as their combined performance will best serve sustainable development and shared prosperity. Innovating, thinking outside the box, will enable us to be better equipped to have greater impact on women. We will then be able to speak of collective African leadership.

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Chapter 8

Technology in Africa's Agricultural Sector: *Creating Jobs and Fostering Economic Growth*

by Fatima Ezzahra Mengoub & Olisaeloka Okocha

Introduction

Agriculture plays an important role in the economic and social development of African countries. Because of its important contribution to economic and social well-being, the development of agriculture is crucial to initiate a successful structural economic transformation. Africa's agricultural sector is a sleeping giant teeming with enormous potential. Sub-Saharan Africa accounts for 60% of the world's non-cultivated arable land and about 23% of Sub-Saharan Africa's GDP. In addition, agriculture is the primary source of food and income for Africans and also provides 60% of all jobs (Brookings institute, 2016). Africa's smallholder farmers represent 80% of the food production in the continent, yet roughly around \$35 billion is spent annually on the importation of food. According to Akinwumi Adesina, the President of the African Development Bank, "if the current trend continues, Africa is estimated to spend \$110 billion by 2030 on food imports". Moreover, statistics from the UN's FAO, point out the fact that 256.1 million people in the continent are undernourished whilst the rate of severe food insecurity of the total continent's population stands at 21.5%. The continent's agricultural sector is simply not growing fast enough to keep pace with the growth of its population.

To develop the African agricultural sector and improve agricultural growth in the continent, it is undeniable that technology must be used. Technical and technological progress can improve partial and total factor productivity and bring the agricultural production function closer to the frontier of efficiency. Neoclassical economists are convinced that in the long term, technology can create skilled jobs opportunities, but they also insist on job losses in the short and medium term.

As such, discussing the links between agriculture, employment and technology on the African continent is necessary and deserves to be well analyzed. Firstly, because the continent currently represents 17% of the world's population. By 2050, the world's population is expected to increase by an additional 2.2 billion people, more than half of whom would be attributable to the African continent, which means that one in four people in the world will be African in thirty years' time. This growth in population will ultimately lead to an increase in the demand for food that must be prioritized in order for Africans to live and maintain healthy lives. Moreover, Africa is currently home to the world's youngest population, with 60% of its population under 24 years of age, and these statistical trends are expected to continue for decades to come. Each year, millions of the continent's youth are entering the continent's labor market. Africa's greatest resource lies not in its enormous natural resource wealth, but in its human capital potential. The continent must harness this critical statistical trend in order to engender economic growth and build prosperous societies for the African people. Africa's leaders and decision makers must extend a hand to Africa's youth demographic and bring them in from the proverbial cold. The continent's youth must be supported to realize that they have an absolutely critical role to play towards nation building and are the leaders of both now and tomorrow. Persistent negative trends such as high rates of unemployment, increasing age of farmers and food insecurity can be reversed through a focused and concerted approach towards the agricultural sector.

On the basis of these challenges, modernization and application of agricultural best practices present viable solutions to overcoming the challenges faced in the continent's agricultural sector. This is where the integration of new technologies has a vital role to play as it can potentially positively impact agricultural yields and spur the sector's growth.

The introduction of technologies into the agricultural sphere will undoubtedly have a direct impact on the continent's labor force, the question then becomes how? Subsequently, a critical analysis on the nexus between agriculture, the application of technology and its impact on jobs will be presented forth. This paper will seek to address the question posed as well provide an in depth analysis of the topic at hand throughout its course.

Agriculture-Job-Technology in the literature

One school of thought amongst researchers is that the use of technological progress to improve the productivity of the factors used, increase production, and achieve high growth rates, is one of the main ingredients necessary to ensure the socio-economic development of African states. Conversely, the effect of the

introduction of new technologies on job creation is proving to be a contentious point amongst opposing schools of thought. It is true that in the long term, technological change is seen as a growth driver for improving productivity and creating more opportunities for skilled work, but the adjustment process is likely to be long because of the huge investment needed to unlock obsolete technologies and adopt new ones that are considered more efficient and effective. To this end, the enhancement of human capital potential is essential. Generally, it takes several generations and years of research and experimentation to reach the necessary skill levels. In addition, the type of technological progress is also a factor that influences employment. If technological progress is product-oriented, in other words the search for new products to satisfy latent demand, then this technological change will necessarily be accompanied by the creation of new job opportunities. Moreover, if technological progress is process-oriented, unskilled employment is negatively impacted in the short term and investment in machinery will necessarily reduce the employed labor force (Ugur, 2017).

In his book titled “On the Principles of Political Economy and Taxation”, David Ricardo has argued that the introduction of new technologies does not change total capital, but affects its composition (labor and technical capital). In essence, manual labor is replaced by machineries, which in the short term increases unemployment, especially amongst unskilled labor. In the same vein, several economists support the thesis of the negative effect of technological change on employment, such as Alfred Sauver, Jeremy Rifkin and Maynard Keynes (Debonneuil & Encaoua, 2014). Moreover, Aghion and Howitt have a different method to analyze technological progress. According to the two authors, companies with a fixed production cost that do not use new technologies to minimize their costs will tend to close down their operations and therefore put their employees out of work. This situation will force employees to seek new occupations in the most innovative sectors that offer more jobs. In short, technological progress is a means of reallocating the workforce from the least innovative to the most innovative sectors (Aghion & Howitt, 1994).

In agriculture, the issue of technological progress has been addressed at length. Indeed, two sources of technological progress must be distinguished: innovations designed at the farm level and those received from other sectors. Generally, new technologies from other sectors are more important and have a significant impact on production levels. Even with large surfaces, large farms are not able to generate significant productivity gains if they use the results of research carried out either at the public sector level or by the private operators who provide various inputs (Ruttan, 1986). These new technologies are transmitted to farmers through purchased intermediate consumption or through technical assistance and training provided by some organizations.

An agricultural sector is considered efficient when the growth of agricultural

production is sustainable and is mainly explained by productivity growth. To achieve these expected growth rates, it is essential to use new technologies to ease the pressure on available resources and remove the constraint of the limiting factor. Specific to each country, the latter constitutes the main obstacle to the development of the sector. Indeed, the allocations of natural, human and financial resources are contrasted according to several criteria, reflecting the geographical situation, the level of qualification of the workforce and the level of development of a given country. Historically, technological progress in developed countries has been oriented towards the innovation of new technologies that can overcome the deficit of a resource such as land and labor. There are two ways to see technological change in agriculture:

1. Technological change and land productivity

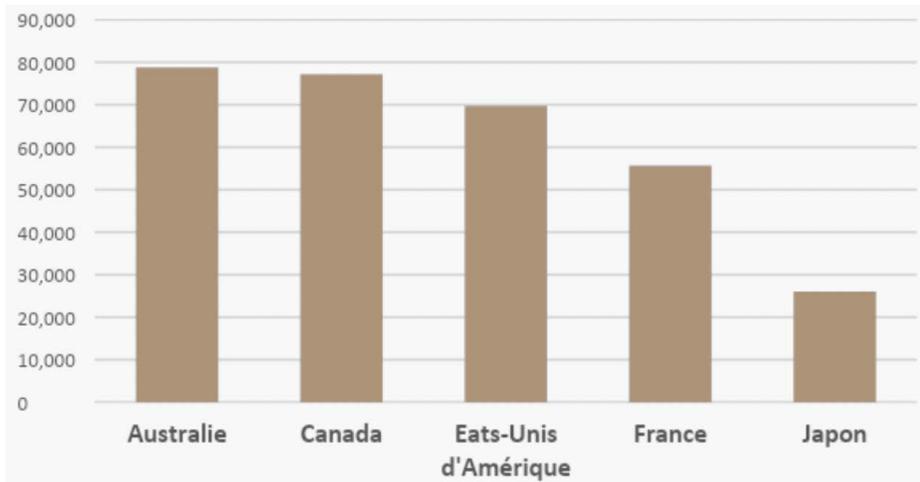
To improve land productivity, countries with relatively low agricultural land endowments tend to direct their scientific research towards the development of new products (improved seeds, customized fertilizers, adapted phytosanitary products, etc.) or new agricultural practices (hydroponics, direct seeding, drip irrigation, biological control, etc.). Given that agricultural land is considered to be an inelastic supply good, improving land productivity through technological progress is a necessary condition for increasing the quantities produced per hectare. Japan is a quintessential example of a nation that has used technology to its advantage despite several impeding factors. Composed mainly of isolated islands, this country has about 4.5 million hectares of agricultural land, which represents only 12% of the country's total area (FAOSTAT, 2019). In addition, most of this land reserve is considered poor, making it difficult for farmers to cultivate it easily because it is primarily mountainous land. To overcome this natural disadvantage, the Japanese Ministry of Agriculture (MAFF) has placed agricultural research at the heart of its agricultural development policy, particularly that of food security for the Japanese people. In this sense, agricultural research is carried out in several administrative institutions such as the Agriculture, Forestry and Fisheries Research Council (AFFRC). The two main areas of research are the development of high-yielding varieties as well as information technologies, namely innovations related to the collection of field information such as meteorological sensors for better efficiency and resource management (MAFF, 2014).

As a result of these initiatives, Japan's agricultural sector has over time become one of the most competitive in the world, outperforming traditional agricultural powerhouses who have natural competitive advantages. When analyzing present values, the productivity of agricultural land in Japan is significantly higher than that achieved in countries recognized as traditional agricultural powerhouses

such as the United States, Brazil and India. The value of Japan's agricultural productivity amounts to \$17,300 USD/Ha compared to only \$600 USD/Ha in the United States, \$400 USD/Ha for Brazil and \$1 200 USD/Ha for India.

2. Technological change and labor productivity

Countries with a relatively low supply of agricultural labor tend to focus their research on the development of new machines capable of performing various agricultural tasks in order to increase labor productivity. By analyzing the same selection of contrasting countries also in terms of human resource allocations, we realize that countries with low labor resources have developed agricultural policies that focus on technology development. The United States is the best example to cite in this situation. Since 1830, the public authorities in the United States have supported the development of agricultural research and training (Devienne & al., 2005). The American agricultural revolution was initiated by using a number of machines that increasingly reduced animal power and replaced it with mechanical power (Arbos, 2000). At the beginning of the 20th century, American agriculture employed almost half of the total workforce in the country and also relied on animal power, with an estimated 22 million animals performing difficult and arduous tasks. Production was not very diversified and five crops were mainly produced (Dimitri, Efland, & Conklin, 2005). By focusing its technological progress on innovation that improves labor productivity, the U.S. government has been able to transform traditional agricultural systems into new, modern ones. The new model consists of a small number of large, specialized and highly mechanized farms. Currently, these farms employ about 1.9% of the total American labor force (USDA, 2019) and produce a wide range of agricultural products. Technological progress has enabled the United States to become an international agricultural power by making the sector highly competitive. The comparison of agricultural value added divided by the number of workers in the sector shows that the United States, alongside Canada and Australia, is amongst the countries with very high value added per worker. This means that the average productivity of each worker is quite high and that labor is relatively rare.

Figure 1. Agricultural value added by worker (constant 2005 U.S \$)

I. Technology and job creation dilemma in Africa

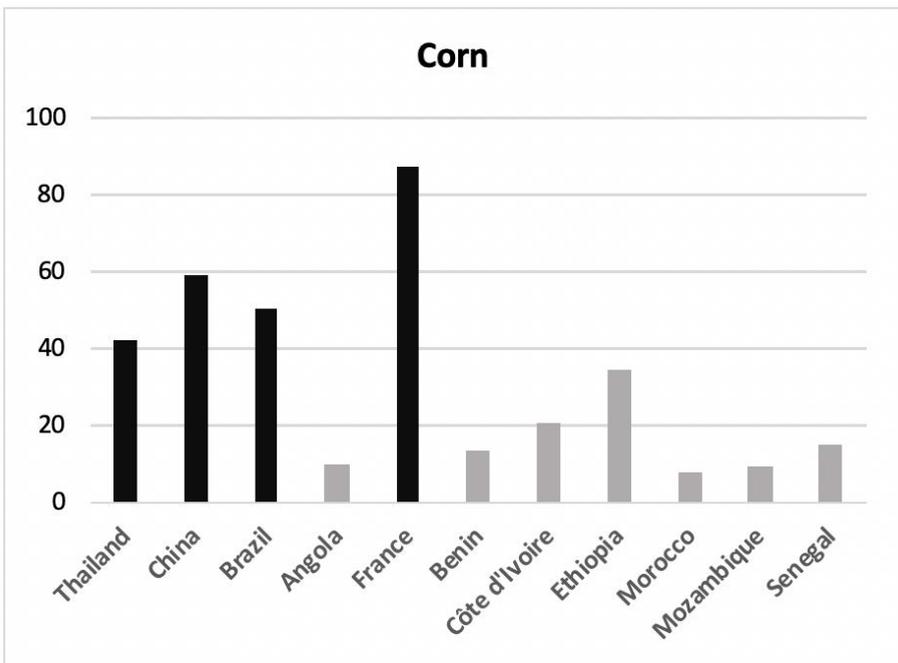
After analyzing the theory of technological progress and its likely effects on job creation, this section will focus on the case of African countries. It will first analyze the reasons why it is imperative to use new production processes and new technologies in the agricultural sector. It will then present some successful examples of the introduction of new production techniques or new models and their impact on agricultural production and employment.

