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29 June 2018

Online at <https://mpra.ub.uni-muenchen.de/87764/>  
MPRA Paper No. 87764, posted 08 Jul 2018 18:13 UTC

# Trump's tariff's impact on Africa and the ambiguous role of African agency

Dirk Kohnert <sup>1</sup>

*The international discussion of Trump's dispute over import tariffs for steel, aluminum and even cars is so far focused on the big global players. However, African countries suffer in particular from the planned punitive tariffs, similar to the famous African proverb: 'When elephants fight, it is the grass that suffers'. After years of talk on partnership for economic development (AGOA, Cotonou Agreement, EPAs, etc) Trump's tariffs mean a severe blow to participatory foreign trade and sustainable industrialization in Africa. Egypt and South Africa for example, the potentially most affected African countries, face massive job losses and earning opportunities, with all the consequences that this entails for their already fragile economy and the population in dire poverty. Trump's intervention thus joins the continued power politics of former colonial powers vis à vis Africa. Nevertheless, despite these asymmetric power relations, unfair trade relations and the desolate state of African infant industries are not necessarily due to externalities. More often than not they are home-made. African agency plays an ambiguous role in enhancing participatory trade and indigenous industrialization.*

**JEL classification:** F13, F51, F52, F6, H21, N 67, N 77, P16, P52, Z1

The current debate on Trump's tariffs focuses on the big global players and competitors of the US. Africa plays virtually no role in the international scholarly perception about the impact of US protective tariffs on imported steel, aluminum and cars. Nevertheless, there are such effects and these are anything than peanuts, as will be shown in the following.

## **1. Impact of Trump's tariffs on African trade**

At least since the derogatory comments of the American President on Africa in January 2018, in which Donald Trump described African states as "shitholes", the weight he attached to Africa became clear beyond doubt<sup>2</sup>. Evidently, from his point of view, America's greatness is based on other spheres of influence than Africa. This is in disregard to the fact that Africa and the African diaspora contributed significantly to

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<sup>2</sup> Greef, Kimon de & Sewell Chan (2018): [Trump Comments, Infuriating Africans, May Set Back U.S. interests](#). New York Times, Jan. 15, 2018.

the making of the United States, to its development into the country that it is today, as Clayson Monyela, a spokesman for the South African Department of International Relations and Cooperation underlined recently<sup>3</sup>. Trump rather concentrates on global competitors, such as China, Russia and Europe in order to 'put America first again'.

In absolute terms Trump may be right. The dimension of imports of steel and aluminum from Africa might be negligible in relation to overall imports and its supposed negative effects on employment of US working-class whites in Rust Belt states, such as Pennsylvania, Michigan, Wisconsin and Iowa, who belong to the clientele of Trump's republican voters.

However, Africa is far more dependent on overseas trade than other economic regions and global players, such as the EU or North America that handle 63% and 40% respectively of their business with their regional neighbors, like the EU member states, Mexico and Canada. Major reasons of Africa's dependency are the fragmented intra-African market, decades of stagnant regional and continental integration, high transaction costs, and corresponding tariff and non-tariff barriers to trade. Most of these barriers are at least partially due to rival neo-colonial foreign trade networks of anglo-, franco- and lusophone African countries, like that of the French 'Messieurs Afrique' (Kohnert, 2005).

Africa's infant industries rely heavily on foreign trade in view of its limited local and regional markets. Intra-African trade accounts for far below 20% of total African foreign trade. The Pan-African Free Trade Agreement (CFTA) that was recently negotiated on a special AU summit in Kigali (Rwanda, 21 March 2018) by 44 African states is not likely to change this situation in the foreseeable future. CFTA is supposed to liberalize intra-African services completely and 90% of trade in goods. Yet, the common external tariffs have not yet been negotiated, last, but not least, because of controversial EU-Africa trade agreements (EPAs, Kohnert 2015), and since some of the major African countries, for example South Africa, Nigeria and Uganda, have not yet joined the CFTA.