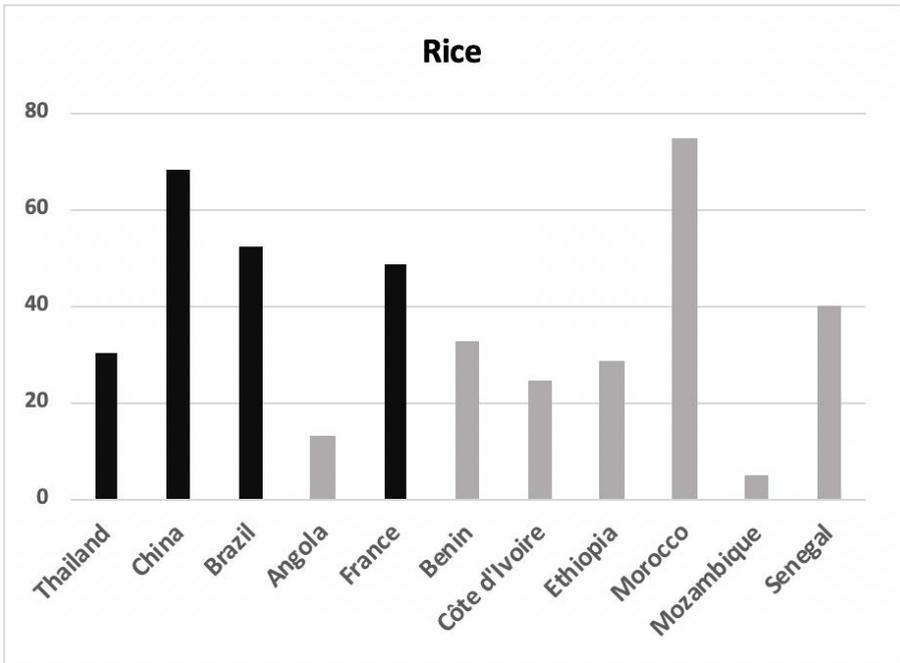
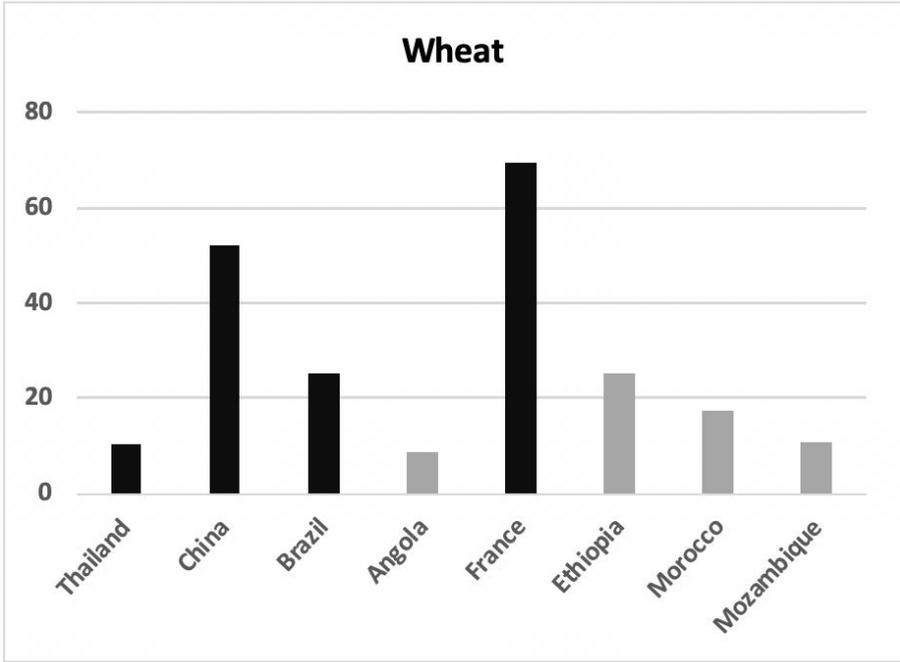
Although laden with unparalleled potential, the African agricultural sector is punching far below its weight. Despite its fertile land, abundant water resources, and enormous human capital potential, the African continent still has weak agricultural performances compared to its counterparts. On average, the continent's agricultural sector accounts for 23% of the continent's total GDP and employs more than half of the total working population, but the sector remains grossly underutilized and still suffers from many gaps that are likely to worsen in the current situation. A comparison of the crops' yield levels of the three cereals (rice, wheat and maize), considered as the most consumed grains in African countries, indicates that African countries have the lowest yield levels in the world (see figures below).

This underperformance could be explained by several factors. The first factor to be exposed is the low use of sophisticated inputs such as machinery, irrigation, improved seeds and others, and therefore simply by a low technological content

in production systems. If we take the fertilizer sector as an example, the average fertilizer consumption in Africa is around 12 kg of micro-nutrients per hectare, while the world average is around 120 kg of micro-nutrients per hectare. On the mechanization side, the African agricultural sector still relies on human and/or animal power to carry out the various tasks from production to marketing. 50 to 85% of agricultural work is done either by human or animal force (MaMo panel, 2018). The non-mechanization of African agriculture generates new costs due to inefficiencies along agricultural value chains. By halving post-harvest losses at the farm level, it is estimated that more than one million additional tons of milled rice could be made available in sub-Saharan Africa through the use of appropriate and adapted machines, which represents 17% of total rice imports in Africa per year. In addition, these new technologies help improve agricultural products qualities and allow storing food all the year. It thus contributes to ensuring food security for the population by controlling stock flows and stabilizing prices on local markets.

Figure 2. Yield levels of some cereals (qx/ha), 2012-2016





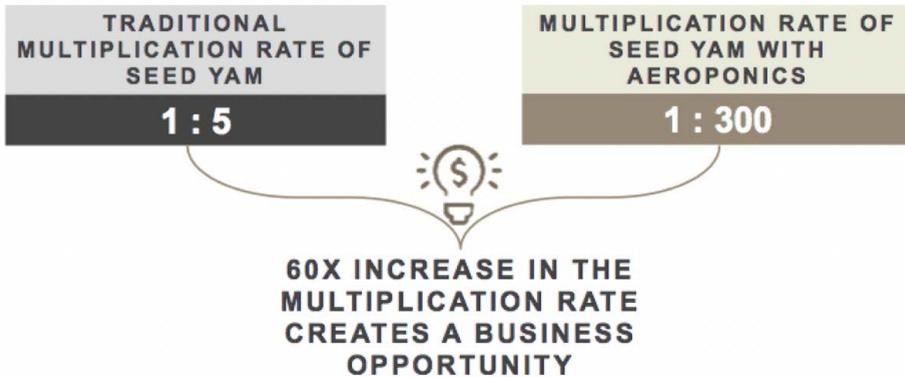
Irrigation is also a key factor in enhancing the continent's agriculture sector. Indeed, Africa's water endowments are huge, but paradoxically, arable lands equipped by irrigation systems are still the lowest in the world. In fact, 6% of cultivated lands are equipped for irrigation in Africa against 37% in Asia and 14% in Latin America. Considering water and land resources, the potential to increase irrigation in Africa is of about 47 millions of hectares. Irrigation expansion doesn't only improve land productivity but also creates a new type of job opportunities. Institutional and physical infrastructure are needed for irrigation development. Moreover, new businesses could be created around irrigation activities. In fact, it's estimated that in sub-Saharan Africa, irrigation expansion could lead to an expansion of machines use that could benefit between 113-369 million rural people and generate 14-22 billion dollars per year (Xie, You, Wielgosz, & Ringler, 2014).

Currently, disruptive technologies are taking shape in the continent's agricultural sector and are beginning to pique the interest of the continent's youth, thus leading to increasing participation in the sector. Agri-wallet out of Kenya is currently working with 20,000 farmers and is going a long way to addressing the aforementioned challenges above by utilizing novel block chain technology to assist farmers in gaining access to loans, which in turn can be used to buy seeds, fertilizer and tools for crop protection. The farmers are also provided with access to market to sell their produce. Better saving strategies are also being implemented and adhered to and the money accrued from farmer's savings is used for further investment into their respective farms.

On the other hand, the yam crop is one of the most important economic and culture crops of the West and Central African regions with Nigeria being the world's largest producer of the crop with a present production value of \$13.7 billion. With the requisite inputs and support this figure is expected to increase significantly. The Yam Improvement For Income and Food Security in West Africa (YIIFSWA-II) initiative, overseen by the renowned International Institute of Tropical Agriculture (IITA), has identified the potential in the yam sector and is currently providing advisory support and the establishment of appropriate business models to private yam seed companies in both Nigeria and Ghana. Innovative technologies such as aeroponics, hydroponics, and adaptive minisetting technique are being presently deployed by seed companies to take advantage of the tremendous opportunity in the West African yam value chain. This initiative aims to see a 30% increase in the productivity of yam cultivation for at least 320,000 smallholder yam farmers in six states (Enugu, Benue, Nasarawa, Federal Capital Territory, Niger and Oyo) of Nigeria and two regions (Brong Ahafo and Northern) of Ghana.

PS Nutraceuticals International Limited is a registered seed company operating out of Nigeria that is presently using advanced agricultural technologies

to ensure clean, healthy and affordable yam seeds are made available to farmers in the South-Western region of Nigeria. The company's use of aeroponics systems via greenhouses is changing the economics of clean seed yam production through higher multiplication rates.



These higher multiplication rates are positively impacting small holder farmers who have access to more clean healthy seeds with higher rates of productivity, which will in turn greatly improve their income.

Furthermore, Hello Tractor is another great example of a new way of using technology to improve efficiencies, profitability, and transparency in agricultural market, especially in the tractor contracting market. In fact, it is an Internet-of-Things (IoT) solution that connect tractors' owners to farmers and simplify access to machines. Founded in 2011, this start-up has designed a small tractor with a GPS antenna, which allows it to be located in real time. The idea is to be able to connect the owners of this type of machine with farmers who need a tractor. To do this, they must send an SMS to the company, which then takes care of finding the nearest machine owner. An application has also been designed to facilitate transactions. By expanding tractors' serviceable geography, Hello Tractor enables owners to grow their business, providing employment opportunities for service providers and rural booking agents. By creating equitable access to tractor services, Hello Tractor enables smallholder farmers to earn more and grow more, improving livelihoods and food security for their families and communities (Hello Tractor, 2019). Moreover, by integrating ground intelligence with mechanization, Hello Tractor aims to transform the agricultural ecosystem, creating efficiencies that generate inclusive growth, reduce poverty, and help build stronger, more stable economies.

Conclusion

It is undeniable that the agricultural sector plays an important role in the economic and social development of African countries. However, the sector has several gaps that need to be addressed to ensure the expected economic transformation and achieve the desired levels of development and growth. To do so, it is essential to modernize and make the agricultural sector more profitable. Currently, African agriculture is characterized by a low level of intensification with poor performance despite the continent's wealth of natural and human resources. While the agricultural sector has recorded significant growth rates in recent decades that even exceed the global average growth rate, other internal (population explosion, climate change, etc.) and external challenges (price volatility on international markets, trade wars, geopolitical tensions, etc.) are forcing African countries to pay more attention to the agricultural sector in order to first meet the food needs of the local population, generate more value added and eradicate poverty. Faced with these findings, it is essential to modernize traditional production systems and introduce new production technologies and techniques. Indeed, technology makes it possible to improve the productivity of production factors, to manage resources, to reduce the time needed to accomplish different tasks and finally to reduce their hardship. However, technological progress must in turn be made in a very intelligent manner because, to be successful, it is necessary to ensure the adoption of new technologies adapted to the African context. Technological progress can generate positive and negative externalities, including the reduction of work opportunities for a certain category of employment. With a young and dynamic population that can actively participate in wealth creation, African policy makers must ensure that the policies developed can both improve agricultural performance and take advantage of this growth in the youth labor force. In this sense, training and human capacity building are essential.

Today, several initiatives have been taken by the private sector and also by public authorities to modernize and promote agriculture in Africa. However, there is still considerable room for maneuver. In addition, it should be noted that technology alone cannot solve all agricultural problems. Indeed, technological progress is just one of the ingredients missing for the development of African agriculture. In this sense, we can mention as an indication the infrastructure, the macroeconomic framework, the education system, etc. Infrastructure is essential throughout the agricultural value chains. Irrigation networks, storage units and the cold chain are all essential for production. The organization of markets, transport and information transmission channels also have a role to play in the agricultural development process. As for the macroeconomic framework, care must be taken to develop economic policies that address international

competitiveness and the promotion of local production. Incentives must be implemented to help local producers develop their activities. It is also necessary to ensure that a pricing policy is in place that allows consumers access to basic food products and ensures their food security. In terms of human capital, it is necessary to ensure systematic access for the entire population to a solid education system capable of generating a skilled and productive workforce.

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Chapter 9

An economic outlook of the Atlantic basin: *macroeconomic and financial integration in a morphing world*

By Tayeb Ghazi & Youssef El Jai

The Atlantic space is marked with important disparities between the northern and southern parts. While the north mainly consists of advanced economies, the south is formed by Latin American, Caribbean, and African Economies. In this work, we look at the state of economic convergence, in its broad sense, within that space, by also taking into account the regional settings that are already in place. We find significant difference in the state of convergence within each sub-region, which calls for further action and cooperation in order to enforce and upgrade the relationships between the North and the South. We also take a specific look at the South, by selecting some relevant issues in some well-chosen Latin American and African countries. In the former, structural economic and political rigidities are major obstacles to the complete emergence in some promising countries (e.g. Argentina, Brazil). Africa still faces the same challenges of improving human capital, providing suitable infrastructure and enforcing good governance norms. In this context, the digital revolution represents a tremendous opportunity to develop a new kind of cooperation within the Atlantic space on the one hand, and overcome the specific uphill challenges faced by the Southern regions.

I. Macroeconomic and financial convergence

1. The Atlantic Region at a Glance

The Atlantic Basin is surrounded by three continents and has a population of about 2 billion, or 28% of the world's population. About two thirds of this population is based in the southern part of the basin, namely Africa with 27% and Latin America and the Caribbean with a proportion of 28%.

Population of the Atlantic region by sub-region (2015)

	Population size	Share in Atlantic population	Share in world population
Africa	522 422 872	27%	7%
Latin America and the Caribbean	558 009 945	28%	8%
USA & Canada	357 270 594	18%	5%
Europe	523 538 195	27%	7%
Atlantic Space	1 961 241 606	100%	28%

Source: Author's calculation based on World Development Indicators Database, World Bank

This basin, which accounts for about 79% of the world's GDP, mainly concentrated in the North, is home to several economic communities of significant diversity in terms of weight, growth rates and levels of convergence. As far as weight is concerned, the balance is largely in favor of the north, which accounts for about 86% of the basin's production.

Real GDP in the Atlantic area (constant 2010 in US\$ million)

Average by sub-region	Average 2014-2016	Share in total Atlantic GDP 2014-2016	Share in total world GDP 2014-2016
Africa	1 342 596,0	3,1%	2,4%
Latin America and the Caribbean	5 003 382,2	11,5%	9,1%
USA & Canada	18 346 407,0	42,0%	33,2%
Europe	18 981 685,7	43,5%	34,3%
Atlantic Space	43 674 070,9	100,0%	79,0%

Source: Author's calculation based on World Development Indicators Database, World Bank

However, the growth rates are higher in the southern countries, especially in Africa, whose regions show an average growth rate of more than 3% over the period 2000-2018.

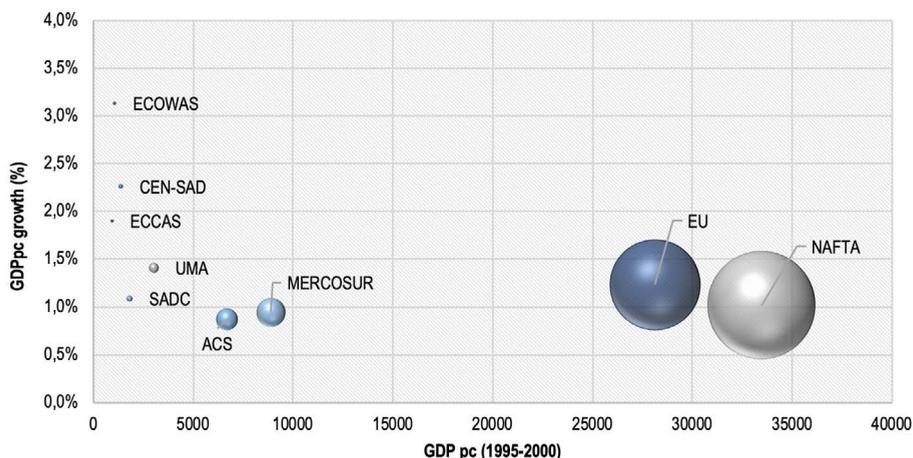
Average GDP growth rates in constant 2010 US dollars (%)

Period	AMU	ECCAS	ECOWAS	CEN-SAD	SADC	MER-COSUR	ACS	NAFTA	UE
1995-2000	3,2	3,2	3,4	3,8	2,8	1,7	3,6	4,4	3,0
2000-2005	5,2	7,2	8,8	6,7	4,4	2,5	2,1	2,6	1,9
2005-2010	4,3	6,5	6,2	6,0	4,3	4,2	2,4	0,6	0,6
2010-2015	- 0,3	4,6	5,3	2,4	3,6	1,2	2,7	2,2	1,0
2000-2018	3,0	4,9	5,7	4,5	3,7	2,0	2,3	2,1	1,6

Source: Authors' calculations, UNCTAD-2019

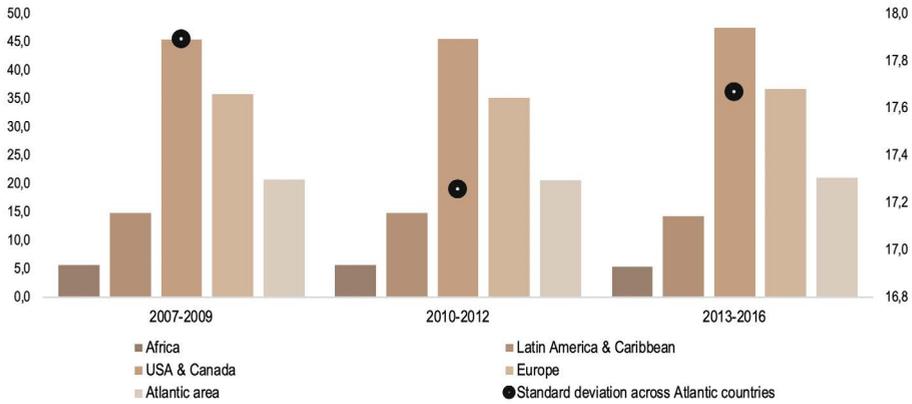
These growth rates have only allowed a weak inter-regional convergence, whether it is convergence between communities in the region or between continental areas.

Real inter-regional convergence (Atlantic)



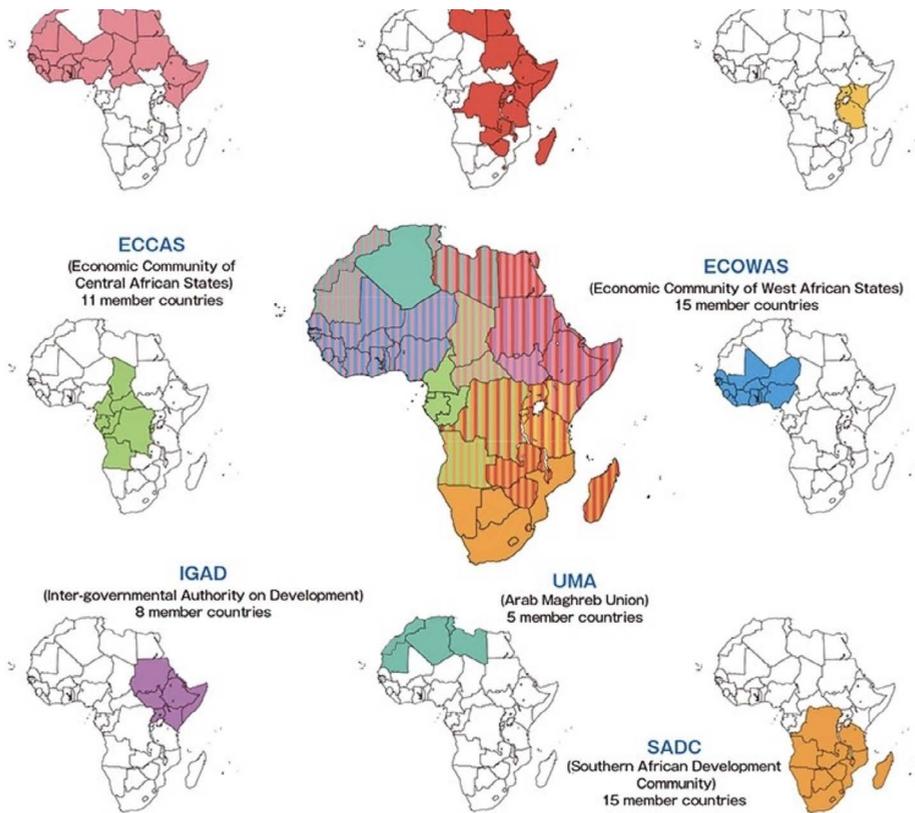
Source: Authors' calculations, UNCTAD-2019

Convergence in the Atlantic region (constant 2011 in US\$ 1000)



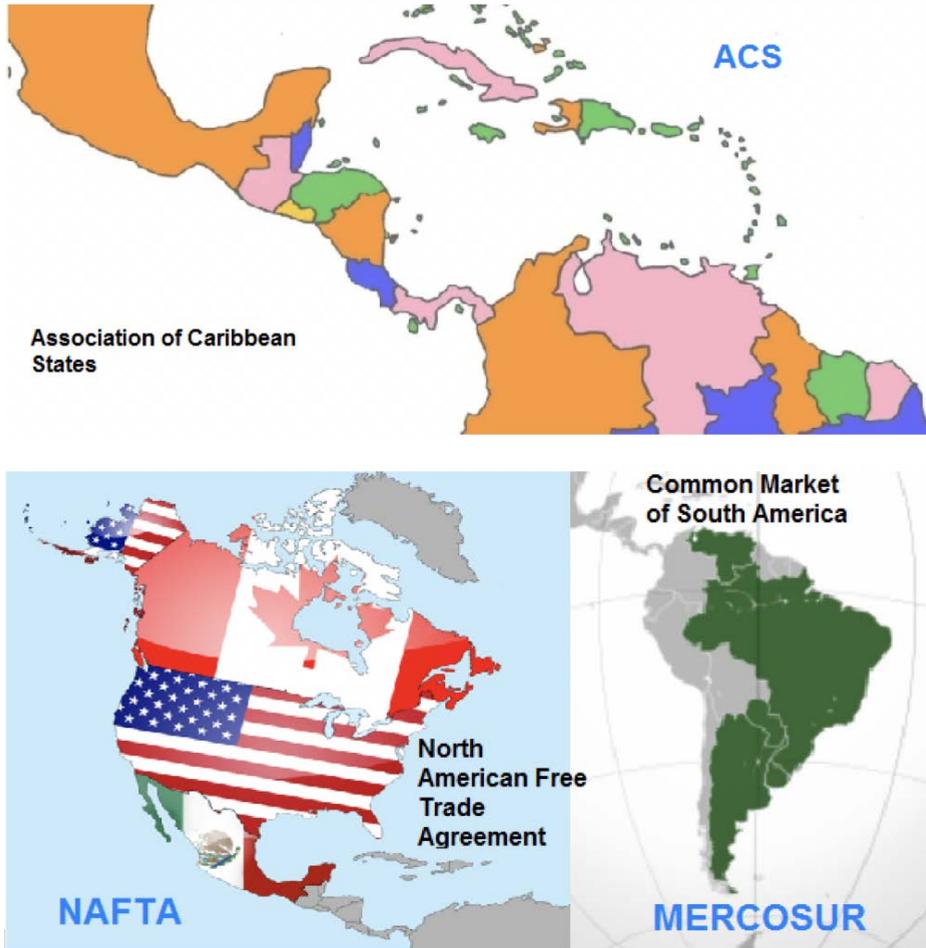
Source: Author's calculation based on World Development Indicators Database, World Bank

Figure 1. Regional Economic Communities in Africa



Source: Ministry of Foreign Affairs of Japan, Diplomatic Bluebook - 2016

Figure 2. Regional Economic Communities in America



Source: websites of the REC

2. Real convergence

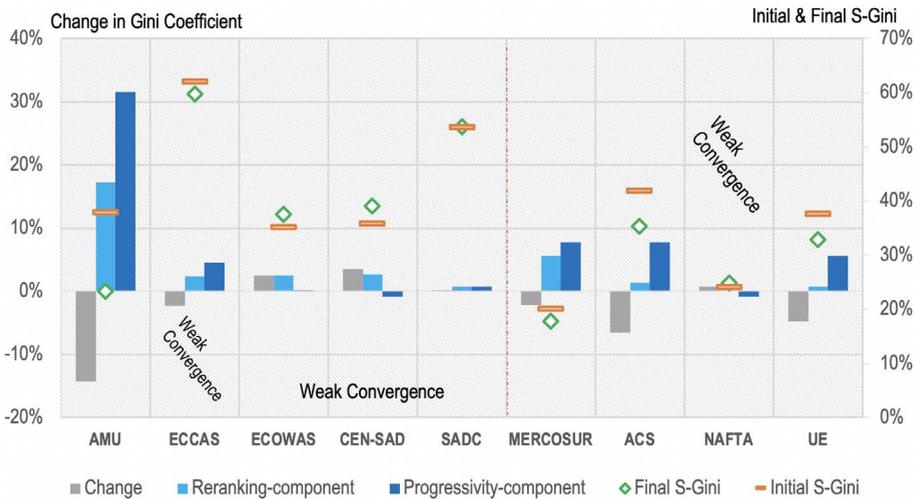
Real convergence is the process by which GDP per capita levels in low-income economies catch up with those in high-income countries, following a sustainable long-term trend.