Finally, unfair trade relations to the disadvantage of African countries overshadow African foreign trade since colonial times. Africa is still integrated asymmetrically into global trade. Raw material and agricultural exports on the one hand and capital goods imports on the other still dominate African foreign trade. One of the origins of Africa's current inability to benefit fully from the expansion of world trade lies in the colonial division of labor, the consequences of which persist in economic structures far more than in other continents (Barratt Brown, 2007). Under these conditions, the free trade ideology of the Bretton Woods Institutions, propagated for decades by Structural Adjustment Programs of the IMF, rather conserved the status quo than sustainable African growth. This the more so, as Africa's commodity prices have fallen in international markets since the 1970s, whereas at the same time consumer

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<sup>3</sup> Ibid

prices have risen. The divergences increased dramatically because of the asymmetric response of domestic consumer prices to movements in world prices<sup>4</sup>. This imbalance had been commonly attributed to trade restrictions and rising processing costs. But in reality it appeared to be caused largely by the behavior of international trading companies large enough to dominate most commodity markets (Morriset 1997). All this makes for the volatility of African foreign trade relations that would still be aggravated by Trump's tariffs.

Still, Africa is mostly ignored in the international scholarly discussion about the effects of Trump's protective tariffs on steel (25%), aluminum (10%), cars and other imports. Trump's "trade war" meanwhile extended to far more than steel and aluminum. Concerning US steel imports, South Africa ranks only 20th on the global list of steel exporting countries, far behind Germany (8) or China (10) (see Table 1, Map 1). However, in Africa there are also countries and sections of the population that would suffer significantly from the new protective tariffs planned by the US government supposedly to safeguard 'national security', as will be shown below.

Besides, the following examples of African countries, who have little power to retaliate, show that Trump's protectionism is inspired not only by economic and 'national security' reasons, which may be allowed for by WTO regulations, but also by considerations to enforce good conduct of trading partners in order to 'make America great again' which are obviously illegal according to WTO rules<sup>5</sup>. It went to such length to punishing Africans for refusing second-hand American clothes. The case in question concerns Rwanda that, like many other African countries, was once a proud producer of home-made textiles. But decades of mismanagement, instability, the market liberalization of the 1980s and the subsequent global competition with cheap Chinese imports and overstocking African markets with used clothing from overseas brought African local textile industry to its knees<sup>6</sup>. Therefore, the East African Community (EAC) decided in 2015 that second-hand apparel would be banned from their markets from 2019. In retaliation, the US threatened in 2017 to remove four East African countries, Kenya, Uganda, Tanzania and Rwanda, from the African Growth and Opportunity Act (AGOA)<sup>7</sup>, because its declared aim is to eliminate trade barriers. Whereas subsequently Kenya, Uganda and Tanzania backed out, Rwanda did not, in order to protect its nascent garment and textile industry<sup>8</sup>.

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<sup>4</sup> Nigeria, Egypt and South Africa, for example, counted among the major losers in terms of export losses by unfair trade in the commodity markets for petroleum, rice and wheat in the past decades. Morriset 1997: 22

<sup>5</sup> AP (2018): [French President Macron Calls President Trump's Tariff Decision 'Illegal'](#). Associated Press / Time, May 31, 2018

<sup>6</sup> John, Tara (2018): [How the US and Rwanda have fallen out over second-hand clothes](#). BBC News, 28 May 2018

<sup>7</sup> AGOA was introduced in 2000 by the Clinton administration to boost trade and investment in granting Africa duty-free access to 6,500 exported products. The purpose of this legislation was "to assist the economies of sub-Saharan Africa and to improve economic relations between the United States and the region. After completing its initial 15-year period of validity, the AGOA legislation was extended on 29 June 2015 by a further 10 years, to 2025" ([African Growth and Opportunity Act](#), Wikipedia)

<sup>8</sup>, see: BBC-new, *ibid*; Dahir, A.L. & Kazeem, Y. (2018): [Weaving your own - Trump's "trade war" includes punishing Africans for refusing second-hand American clothes](#). Quartz Africa, April 5, 2018 and Harris, Grant

## *Steel and aluminum-production and –imports to the USA*

The USA is the world largest importer of steel and aluminum. In 2017, it imported 34.6 metric tons (mmt) steel. Due to growing productivity, the US is producing more and more steel with fewer and fewer workers. Just under 300,000 workers were employed in the US steel sector in 2015, with a decreasing trend, to the current level of 8.5% of the workforce in the manufacturing sector. The volume of imported steel in the United States in 2016 was 15% higher than that of Germany, the second largest steel importer in the world. Although steel imports to the USA were distributed over 85 countries, just four exporting countries, Canada, China, Russia and the United Arab Emirates were by far the most important suppliers (75%) of steel to the USA, none of them African.