The literature places real convergence as a necessary condition for the establishment of monetary and economic unions. This convergence is fundamental because it provides a sort of insurance against a variability in the macroeconomic and distributional consequences of a common monetary policy. It is also because reducing the gaps in living standards between Member States is

essential to strengthen cohesion, and ultimately the sense of belonging.

In Africa, the establishment of an economic and monetary union has been longed for since the launch, in 2005 at the Summit of Heads of State and Government of the Abuja Organization in Nigeria, of the project to create common African monetary and financial institutions. However, observations concerning the economic communities of the Atlantic space indicate that there has been little progress in terms of real convergence. Except for the Economic Community of Central African States and the Arab Maghreb Union (AMU), all these communities have a low progression of income relative to the richer countries in these communities. At the level of the AMU, and despite the presence of a real convergence process, it is Libya's underperformance that explains the importance of convergence as measured by the change in the Gini index.

Figure 3. Decomposition of Sigma-Convergence: The progressive effect of low-income countries and the reclassification or mobility effect



Source: Authors' calculations, UNCTAD-2019

Outside Africa, the Atlantic regional economic communities are doing well in terms of real convergence. The Association of Caribbean States is the champion in this area. MERCOSUR is the least unequal grouping. Moreover, the low income growth of residents in Mexico, compared to Canada and the United States, prevents a process of real convergence from taking place in NAFTA (North American Free Trade Agreement).

3. Synchronization of business cycles

Another criterion for convergence towards economic and monetary union is the synchronization of economic cycles. Member countries with highly correlated cycles tend to respond symmetrically to economic and monetary policy shocks. Also, this synchronization induces important spillovers and distributional effects. Thus, the synchronization of the economic cycles of countries that are members of economic communities is one of the most frequently mentioned convergence criteria in the literature.

Regarding the correlation of output growth in the countries of the Atlantic Economic Communities as an indicator of convergence and integration, the observations indicate a weakness in Africa. In the Caribbean and MERCOSUR, the cycles of member countries are found to be moderately synchronized. A greater synchronization is observed during the period between 2000 and 2010 in MERCOSUR. Between 2010 and 2015, the correlation coefficient decreased from 0.50 to 0.35, mainly indicating a desynchronization of Venezuelan growth.

In the North Atlantic, the synchronization is stronger. The correlation of the cycles of the EU countries was around 0.64 between 2000 and 2018. The NAFTA countries' share was around 0.79. It should be noted that the synchronization of economic cycles has declined in all Atlantic economic communities between 2010 and 2015.

Figure 4. Correlation coefficients for output growth (2000-2018)

Period	AMU	ECCAS	ECOWAS	CEN-SAD	SADC	MERCOSUR	ACS	NAFTA	UE
2000-2005	0,28	0,14	- 0,03	0,03	0,07	0,50	0,17	0,80	0,22
2005-2010	0,17	- 0,00	0,06	- 0,01	0,18	0,50	0,55	0,93	0,83
2010-2015	- 0,09	0,08	0,03	0,06	0,13	0,35	0,03	0,00	0,37
2000-2018	0,12	0,11	0,01	0,00	0,14	0,47	0,30	0,79	0,64

Source: Authors' calculations, UNCTAD-2019

4. Macro-economic or nominal convergence

Macroeconomic, or nominal, convergence is based on a number of economic indicators related to the design and performance of macroeconomic policies.

These are in principle the level of inflation and the levels of foreign exchange reserves. Other indicators can be added to the list, such as interest rates, exchange rate developments, the budget deficit and the debt-to-GDP ratio.

As far as inflation is concerned, the rule is to have stable inflation of less than 3%. This rule is only verified in the European Union, NAFTA and AMU if Libya is excluded over the period 2000-2018. In Africa, the economic communities are a little far from the goal. For comparison, the 2017 edition of the Atlantic Currents points out that only thirteen African countries have managed to maintain a structural inflation rate below 3% over the past fifteen years, namely: Morocco, Zimbabwe, Cameroon, Gabon, Benin, Burkina Faso, Côte d'Ivoire, Cape Verde, Guinea Bissau, Mali, Niger, Sierra Leone and Togo. Nine of them are West African countries belonging to ECOWAS.

Apart from the non-alignment to this rule in Africa, the data indicate a downward trend in inflation since 2000 thanks to the reforms maintained.

Figure 5. Inflation rate in % (2000-2018)

Period	AMU	ECCAS	ECOW- AS	CEN- SAD	SADC	MER- COSUR	ACS	NAFTA	UE
2000-2005	1,18	67,78	12,43	7,37	22,26	8,43	6,25	2,84	2,33
2005-2010	3,38	9,46	10,32	8,63	7,55	5,73	4,78	2,49	2,07
2010-2015	4,00	6,62	9,14	8,99	6,38	7,79	3,76	1,80	1,53
2000-2018	3,19	27,89	10,57	9,12	12,34	7,67	4,91	2,31	1,87

Source: Authors' calculations, UNCTAD-2019

Regarding foreign exchange reserves, the rule is to have reserves greater than or equal to 6 months of imports of goods and services. In this respect, alignment is observed for three out of seven South Atlantic economic groupings, namely AMU, CEN-SAD and MERCOSUR. For the rest, foreign exchange reserves covered between 3.5 months and just over 4 months of imports of goods and services.

Figure 6. Foreign exchange reserves in months of imports of goods and services (2000-2018)

Period	AMU	ECCAS	ECOWAS	CEN-SAD	SADC	MERCOSUR	ACS
2000-2005	13,1	2,1	3,2	7,2	4,6	5,8	3,2
2005-2010	20,9	4,1	3,9	8,9	4,2	7,0	3,5
2010-2015	18,5	4,3	3,7	7,8	3,8	6,8	4,0
2000-2018	17,1	3,5	3,7	7,8	4,2	6,9	3,7

Source: Authors' calculations, UNCTAD-2019

II. Economic integration through trade, finance and migration

1. Financial integration

Another aspect of integration is the financial one. Approached by portfolio investment, the data indicate a concentration of financial flows from and to Europe and North America compared to the southern Atlantic Basin. While the basin accounted for 75% of such investment flows between 2013 and 2015, Africa has contributed only modestly to these flows. The same is true for Latin America and the Caribbean.

Figure 8. Geographical breakdown of exports: intra-regional and to the rest of the world (three-year average share of total exports, in percentage)

Vers	Africa			Latin America and the Caribbean			USA & Canada			Europe			Atlantic space			Rest of the World		
	2009-2011	2012-2015	2009-2011	2009-2011	2012-2015	2009-2011	2012-2015	2009-2011	2012-2015	2009-2011	2012-2015	2009-2011	2012-2015	2009-2011	2012-2015	2009-2011	2012-2015	
Africa	10,7	11,1	6,0	5,0	16,9	9,4	30,0	33,0	63,7	58,5	36,3	41,5						
Latin America and the Caribbean	1,1	1,0	15,0	13,6	39,7	42,2	12,7	11,9	68,5	68,7	31,5	31,3						
USA & Canada	1,1	1,2	17,6	19,4	32,0	31,8	18,4	16,5	69,3	68,9	30,7	31,1						
Europe	1,7	1,8	2,2	2,4	6,9	7,4	68,2	65,7	79,0	77,3	21,0	22,7						
Total Atlantic space									74,9	74,2	25,1	25,8						

Source: Authors' calculations from the International Trade Centre database

2. Trade integration

The promotion of trade is one of the main objectives of the economic communities. The more bilateral trade between members of a community, the more its economies benefit from coordinating their trade and other policies. In the Atlantic, and like other integration indicators, bilateral trade is concentrated to and from the north.

3. Migration and remittances

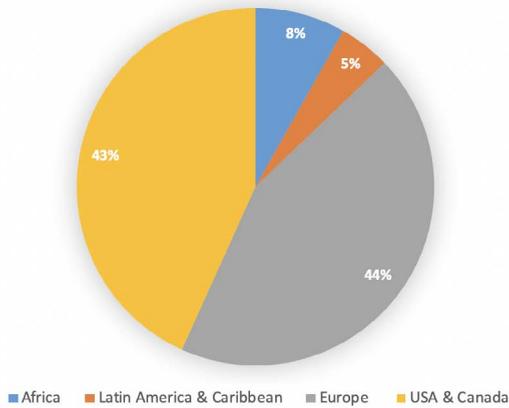
Another important aspect of economic integration is migration. Indeed, in a liberalized area, full integration implies the freedom of movement for individuals within the countries that belong to the same integrated space. As one would expect, migration is higher within the sub-regions that have already established advanced economic integration, only with some exceptions. Looking at the bilateral migration matrix of 2017 provided by the World Bank, we can have a detailed view of the migration flows by origin and destination within the Atlantic Space. A general feature is that migration is mainly intra-regional. Flows to Africa account for 8.2% of the total migration within the Atlantic space, of which the bulk is intra-regional migration. Indeed, flows from Africa towards Africa account for 86% of total African migration, the rest consisting mainly of migration from Europe (12.8%). Migration to Latin America & Caribbean account for 5% of total flows in the Atlantic space. Migration flows within that sub-region represent 77.5% of the region total inward flows, what remains is for the most part shared between Europe and North American sub-regions. Flows to Europe represents 44% of total migration, as highlighted above, intra-regional migration represents 66.8% of total inward migration flows, Africa comes second and represents 18.4% while the Latin America & Caribbean region represents 11.6%. Migration to USA & Canada represents 43% of total migration. This sub-region is an exception as it is characterized by low intra-regional migration flows. The bulk of migration is represented by Latin American & Caribbean which accounts for 71.9% of total inward migration to the North American sub-region.

This round of descriptive statistics observations sheds the lights on some interesting features about the Atlantic space. Defining the determinants of migration is a very difficult task as there cannot be a stable migration pattern across the world and determinants would vary a lot across categories, regions and individuals. Still, without being causal, we can draw some stylized facts from our sample. The first one is that advanced integration does not appear to be a clear determinant of intra-regional flows, nor is geographical proximity. Country size, if we consider it as a proxy for potential economic opportunities, can be a

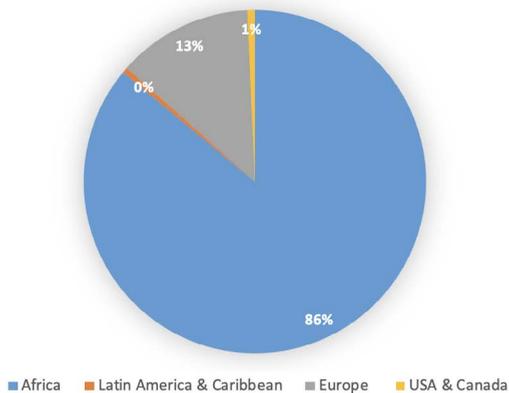
sounder explanation. Testing this hypothesis is out of the scope of this chapter. As for the evolution across time, we compare migration flows across the Atlantic space in 2013 and 2017. Total migration in the Atlantic space has decreased from around 70 million in 2013 to around 66.6 million in 2017. A possible explanation can be found in the detailed figures, in particular, two important trends are out of interest. First, the inward flow of Latin American & Caribbean migrants to the US has decreased by 1 million between 2013 and 2017. Second, the inward inflows from Africa to Europe decreased by 3.1 million during the same period. This might be explained by the intensification of border controls and the control of migration flows in both parts of the North Atlantic Space. At the same time, we observe an increase of the intra-regional flows in Africa.