With regard to aluminum the dependency of the USA is even more pronounced (map 2) and this dependency increased steadily within the past decades. About 90% of its aluminum for products, as diverse as beer cans and aircraft, the US covers by now by imports. While there existed still 23 aluminum smelters in the US in 1993, there are only five today. Just one of them is capable of producing high purity aluminum, which is needed for aircraft construction<sup>9</sup>. However, the jobs in the aluminum smelter industry which Trump wants to protect constitute only 3% of total jobs in the aluminum industry. The remaining 97% (about 156,000) are in the downstream manufacturing industry<sup>10</sup>. The US business already warned against an ugly trade-off. That is, increasing tariffs would also raise prices in the US automotive and aviation industries, making their jobs less competitive internationally.

Economists worldwide warn against a trade war (Lim, L. 2018; Malawer, 2018; Pelkmann, 2018; Peterson, 2018). They do acknowledge that the global overproduction of steel and aluminum is a problem that needs to be solved. Nonetheless they do also raise concerns that in restricting free markets rules by unilateral taxation of imports as envisaged by Trump, the Trump administration not only violates WTO rules, but would also cause lasting damage to the global economy. Moreover, economists caution that Trump's protectionism could spread to other industries and countries<sup>11</sup>. However, they admit that the world trade system, and in particular US-EU trade relations, urgently need to be reformed, especially as the EU has built more trade barriers in recent decades than the US<sup>12</sup>. Moreover, African economists give notice of collateral damages of a possible trade war between

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T. (2018): [The U.S. is punishing Rwanda for rejecting our old jeans and T-shirts. It's a shortsighted move. Petty trade squabbles and a general neglect of Africa by the U.S. imperil larger opportunities.](#) Washington Post, June 6, 2018.

<sup>9</sup> Steel Imports Report: United States, March 2018, US-International Trade Administration, Global steel trade monitor.

<sup>10</sup> [Washington Post, 01.03.2018](#)

<sup>11</sup> [US-Strafzölle - Ifo warnt: Protektionismus kann sich ausweiten.](#) Ifo-Institut, München, 19.03.2018

<sup>12</sup> [Handelsstreit EU vs. USA "Das ist eine Art Stellvertreterkrieg".](#) Deutschlandfunk, 20.03.2018

the major global players, notably a negative impact on productive capacity and jobs for Africa's infant industries<sup>13</sup>.

### *Steel production in the US and Africa in comparison*

The steel production (in 1,000 tons) in the USA in January 2018 was 6,822, i.e. about ten times as high as in Egypt (660) or South Africa (577). Other major African steel exporters like Libya (48) and Morocco 45 (Aug. 2017) were far behind in third and fourth place, respectively<sup>14</sup>. Worldwide, South Africa and Egypt rank 22nd and 27th globally in steel production, that is, far behind China, the world's largest steel producer, with 808.4 million mmt or 50% of world production. Still, barely 2% of the steel imported into the US last year came from China<sup>15</sup>. Share levels in aluminum were a bit higher, but not predominant either. The vast majority of Chinese steel shipments went to other countries. Trade diversion as result of Trump's protective tariffs could lead to the dreaded crowding out and cut-throat competition with respect to the infant African steel industry.

However, compared to the US, China or Europe, the metalworking industry in African countries, such as South Africa or Egypt, has a significantly higher importance for its domestic economy and sustainable growth. In total, the manufacturing industry in South Africa had 1,213,560 employees in 2014, of which the largest share was in the metalworking industry, namely 257,098 or 21%<sup>16</sup>. In Egypt, the total number employed in industry<sup>17</sup> in 2015 was 25% of all economic sectors, with its steel industry considered to embody the nation's economic resilience<sup>18</sup>.

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<sup>13</sup> Creamer, Terence (2018): [South Africa views itself as 'collateral damage' in global trade war](#). Bedfordview, South Africa: Creamer media's Engeneering News. 2nd May 2018

<sup>14</sup> For decades, Nigeria could only meet its own needs for steel through imports, a. o. because of the unbelievable mismanagement of the gigantic Ajaokuta Steel Mill Project (1979 - 2017) for decades. Although Nigeria, with an annual production of approx. 1 million mmt, is now one of the major steel producers in Africa, it did not start to export steel until 2017, namely 150 - 200,000 mmt p.a. to Ghana, Ivory Coast, Egypt and Morocco. "Nigeria enters league of steel exporters", Vanguard, Nigeria, 19.10.2017. Nigeria's aluminum exports - mostly to Japan - were \$ 134.9 million in 2016, 63111 tons p.a. with an upward trend. But they accounted for only 0.4% of total Nigerian exports. [Nigeria's Top 10 Exports](#), World's Top Exports, 2018; [Nigeria's aluminum export expected to rise in 2017; Japan tops the importer list](#), primary aluminum – News, 07.09.2017.

<sup>15</sup> Source: S&P Global Platts, based on US Census Bureau data. "[Factbox: Trump's steel trade tariffs](#)", New York (Platts)--4 Mar 2018. -

<sup>16</sup> [Statistics, South Africa](#)

<sup>17</sup> including mining and quarrying (including oil production), manufacturing, construction, and public utilities (electricity, gas, and water),

<sup>18</sup> OBG (2016): [Egypt's industrial sector a driver of economic activity](#). Oxford Business Group. World Finance (2018): [Egyptian Steel continues to embody the nation's economic resilience](#). London: January 12, 2018

## *Steel and aluminum production in Egypt and South Africa and US imports*

### *Egypt*

Egypt exported about 170,000 tons or \$ 102 million worth of steel to the United States in 2017, accounting for about 3% of total US imports, with rising tendency. The potential for a further increase in Egyptian steel exports was estimated by the metallurgical chamber of industry of Cairo (MIC) as promising<sup>19</sup>. Not only did the MIC plead to be exempted from Trump's duties, she also hoped for a crowding out at the expense of third parties. According to the MIC, Egyptian exports to the United States could even continue to increase and take the place of those countries that were unlikely to be exempted from US tariffs, such as Turkey. The latter exported 2.5 m tons of steel to the US in 2017. Egypt's total foreign trade with the US rose 13% in last year, from \$ 4.7 billion in 2016 to \$ 5.5 billion in 2017. Egypt's Trade Minister Tarek Kabil recently stated that his country's steel exports accounted for only 6% of total exports and that there would be still plenty of room for maneuver. Yet this apparently was wishful thinking, because Egypt was on the list of 12 countries<sup>20</sup> of the US Department of Commerce to be punished for alleged dumping or unfair trade with especially high tariffs. According to the US-report on "*The Impact of Imports of Steel on National Security*", the first option embraced a global protective tariff of 24%. The second option included Egypt, along with 11 other states. For these 12 countries, a penalty of at least 53% on steel imports was recommended. Egypt would thus be much more affected by the punitive tariffs than, for example, the EU. Thousands of steel workers would be unemployed. Egypt could relieve itself from US import duties – if at all - only with extraordinary foreign policy concessions, for example concerning Israel, which - because of Egypt's lower bargaining power - would probably be far more serious than similar concessions of the EU or Germany.

### *South Africa*

South Africa, also benefitting from AGOA, is the most important African exporter of steel to the U.S. South African steel imports to the US totaled \$ 950 m, and aluminum exports \$ 375 m in 2017. Though, they represented only about 1.4% of total US imports, but a quarter of all South African US exports. Losing the US market could put 300 000 tons of steel production at risk, along with some 7 500 jobs in the steel and manufacturing supply chain. The US market for aluminum produced in South Africa were valued at \$375-million, accounting for 1.6% of US imports <sup>21</sup>. This

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<sup>19</sup> „Trump steel tariffs: Harming Egypt's exports? Al-Ahram Weekly, [ahramonline](#), 19.03.18. However, only two of several manufacturing Egyptian companies are currently exporting steel to the US: Ezz Steel and Kandil Steel - Egypt does not export aluminum to the US.

<sup>20</sup> Egypt, Brazil, China, Costa Rica, India, Malaysia, Russia, South-Korea, South-Africa, Thailand, Turkey, Vietnam.

<sup>21</sup> Creamer, Terence (2018): [South Africa to make tariffs submission as Trump leaves door open for exclusions](#).. Creamer Media Engineering News, 9th March 2018