Figure 9. Migration in the Atlantic space, World Bank

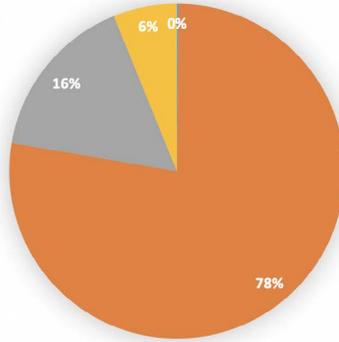
Share in total Atlantic space migration



Migration towards Africa

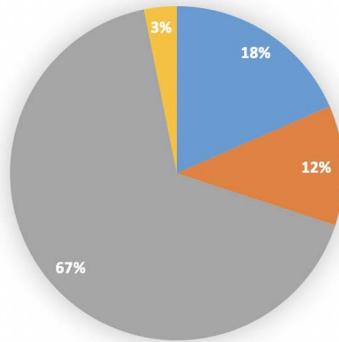


Migration towards Latin America & Caribbean



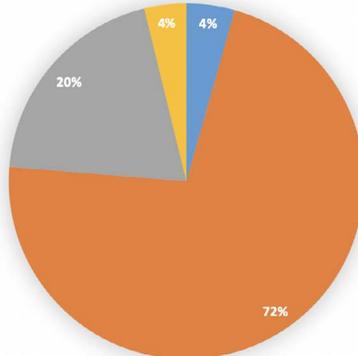
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Migration towards Europe



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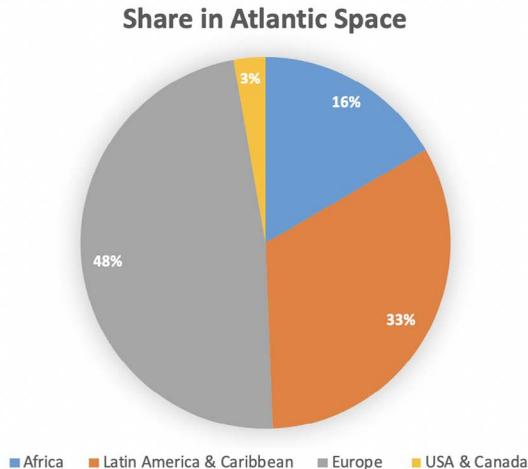
Migration towards USA & Canada



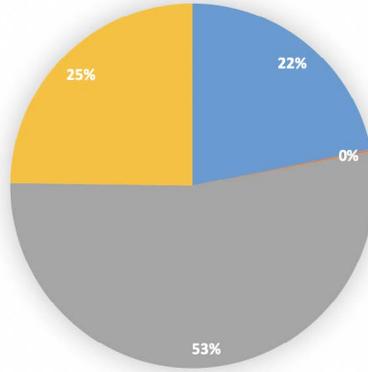
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The second indicator of interest in this section is remittances. This measure is particularly of interest for African countries where they contribute to financing the current account (i.e. Morocco). Looking at the bilateral matrix provided by the World Bank for 2017, there is no apparent common feature. Indeed, the numbers of migration do not reflect in the amounts of remittances. One would expect these to be higher when the inflow comes from a rich sub-region. This is confirmed in the data. More than half of African remittances come from Europe, while the rest is shared almost equally between the African sub-region & North American sub-region. African countries in the Atlantic space account for almost 17% of total remittances of the region. In Latin America, most remittances come from the USA & Canada sub-region as one would expect, given the high migration flows between the two regions. The whole sub-region accounts for more than 32% of total remittances inflows in Atlantic Space. In Europe, intra-regional flows account for more than 74% of total remittances inflows. This can be easily explained by the advanced economic integration within the European continent and the free movement of capital. Country size and limited migration in the North American sub-region reflect in the remittances figures as the region accounts only for a small part in the total Atlantic Space region inflows. Hence, the latter region accounts for 3% of Atlantic space’s total remittances inflows when Europe represents 48%, Latin America & Caribbean 33% and Africa 16%.

Figure 10. Remittances in the Atlantic space, World Bank

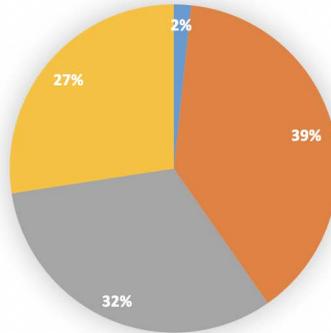


Africa



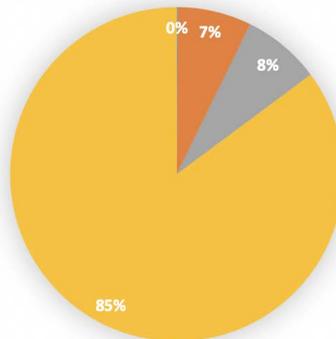
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USA & Canada

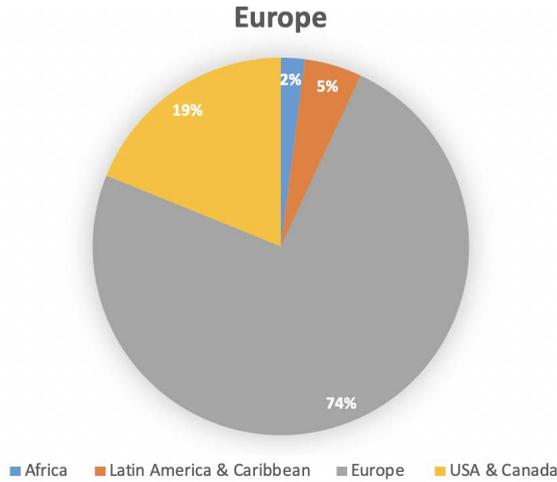


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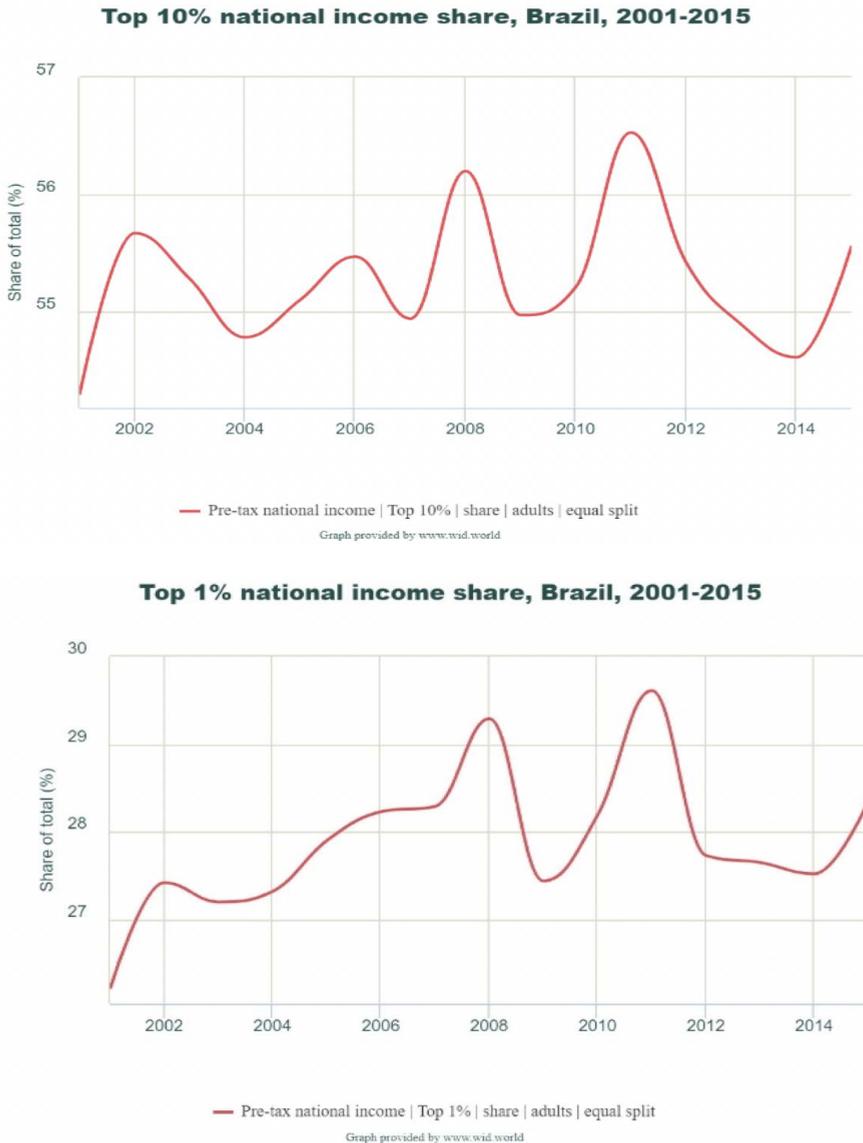
III. Selected issues in Latin America

1. A long history of Latin American populism

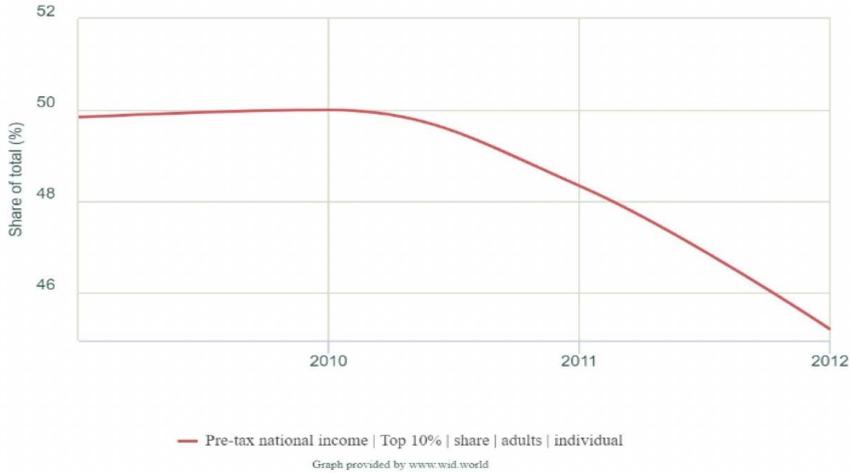
The return of economic populism in Latin America, which in the modern era can be traced up to the Peronist movement in the 40s, is the result of many factors of which globalization, generic development policies, and bad policy implementation are important roots (Rodrik, 2017). Historically, Latin American governments had an important populist tendency, of which the recent development in Argentina or Brazil are two relevant representations. In the current century, right wing populism, based on social and cultural roots rather than economic roots, is an exception rather than a general trend. Brazil is a good example for this phenomenon. The incumbent President managed to get elected on an open liberticidal platform, under the promise to eradicate corruption and to put the country on a real pro-market track. So far, Brazil has flirted with recession, and policy has focused on dismantling state regulations that ensured the well-functioning of the economic system. The support of evangelical groups and the agribusiness, even in time of distress, prior and after the election, reflects the case where microeconomic favoritism ends up in macroeconomic populism and distress (Gilles St Paul, 2018). That is, when a small group can still benefit from a larger size of the pie even when the economic conditions are bad. The Brazilian example is also a good example of a situation where economic inequality, despite being extreme, comes only as a secondary argument in the electoral campaign. Figure 11 gives the evolution of the share of the top 10% individuals of the national income. It stands just above 55% in 2015, that leaves

less than half of the pie to be shared by the remaining 90%. If we take a deeper look we find that the top 1% national income share is just above 28%. If we pick another Latin American country, e.g. Uruguay, the top 10% image does not change sensitively, in the sense that it displays important disparities. However, among the top ranks, that is the 1%, the share in national income is much lower, (14% in 2012).

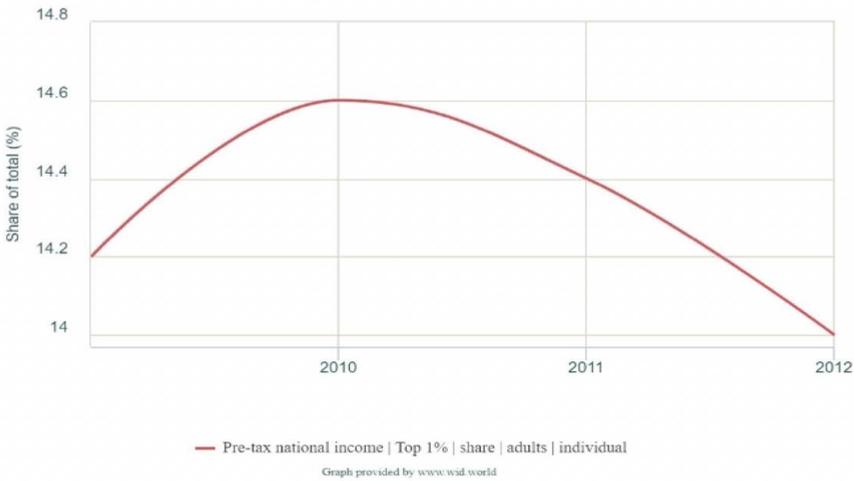
Figure 11. Income inequality in Brazil and Uruguay



Top 10% national income share, Uruguay, 2009-2012



Top 1% national income share, Uruguay, 2009-2012

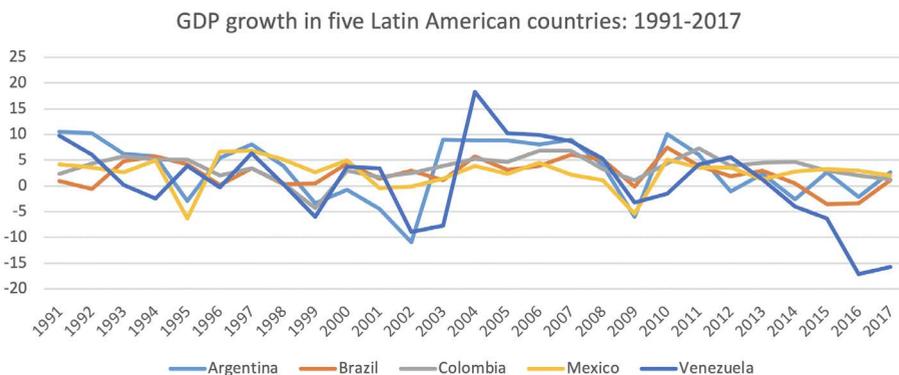


2. The missing growth paradigm

In the 1980s, Latin American countries were considered just as promising as were the South Asian tigers. Latin America was undergoing a well behaved catch-up process with strong and sustained growth rates, that reached around 11%. Then it all went wrong. A quick look at the evolution of growth rates in the period of 1991 to 2017 can confirm this narrative. In the following graph,

Colombia and to a less extent Mexico do relatively better than Argentina, Brazil and Venezuela. Today, major economies in Latin America have to deal with the rise of left wing and right wing populisms, whether President Bolsonaro in Brazil or Maduro in Venezuela. Each of these countries has to deal with internal instability in an environment of increasing global hostility. In Venezuela, what started as an economic crisis, due in part to the fall in oil prices, has morphed to political turmoil and a humanitarian crisis. The case of Argentina is also preoccupying. The country is enduring another economic crisis as a result of its long history of bad debt management (2014 marked its 8th default). As noted by Kenneth Rogoff (2019), as populism rises, Latin American Economies are likely to fall. This draws some serious doubt about the ability of these economies to go back on a sustainable growth path and to finally establish the status of developed economies.

Figure 12. Real GDP growth in Latin America

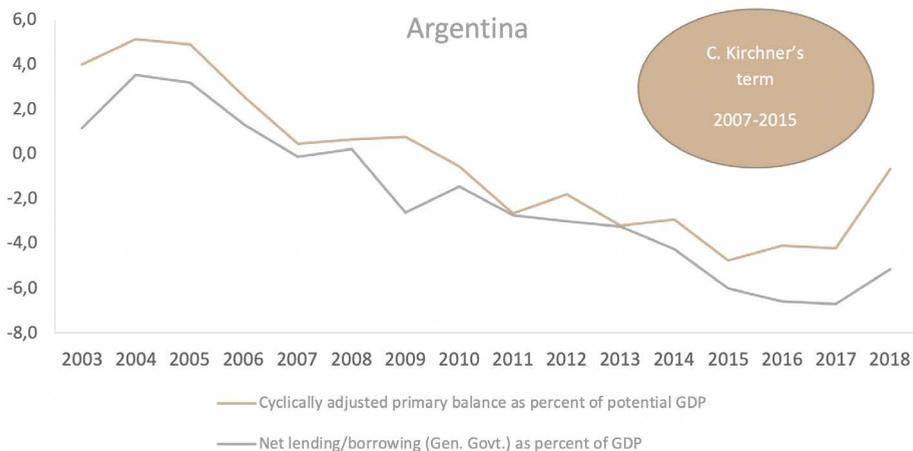


One might wonder what holds back these countries and the region as a whole from coping back with its previous path to prosperity. An answer is given by Kharas and Remes (2019), who genuinely phrase the problem of Latin America, as a problem of “missing middles”, that is a proper middle class and efficient medium size firms. This explanation is well documented, and in a recent work by Cavallo and Powell (2019), the authors show how a dysfunctional fiscal policy design and an inefficient investment allocation can end up having important distorting effects and weigh on growth. In particular, the duplicity of fiscal and labor market regulations is a major obstacle. When a country applies different regulatory regimes depending on the size of the firms, the latter tend to bunch at the limit where the regulation is softer, and by doing so, decrease total factor productivity, as they delay their growth process. Moreover, inefficient investment has to be tackled by qualitative measure that aim to improve the quality of investment, all else being equal. Public investment has to be targeted

toward policies that aim to increase the long term growth.

3. The Argentinian curse

In Argentina, the problem of debt is particularly relevant as the country has established an unfortunate reputation of serial defaulting. The country is on the verge of defaulting for the ninth time. The first explanation to the Argentinian problem is simply related to the disastrous fiscal management under President Cristina Kirchner's term on the one hand and the bad policy design under President Macri. The excessive use of fiscal expansions yielded important public deficits and therefore an increase of the gross stock of sovereign debt. President Macri's election, under a program of ambitious structural reforms (removal of capital controls, floating of the Peso, fiscal discipline etc.), very much needed in Argentina, was a sign of hope. Still, as soon as the country was granted access back to the financial markets, they contracted short-term dollar dominated debt, paving the way to another round of the Original Sin (80% of total external debt, Krueger 2019). The short memory of financial actors is also to blame, as they tend to lend to countries like Argentina, despite a long history of serial default. Indeed, risk averse investors still go to the market searching for yield, and in case of default, manage to overcompensate their losses over time (Meyer, Reinhart and Trebesch, 2019). Now the country is set to undergo another painful program of structural adjustment under the IMF's mandate. This draws additional uncertainty about the future economic strategy of the Argentinian government. The Argentinian crisis is just another example of Macroeconomic populism at its finest (Dornbusch and Edwards, 1990), whereby fiscal indiscipline and excessive use of debt and fiscal tools end up in unwanted political outcome. Furthermore, as Roubini (2019) puts it Argentina and the IMF are stuck in a chicken game, where the gains and losses are far from summing up to zero. On both sides a compromise is needed. Another default in Argentina will bring back the demons of the Economic crisis of 2001, and for the IMF, it limits the institution's capacity to bail-out other debt distressed countries. Also, markets behavior is crucial as they can change the way they value sustainability of other heavily indebted countries and by doing so, creating a contagion effect and medium (or large) scale crisis.

Figure 13. Fiscal management in Argentina

IV. Selected issues in Africa

1. Labor market and human capital: a common battle

The North Atlantic regions are living in a context of demographic slowdown. In the meanwhile, South Atlantic populations, especially in Africa, are expected to grow steadily over the next decades. While there is no doubt that demographic growth is a vector of economic growth, the management of these demographic trends also matters. In the African context, without a well-constructed human capital strategy, African countries are doomed to end up in the middle-income trap. In its recent outlook for Morocco, the IMF urged the authorities to set the ground for a new development paradigm, of which the management of human capital and the labor market are two of the main pillars. This came as a reaction to the prevailing situation of high youth unemployment. This observation however generalizes to the whole African continent.

Indeed, by looking at the labor market statistics of some particular African countries, one can see that this issue is very relevant for the whole region. Within the set of the 23 countries that belong to the Atlantic space, about half of them have total unemployment rates between 9% to 10%. In South Africa, a country that is commonly considered as belonging to the group of emerging markets, the unemployment rate has been around 25% for 8 years now, and stands today at 29%. Other countries, that have sustained strong economic growth over the last decade also face the same challenges on the labor market (e.g. Cabo Verde). In

particular, by taking a deeper look at categorized unemployment rates, one can see that the youth are suffering the most from the dysfunctional labor markets in the African continent. In South Africa, youth unemployment rate exceeds 50% of the total labor force aged from 15 to 24 years old, according to the ILO estimates. Morocco, a lower middle income country with sustained growth rate over the last two decades also scores high youth unemployment rates (18% in 2011, 22% in 2017). It is also worth noting that countries within the Western African Economic and Monetary Union(WAEMU) area, namely Senegal, Togo, Ivory Coast and Benin have relatively lower youth unemployment rates. Within the youth, female individuals aged between 15 and 24 are the ones that are mainly affected. While the quantity of employment matters, its quality is also of important interest to understand how well the labor market functions. Figure 4 gives the share of vulnerable employment within total employment. The striking picture is that countries with the lowest unemployment rate are also those where employment is the most vulnerable. Also, female workers are more affected than male. This result contrasts the positive image one would think of by simply looking at the previous presented numbers.

Figure 14. Youth unemployment, WDI

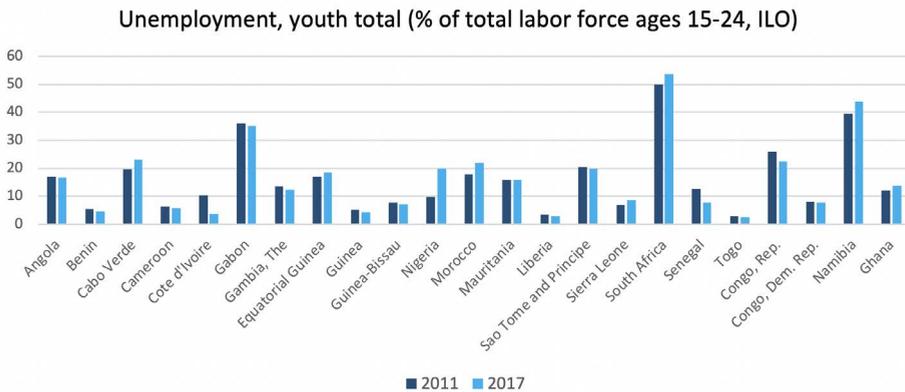
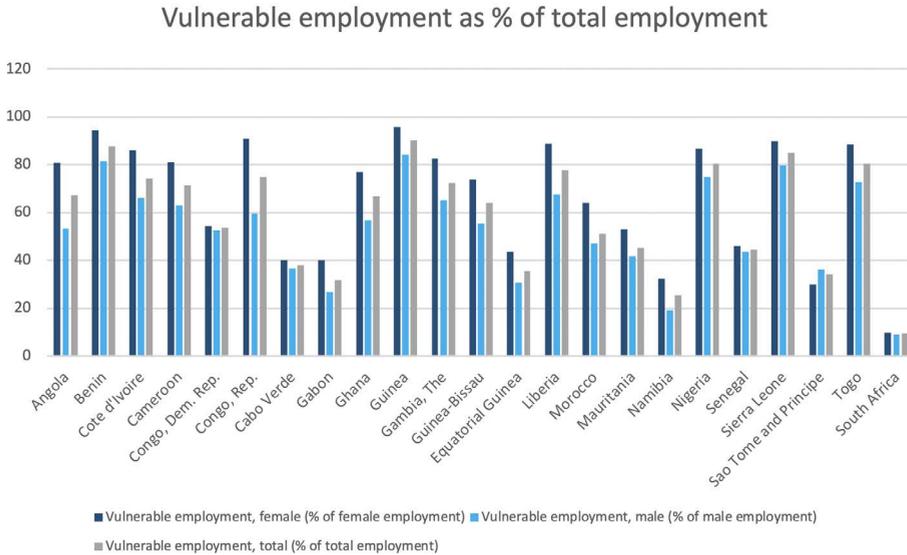


Figure 15. Vulnerable unemployment in 2015, Millennium Development Goals, WB



On the education and human capital front, an interesting measure is the human capital index, constructed as the contributions of health and education to labor productivity. It ranges from zero to one. We confront the figures of the African countries in the Atlantic space with those of countries who are well known for high standards of human capital, namely Norway, Sweden, Germany and France. In 2017, the latter countries registered an index around 0.8. In Africa, Morocco, with an index of 0.5, registers the best score as compared to the other African countries, while Liberia, with a score of 0.32 comes last. This gap between African countries and North Atlantic countries confirms therefore the need for a better human capital strategy to narrow the gap between the north and the south. Another important measure is the expected years at school. The established norm is that a child has to receive compulsory education from 6 to 16 years old. Within Africa, only Morocco and Ghana fulfill the norm with respectively 10.6 and 11.6 years. In Sweden, Germany and France, this figure stands around 14 years. As of the stock of labor dedicated to primary school, the contrast is staggering. We presented the pupil-to-teacher ratio in primary school of African countries for the years of 2011 and 2017. Between these two periods, we do not observe any significant improvement. In 2011, the ratio ranges from 23.25 in Cabo Verde to 48.84 in Ivory Coast. In the North Atlantic countries, this ratio does not go beyond 17.5 in France, according to the World Bank development indicators. Furthermore, in a recent study, Alesina et al. (2019) assess the status

of intergenerational mobility in Africa, given the initial social conditions of the individuals. They show that countries in the Southern part of Africa have better upward intergenerational mobility. For example, the probability that a child of parents with no education completes primary school is around 70% in South Africa, 43% in Morocco but only 23% in Guinea.