illustrates quite well the asymmetric distribution of the risk to lose jobs in both countries. According to the South African Trade and Industry Department (DTI), its exports were not an unfair trade or a threat to US industry or jobs. Rather, they would serve as input to the US manufacturing industry, helping to create jobs and increase US production<sup>22</sup>. Nevertheless, South Africa was also on the list of the 12 countries that were to be subject to particularly high punitive tariffs, mentioned before. Amongst the steel companies concerned were for example ArcelorMittal SA. and Hulamin, a Pietermaritzburg-based company that supplies aluminum products for Elon Musk's Tesla (the Californian electric-car maker), that could also be affected. ArcelorMittal's and Hulamin's share prices lost 5% and 4%, respectively, on the black Friday after the announcement. The local South African steel industry also feared that the US could use the ongoing protective tariff discussion as a springboard to levy tariffs on processed products, especially motor vehicles. Yet, vehicle manufacturers such as BMW and VW South Africa downplayed the problem. VW for example was pointing out that they did not export cars from South Africa to the US. Nevertheless, the government in Pretoria did apply for exemption from US tariffs in March 2018<sup>23</sup>. This, the more so, since the South African steel industry was already suffering from global overproduction and low world market prices and jobs were under massive risks. Trump's threats also influenced the exchange rate of South African's currency, which depended on car exports. The Rand gave up overnight on R11.88.

African experts fear that - according to the African proverb, if two elephants are fighting, it is the grass that suffers - especially the globally smaller countries could suffer most from the trade conflict between the US, and global players like China or the EU, notably Germany, that were singled out by Trump for allegedly having "taken advantage" of the United States<sup>24</sup>. This all the more so, as South Africa is not such a significant US ally that it would be exempted from sanctions, such as Canada, Mexico, Australia, Argentina or South Korea. The South African government learned end of April that the US had not granted South Africa an exemption on its increased steel and aluminum tariffs from across-the-board 25% steel and 10% aluminum tariffs. Just before, SA had offered to restrict exports of these metals to the US to 70% of the 2017 level, but the Americans had turned down this proposal. Apparently, this was also a foreign policy motivated retaliation measure of the US after its recent announcement that it wanted to cut foreign aid to countries like South Africa who don't vote with it at the UN<sup>25</sup>. All the more, Trump announced end of May that the US Commerce Department was investigating possible trade actions on imported vehicles of about 25% tax on imports for cars and trucks. In 2017, the US imported almost 37,000 cars from South Africa. Thus, it was the second biggest importer of SA

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<sup>22</sup> „[SA in discussions on US global tariff on steel, aluminum imports](#)“. Sabc-news, 19.03.18

<sup>23</sup> [SA seeks exclusion from Trump's steel and aluminum tariffs](#). e-nca.com, 23. March 2018

<sup>24</sup> AFP (2018): [Trump vows tariffs will be 'very fair,' names winners and losers](#). Egypt Today, Fri, Mar. 9, 2018.

<sup>25</sup> Helena Wasserman: [Trump's latest snub of South Africa will hurt locals – and more pain could be coming, warns a trade expert](#). *Business Inside, South Africa*, May 1, 2018.



vehicles, after the UK (54,400)<sup>26</sup>. Up to now, South African car manufacturers had duty-free access to the US market because of AGOA – which apparently will be also questioned by Trump in the long run.

Accordingly, South Africa will be disproportionately affected both in terms of jobs and productive capacity, although the SA-trade department pointed out that some of the exempted countries are the “biggest” exporters of steel and aluminum to the US. According to the department the exempted countries accounted for 58% of steel imports and 49% of aluminum imports to the US in 2017. “South Africa is therefore not a cause of any national security concerns in the US nor a threat to US industry interests and is not the cause of the global steel glut.” “Instead, South Africa finds itself as collateral damage in the trade war of key global economies. South Africa is concerned by the unfairness of the measures and that it is one of the countries that are singled out as a contributor to US national security concerns when its exports of aluminum and steel products are not that significant,” the DTI complained<sup>27</sup>.

#### *Further possible effects of a global trade war for African producers*

Whether the U.S. would win a trade war, triggered by the new U.S. protectionism as president Trump maintained<sup>28</sup>, is open to question. Presumably all affected countries would suffer. However, predictions on the outcome are highly speculative, especially if collateral damages or benefits of trade diversion provoked by higher tariffs are considered. Under certain conditions the trade dispute could even produce positive externalities for African producers.

For example, the retaliatory tariffs of up to 25 percent imposed by China on U.S. agricultural imports could result in collateral benefits for major competitors to the U.S. in citrus and wine imports to China. Australia would probably benefit most, but also, though to a lesser extent, South Africa and Egypt<sup>29</sup>. In addition, in case that the new U.S. import tariffs should reduce the global steel price on stock markets, further positive externalities for African iron ore exporters like South Africa might develop in the commodity financial markets<sup>30</sup>.

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<sup>26</sup> [Trump's latest shock move threatens South African car manufacturers](#). *Business Insider, South Africa*, May 24, 2018.

<sup>27</sup> Lameez Omarjee: [SA loses out on Trump's steel tariff exemption](#). [www.fin24.com](#). May 01, 2018

<sup>28</sup> Franck, T (2018): [Trump doubles down: 'Trade wars are good, and easy to win'](#). CNBC, 2 March 2018

<sup>29</sup> Daniels, Jeff (2018): [China tariffs could help Australia gain share from US wine, nut and fruit producers](#). CNBC, 3 April 2018

<sup>30</sup> Iron ore price shocks have a positive effect on real stock returns for iron ore producing countries. South Africa belongs to the three top iron ore exporters, alongside Australia and Brazil, which account for 86.4% of iron ore exports worldwide. See: Gutierrez, Juan P. & Andre C. Vianna (2018): [What if higher U.S. import tariffs reduce global steel price? Response from stock markets around the world](#). The University of Texas Rio Grande Valley.

## 2. Ambiguous role of African agency in fostering participatory trade and development

### *African Civil Society Organizations as driver of change*

The current dispute on the negative impact of Trump's tariffs is only the most recent manifestation of a longstanding controversy between African countries and their Western trading partners. The debate was confined by the framework of the Cotonou Agreement (2000), a cornerstone of EU-ACP<sup>31</sup> development cooperation on the one hand, and limiting WTO rules on the other. The Cotonou Agreement was built already on generations of cooperation treaties since 1963, when most African countries had gained independence. At this time, the European Economic Community (EEC) developed a first generation of economic cooperation agreements, mainly with French-speaking African countries, the so called Yaoundé Convention<sup>32</sup>, later-on extended to the Lomé Convention (1975-1999). The new EU-ACP partnership is not restricted to governments. Civil society organizations, can participate too, as well as economic and social partners and the private sector.

Fortunately enough, social movements in Europe and Africa have arisen to contest imperial globality, fostering forms of counter-hegemonic praxis and politics against the imposition of neoliberal globalization (Prempeh, 2006). The ongoing EPAs controversy on the Economic Partnership Agreements (EPAs) between the EU and Africa and the increasing impact of African agency on negotiations with the EU is a prominent example (Kohnert, 2014).

Building up civic agency<sup>33</sup> is not only crucial for a sustainable process of democratization but also for foreign trade on a level playing field. The development potential of civic agency in African countries and elsewhere depends on internal and external variables which are interdependent. The domestic factor rests to a large extent on the capacity of citizens to overcome fault lines of ethnicity, class, gender, religion and partisan politics in their own country. However, this domestic capacity can be enhanced also by global developments and networks like the spread of internet and mobile phones even in remote regions all over Africa, by international advocacy networks, and last but not least by motivating successful protest movements in neighboring countries, like the Arab spring or the wave of Sovereign National Conferences in Sub-Saharan Africa in the early 1990s.

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<sup>31</sup> ACP - [African, Caribbean and Pacific group of states](#), i.e. 77 developing countries, most of them former European colonies.

<sup>32</sup> Ecdpm (2018): [The Cotonou Agreement in a nutshell](#). Brussels: European Centre for Development Policy Management (ECDPM).

<sup>33</sup> The normative concept of 'civic agency' is not straightforward. It is related to Western rights-based views, notably, on the relationship between polity and the state in general and democracy in particular (Fowler 2009:150-151). Thus, the ascription of civic agency is dependent last, but not least on power relations on the continuum from a local to a global order.

Foreign influence on the development capacity of civic agency, both positive and negative, is often indirect and accidentally, but not necessarily less effective. In many cases it is not visible at first sight, notably when it comes to its long-term effects. More often than not, it slips in under the radar screen of even well-intended aid-donors because the institutional memory both of development agencies and related research and evaluation institutions is usually quite short (Bierschenk / Elwert / Kohnert 1993). In contrast, the aftermath of misguided development policies and failed development projects remains often embodied in the memory of the local population concerned over generations. However, its long-lasting impact is considered by the donors only occasionally if at all (Kohnert 2017).