Figure 16. Human capital Index in 2017, HCI database World Bank

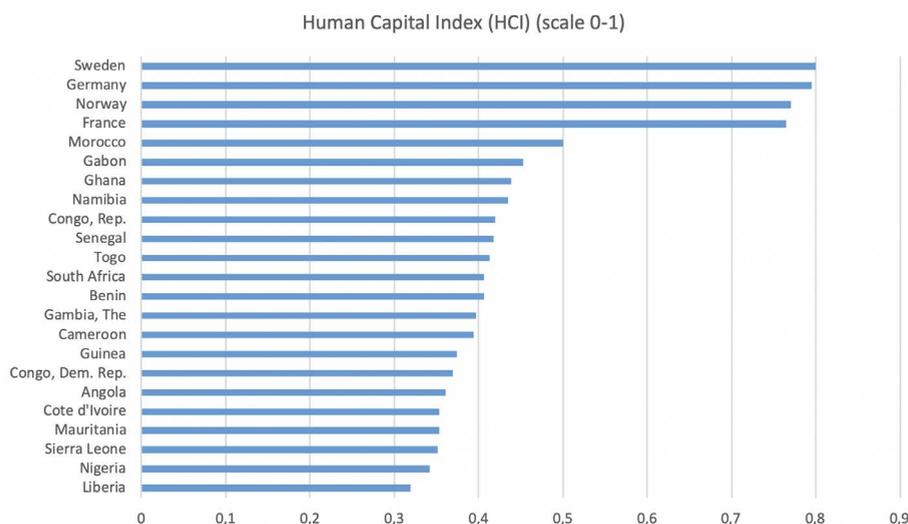


Figure 17. Pupil-to-teacher ratio, WDI

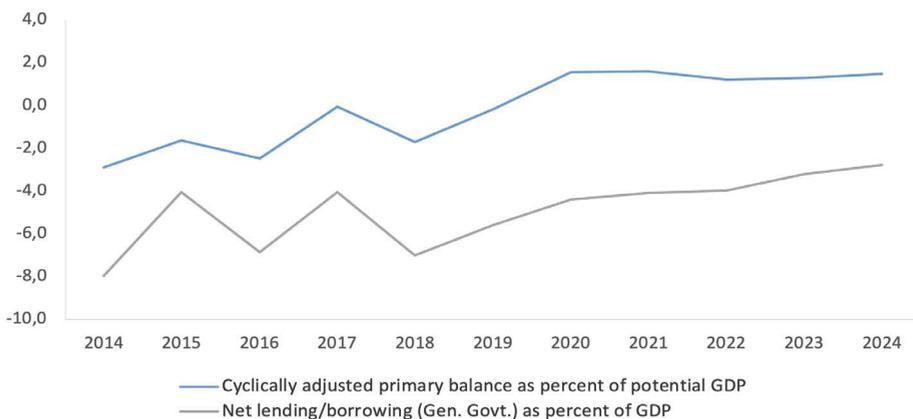
Country	2011	2017
Benin	44,2	43,6
Cabo Verde	23,3	21,1
Cameroon	45,4	44,6
Cote d'Ivoire	48,8	42,4
Ghana	31,0	27,3
Morocco	26,4	28,0
Sao Tome and Principe	29,8	31,2
Sierra Leone	31,3	39,4
Togo	40,9	40,1
Senegal	33,3	32,8
Gambia, The	37,6	38,7

2. The need for fiscal discipline in Africa: the example of Ghana

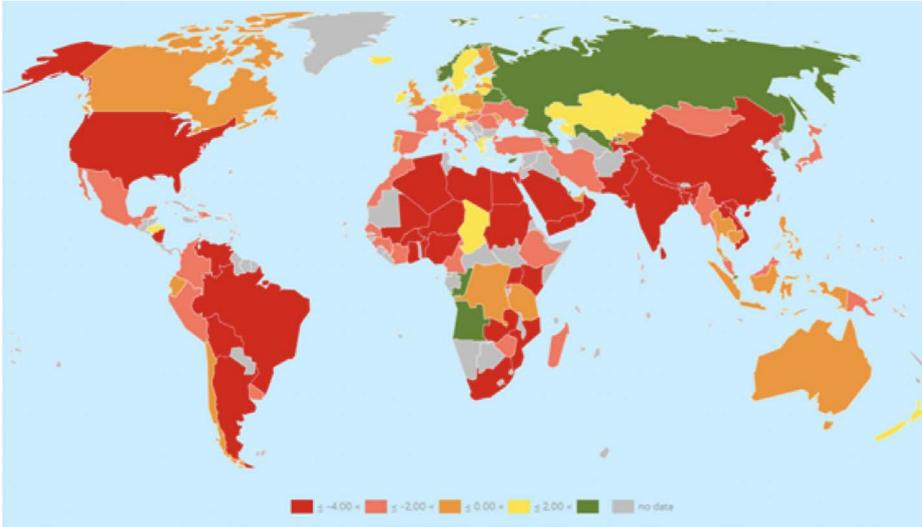
Fiscal discipline and debt sustainability are two major issues in the African continent. Many of the African countries that belong to the Atlantic space have had a history of debt default and benefited from the Highly Indebted Poor Countries (HIPC) initiative. Under the close supervision of the IMF and the World Bank, these countries underwent series of programs of structural adjustment to adjust their public finances and set public debt on a sustainable trajectory. The map below, provided by IMF's fiscal monitor, shows the observed net-lending ratios to GDP for different parts of the World. One can see that the situation in Africa is particularly alarming as we observe relatively high levels of public deficits. The same can be said about countries in Latin America.

In the African sub-region, Ghana is an interesting country as it followed an ambitious program of fiscal consolidation that is set to improve the situation of its public sector's finances. Indeed, as reported in the last IMF Outlook, Ghana is set to accumulate primary surpluses over the next 5 years which will in return result in an improvement of the General government net lending as a percentage of GDP. By 2024, the cyclically-adjusted primary balance is expected to be positive. The surplus will represent around 1.5% of GDP. This trajectory has however to be maintained and Ghana has to work on its revenue mobilization in order to ensure debt sustainability (World Bank, 2018). In particular, a reform of tax policy based on an enlargement of the tax base and better fiscal compliance can improve public accounts and provide the country with enough financial resources to finance its public debt and some crucial investments.

Figure 18. Ghana – Fiscal Management



Source: IMF, Fiscal Monitor

Figure 19. Fiscal Deficits across the world

3. Infrastructure challenges in Africa

Infrastructure quantity and quality are two major issues that the continent has to handle. In Africa, according to Brookings, the average rate of access to electricity was about 46%. Regional disparities are also of huge importance as we find higher rates in Northern parts of Africa, whereas in Sub-Saharan Africa access to electricity is the lowest. Figure 20 presents for each country in the African sub-region the rate of access to electricity. In Morocco, Cabo Verde and South Africa, those rates range between 84% and 100%. It falls to 42% and 43% in Angola and Benin respectively. As of water supply, the picture is even darker and disparities are not only regional but also within countries between rural and urban areas. Figure 21 (22) gives the proportion of people using basic drinking water as a share of total urban (rural) population. As one would guess, on average, water supply is higher in urban areas and significantly lower in rural areas. Concerning the state of connectivity, figure 23 gives the proportion of the population that has access to the internet in each country of the African Sub-region. Again, we observe important disparities between countries. In Morocco, more than 60% of the population are internet users while it's only 14,3% in Angola. As for the means of communication, we look at the mobile cellular subscriptions-population ratio. In some countries (e.g South Africa, Morocco, Gabon etc.) we observe an over-subscription that is the number of mobile plan subscribed exceeds the total population. In other countries (e.g. Angola, Benin etc.) not all the population is provided with a mobile subscription. Finally, we

look at the cost of connectivity. In particular, we are interested in the cost of 1Gb of Data. From a worldwide perspective, the cost in some African countries is lower compared to some advanced countries (e.g. Morocco). However, it makes more sense to look at these figures with respect to their weight in the total earnings. We consider the case of an individual at the minimum wage. In countries like Benin, where the minimum wage stands at 64\$, buying 1Gb of data requires spending 33% of the salary. In Equatorial Guinea, where the minimum wage is by far the highest in Africa, 1Gb of data costs 65.8\$ or 11% of the salary.

These observations give an idea about the state of infrastructures in Africa and also shed the light on the important infrastructure gap within Africa. Although it is not reported on these graphs, this gap is even bigger when considering the North Atlantic sub-regions.

Figure 20. Access to electricity, WDI

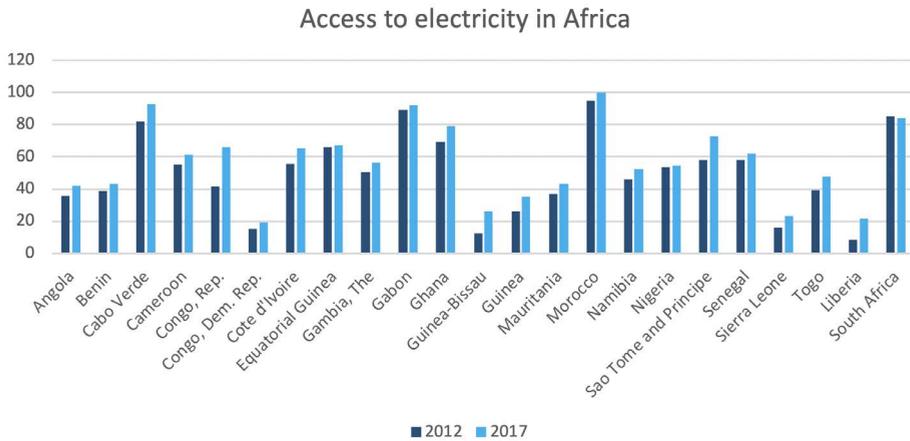


Figure 21. Drinkable water access in urban areas, WDI

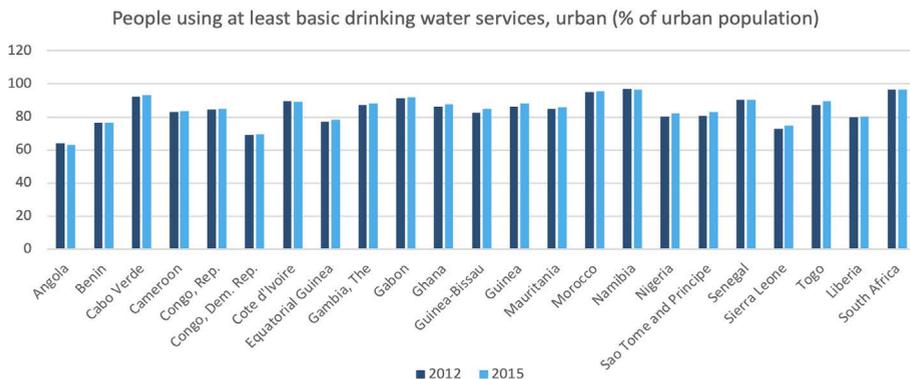


Figure 22. Drinkable water access in rural areas, WDI

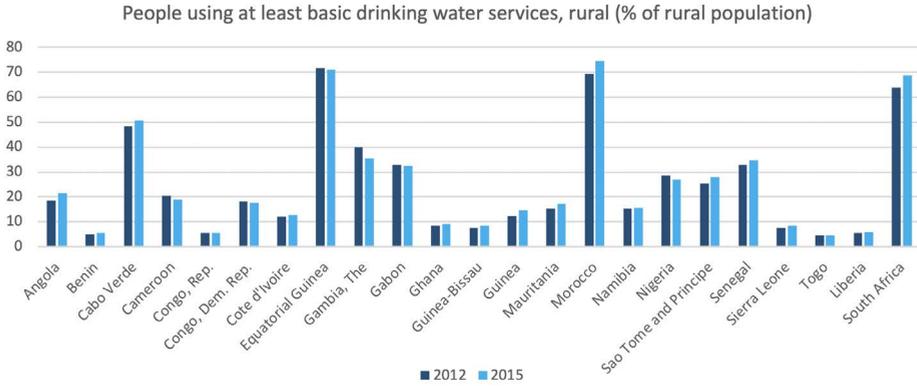


Figure 23. internet usage

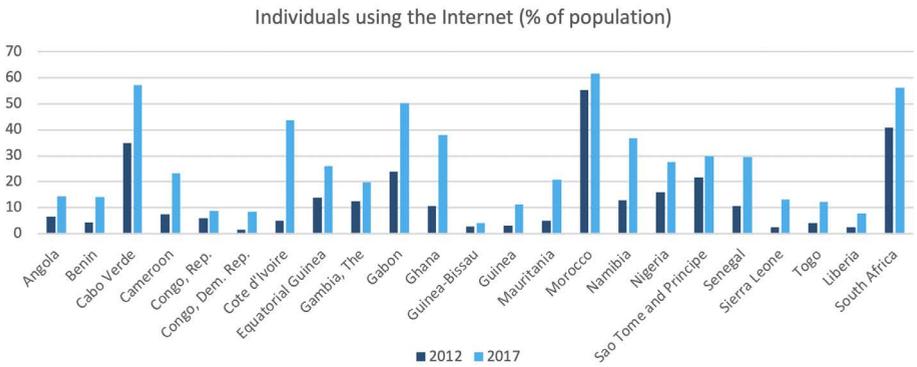


Figure 24. Mobile subscription to population ratio, authors calculations, WDI

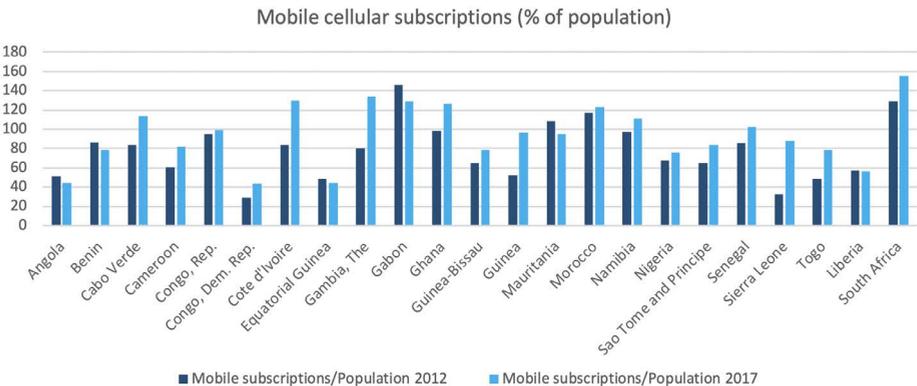
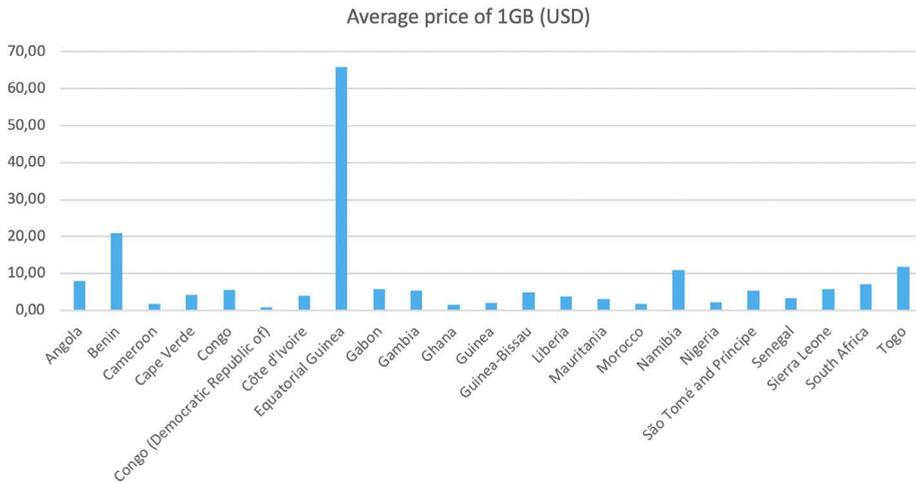
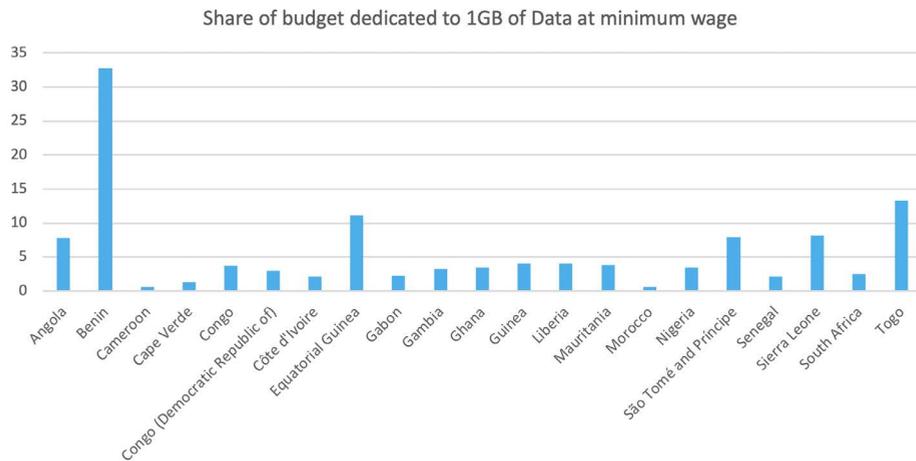


Figure 25. Connectivity cost, authors calculations, cable.co.uk**Figure 26. Connectivity share in the budget, cable.co.uk**

V. Igniting the flame of Atlantic cooperation

Despite prospects of falling multilateralism, there is still some hope that countries would reinstate a constructive dialogue. What diplomacy is failing to do today can be done by other means. In particular, digital tools can be an effective and efficient alternative solution.

From inter-regional perspective, the surge of the digital revolution across the different parts of the Atlantic space has to be seen as an opportunity to kick-

start a new era of cooperation. The advances in new technologies of information provide societies with new means to establish cooperation networks that transcends physical borders and overcome transaction costs related to distance. Past experiences provide important evidence about how private initiative can sustain dialogue and create possible synergies. For instance, the invention of the statistical tool R, allowed for important economies of scale both in research and data analysis. The open source software offers the research a powerful and efficient set of tools to be used freely at any time. All it requires is a small investment cost related to learning the coding language. Also, social networks proved to be an important mean of influence and participate on a regular basis to shaping today's mentalities. Their use, provided it is for good intentions, can also be a mean of enhancing advanced inter-regional integration across the Atlantic Space. Indeed, this is what we have witnessed during the worldwide climate strikes that were coordinated through tools like Facebook and Twitter and proved to be successful in countries where governments showed willingness to tackle efficiently climate policies. With regards to policy, digital technologies and new techniques in statistics that rely on large datasets can be of huge importance in the regular assessment of policy implementation. A close cooperation between North Atlantic regions (Europe, USA & Canada), where these techniques have become the norm, and South Atlantic regions can be an efficient way to transfer knowledge from a country to another and improve governance.

From an intra-regional perspective, the digital revolution can be an effective way to put Latin American countries back on track. The current innovation dynamic in the region has to be followed by sound public policies that provide the right environment for individuals to innovate and generate new ideas. In particular, innovation is conditional on firms' investment in R&D. Hence, government should initiate the creation of innovation hubs, following the model of the Silicon Valley to create an entrepreneurial dynamic. Similarly, a close partnership between universities and the private sectors can be at the basis of the innovative process. In particular, the "missing middles" puzzle can partly be solved by digitalization as it can accelerate the growth process of SMEs. Digitalization can also be a mean of reducing the functional budget of the public sector by simplifying procedure and introducing more clarity to day-to-day business. Countries would generate important economies and improve their fiscal space on the one hand and engage in needed efficient investments on the other hand. In Africa, the digital revolution goes hand in hand with the improvement of education systems. African youth has to be given the means to embrace this opportunity fully. Hence, government should include data literacy in the policies to improve education. Including digital tools and coding at an early stage proved to be an effective way to produce new talents. Also, development patterns in Africa exhibit a growing importance for the tertiary sector i.e. services, where productivity grows faster than the primary and secondary sectors (Rodrik 2015).

There is a view that says that African economies cannot go further without fostering a new growth paradigm based on an advanced industrialization. However, one can argue that the causality might also work in the other way around. Surfing on the digital revolution can accelerate the participation of African private actors in the digital global value chains and therefore enhance the integration of the continent to the Atlantic space. Applying newly discovered techniques, especially Big Data, can improve the efficiency of policy-making and policy implementation. In particular, those tools can be very useful in targeted policies to better identify individuals that can benefit from a particular program. On the labor market front, digitalization can improve market-structures and reduce real rigidities, provided good incentives are given to individuals. Africa is plagued by an important informal sector and the digital revolution can be an efficient solution to eradicate it. With the right set of regulations (benefits, duties, tax schemes etc.), workers will rationally choose to work for a company that offers them social mobility and a better access to safety nets.

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Appendix

Empirical basis for the notion of real economic convergence

In order to study absolute or unconditional convergence, we regress a logarithmic equation based on cross-sectional data. In equation (1), the left hand side of the formula represents the average growth rate of country i in the time period T ($T = t_0 \dots t$). $Y_{i,T}$ is the GDP per capita for period T and γ_0 is a constant.

$$T^{-1} \log \left[\frac{Y_{i,t}}{Y_{i,t_0}} \right] = \gamma_0 + \gamma_1 \log(Y_{i,t_0}) + \varepsilon_i \quad (1)$$

In addition, we use a modified version of equation (1) to test conditional beta-convergence taking into account the specific characteristics of each country. In equation (2), FDI_{i,t_0} represents the initial level of foreign direct investment per capita in country i .

$$T^{-1} \log \left[\frac{Y_{i,t}}{Y_{i,t_0}} \right] = \gamma_0 + \gamma_1 \log(Y_{i,t_0}) + \gamma_2 \log(FDI_{i,t_0}) + \varepsilon_i \quad (2)$$

At the level of panel data models, the choice of the model is often discussed for several reasons such as the control of individual heterogeneity, variability and multicollinearity (Baltagi 2005, pp. 4-7). In general, there is a choice between ordinary least squares (OLS) estimation, fixed effects and random effects. We estimate the form of regression given in equation (3), which is based on panel data, to investigate the absolute and conditional convergence hypothesis, as appropriate.

$$\log \left[\frac{Y_{i,t}}{Y_{i,t-1}} \right] = \gamma_0 + \gamma_1 \log(Y_{i,t-1}) + \gamma_2 \log(FDI_{i,t-1}) + \varepsilon_{i,t} \quad (3)$$

We confirm the presence of convergence when the parameter γ_1 is negative. In which case, we calculate the convergence speed and the time required to achieve convergence given this speed. The calculation formulas are as follows:

$$\text{Speed of convergence} = -\frac{\ln(1 + T\gamma_1)}{T} \tag{4}$$

$$\text{Half life} = -\frac{\ln(2)}{\ln(1 + \gamma_1)} \tag{5}$$

Decomposition of convergence into pro-poor growth and the effect of mobility

Jenkins and Van Kerm (2006) showed that the evolution of income dispersion between two periods can be expressed in two components, one representing the progressiveness of income growth (pro-poverty growth) and the other representing mobility. Dispersion is measured using the generalized Gini coefficient, also known as S-Gini, $G(X)$, where X is the distribution of income at a given time. $G(X)$ is an index of inequality sensitive to distribution. The decomposition is of the form:

$$\begin{aligned} \Delta(v) &= R(v) - P(v) \\ \Delta(v) &= G(X^1) - G(X^0) \end{aligned} \tag{6}$$

$\Delta(v)$ is the growth of the generalized Gini coefficient between period 0 and period 1. O’Neill and Van Kerm (2006) interpreted $\Delta(v)$ as the change in the dispersion of countries’ incomes over time. $\Delta(v) < 0$ reflects a downward trend in this dispersion. $R(v)$ is a measure of mobility, and $P(v)$ is a measure of the progressivity of income growth defined, respectively, as

$$\begin{aligned} R(v) &= G(X^1) - G(X^0, X^1) \\ P(v) &= G(X^0) - G(X^0, X^1) \end{aligned} \tag{7}$$

$P(v)$, the progressivity component, can be interpreted as a growth indicator that has disproportionately benefited countries at the bottom of the distribution during the initial period. $R(v)$, the re-composition component (reclassification or mobility), shows how a progressive increase in income has led to a reclassification between countries, so that the net reduction in dispersion is the difference between $R(v)$ and $P(v)$. $R(v)$ can also be interpreted as a measure of mobility (in the form of re-classification) in its own right (Yitzhaki & Wodon, 2004).

When the growth process is progressive, then $P > 0$. In this case, there is a lower level of dispersion of GDP per capita over time. If the growth process is regressive, then $P < 0$, which means that there is increasing dispersion. The more progressive the growth process, the greater the value of P is and therefore the greater the reduction in dispersion (O'Neill and Van Kerm, 2006). In an analysis of GDP convergence between countries, O'Neill and Van Kerm (2006) interpreted $\Delta(v)$ as a “sigma-convergence” measure and $P(v)$ as a “beta-convergence” measure, thus reconciling the two concepts in a single framework.

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