We can draw valuable lessons from civic agency in the realm of participatory trade politics in West Africa and elsewhere. They date back up to the [Seattle protests of 1999](#), which became a global symbol of civic agency by questioning the legitimacy of the WTO order. This was shown by Silke Trommer (2014) in her painstaking study of West African civil society organizations (CSOs) as symbols and innovative drivers of transparency and democratization in ECOWAS's EPA negotiations. Originating in the late 1990s, "national platforms of civil society organizations" dealing with ACP–EU relations have, since 2006, become officially recognized by, and deeply involved in ECOWAS–EU talks. Fluctuating over time, these CSOs comprised 15 organizations from 11 West African countries (in 2009) composed of a vast variety of groups, such as farmers' associations, local and transnational NGOs, trade unions, women's rights associations, etc. Each national member was responsible for lobbying at its respective national level. Although the degree of legitimacy and representativeness varies considerably among members, together they wield a remarkable political, social and economic influence, including access to core trade policymaking institutions like ECOWAS and the official EPA negotiation table.

### *African Agency as impediment to sustainable development*

Unfortunately however, more often than not, African agency has been impeding sustainable trade and development of African countries, as will be shown in the following. In comparison, the set-back that Trump's protective tariffs effects on US-African trade-relationships is by far less important than self-inflicted barriers of African agency, namely large-scale corruption, nepotism, and mismanagement on all levels of politics, economy and society. Scholarly studies of these impediments of development and the peculiarities of African 'states at work' are legions (Bierschenk et al 2014; Justesen & Bjørnskov 2014; Blundo & Sardan 2006). However, let us be clear about it right from the start: African institutions or individuals are not the only one to blame for this, more often than not they are closely entangled with their Western counterparts.

Informal institutions play a decisive role in African bureaucracies, politics, economy and society. However, there exists nothing like a typical African culture of corruption, clientelism or mismanagement. Most cases of grand corruption in Africa for example have been instigated by globally acting corporations<sup>34</sup>. This was beneficial for the briber too in many respects, not just to secure lucrative business contracts. In Germany, for example, the tax office classified bribes as so-called ‘useful expenses’ up to 1997. Therefore, they could be deducted as business expenses from the tax. The only precondition was that the recipient abroad was named. Most industrialized nations had similar regulations<sup>35</sup>. The trend to treat bribes to foreign officials ever since as illegal does not necessarily mean that grand corruption has been confined.

Besides, even African ethnic patronage relations are neither primordial nor divisive but instead continually adapted to modern requirements (Meagher 2006). Seemingly static cultural factors, such as custom, tradition, religion, or ethnicity, have been re-invented or adapted to changing requirements of societies. Therefore, it would be misleading to put the blame for lacking development in Africa on the cultural heritage, as supposedly incorporated in “traditional African institutions”, which are frequently considered in a simplistic and deterministic manner as customary barrier to democratization or economic growth. In addition, there exist significant structural differences not only between cultures of innovations of the formal and the informal sector, but also within the informal sector, depending on its social structure. Both differences have serious repercussions with regard to the developmental trajectory. Last, but not least, the fault lines between the formal and the informal become increasingly blurred in various ways by globalization. This has been demonstrated with respect to different standards for culturally induced innovations between the so-called “useful” and “useless” development regions by Ferguson (2006:380), who took “governance” and investment criteria concerning strategic investments of oil-multinationals as examples. The enclaves of the “useful” Africa are not any longer delimited either by national frontiers, or by the divide between the formal and informal, but by boundaries of transnational economic and social spaces. The chains of transnational enclaves of “useful Africa”, e.g. of oil fields exploited by oil multinationals in West Africa (often backed by powerful hidden national interest), function apparently according to rules and ethics beyond the official discourse on governance or on codes of conduct of international development cooperation. The poor in these regions are regularly excluded from the “useful Africa”, as shown by the example of the Niger Delta. They have to obey special laws, which result in their exclusion and marginalization within the context of globalized capitalism.

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<sup>34</sup> A recent example was the prosecution of French billionaire Vincent Bolloré, owner of one of the largest transport and logistic operators in Africa, for ‘bribing foreign public officials’ in Lomé and Conacry, in order to obtain two lucrative container terminals in Lomé and Conacry. Agnew, H. (2018): [Vincent Bolloré in French police custody after Africa probe. Billionaire detained as part of bribery investigation](#) London: Financial Times, April 24, 2018

<sup>35</sup> OECD (2011): [Update on tax legislation on the tax treatment of bribes to foreign public officials in countries parties to the OECD anti-bribery convention](#). Paris: June 2011.

## *Obstructing African agency: the example of the Ajaokuta Steel Mill Project, Nigeria*

The Ajaokuta Steel Mill project is the second largest steel mill in Africa, and the 12<sup>th</sup> largest in the world. However, at the same time it is one of the most notorious 'white elephants' in Africa too (SaharaReporters, 2018; Faboyede, O.E. 2015). Construction started in 1979 under a co-operation agreement with the former Soviet Union on 24,000 hectares in Ajaokuta, Kogi State, Central Nigeria. The project has four different types of rolling mills inside the plant to produce different steel products. Its coke oven and by-product plants, allegedly completed in 1994 to up to 98%, or 40 or 43 plants, were bigger than all similar plants in Nigeria combined. In order to supply the mill with iron ore and connect it with the world market, Nigeria's first standard gauge railway was built from the iron mines at Itakpe to the steel mill at Ajaokuta and continuing to the Atlantic Ocean at Warri. The railway was nearly completed too, but part of it was vandalized in the meantime (Ajaokuta Steel Mill, wikipedia).

Ajaokuta would have had the capacity to become one of the major African producers of industrial machineries, auto-electrical spare-parts, shipbuilding, railways and carriages, as well as biggest African supplier, not just for neighboring African markets. In the first phase of its development the plant would have provided direct employment for 10,000 workers and further 500,000 up- and downstream if in operation. When, after several failed attempts of privatization, the Nigerian government took back control in 2016, it had spent an estimated US \$10 billion over 34 years on the project. However, not a single sheet of iron has been produced till date because of gross mismanagement, fraud and vandalism of the plant in the course of failed privatization efforts (Faboyede, O.E. 2015). About another \$ 1.5 billion would be necessary to complete the remaining two per cent of the plant (Oluyole, F. 2017; Ajaokuta Steel Mill, wikipedia). That is, \$625 million to complete the steel company and another \$ 800 million to provide the external infrastructure, including railway, for the complex, to make it operational<sup>36</sup>. Yet, apparently some ministers in the former Goodluck Jonathan as well as in the present incumbent Muhammadu Buhari's administration were again trying to fraudulently acquire the Ajaokuta steel company for themselves, as was revealed in a detailed petition read at the House of Representatives in Abuja in March 2018 (SaharaReporters, 2018).

## **Conclusion**

African states still strive to cope with the legacy of the slave trade, colonialism, and the subsequent struggle for political and economic independence in a crisis prone continent. Decades of development aid and well-intentioned though not necessarily

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<sup>36</sup> today-ng (2018): [Ajaokuta Steel Company: \\$652m estimated to reactivate equipment, machines](#). By [News Agency of Nigeria](#), June 7, 2018; Adeolu, Yemisi (2018): [Official: Nigeria needs \\$1.425 billion to complete Ajaokuta Steel](#). Today-ng, June 5, 2018

altruistic treaties to promote development by trade, like the for mentioned AGOA and the ACP-EU Cotonou agreement which runs out in 2020, were steps in the right direction. Yet, they apparently had little effect to accelerate the development process in Africa up to now. The present move of the Trump administration to put 'America first' and to concentrate on the 'real friends' of the US, seems to be a step backward to the times of the cold war, according to the maxim, if you're not with us, you're against us<sup>37</sup>. The punitive tariffs introduced among others on imports from African countries means blunt power politics without regard to the needs of African developing countries. Yet, unlike competing global players, targeted by Trump, African states lack the power to retaliate. It is a slap in the face of those bona fide Africans who thought there would be more level playing field with the US, at least since the AGOA-treaty and the great expectations aroused by the Obama-administration (Laymann et al 2009).

Nonetheless, African institutions are no passive agents who sit mesmerized like rabbits before the snake vis à vis any move of the US government. African agency matters, despite popular misconceptions about global players as agenda setters that still prevail, whereas Africans are considered as more or less helplessly overrun and outwitted. On the contrary, local agency and class policy are central determinants of socio-economic transformations. African agency from below can develop under certain conditions to social and economic change of revolutionary proportions as the 'Arab spring revolutions' showed, just as the surprisingly successful role of civic agency in the EPA negotiations (Kohnert, 2014). On the other hand, the closed shop of the 'Messieurs Afrique' in Francophone Africa (Kohnert, 2005) as well as an 'agency as corruption' (Taylor, 2014), incarnated by the Nigerian example of decades of bad governance, both to the benefit of political and economic elites in Africa and overseas, still constitute an effective barrier to sustainable African development.

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<sup>37</sup> In railing against countries that had "taken advantage" of the United States, as allegedly Germany did, Trump said: "We have some friends and some enemies where we have been tremendously taken advantage of over the years on trade and on military ... So we view trade and we view the military, and to a certain extent, they go hand in hand." AFP, 2018, *ibid*.



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## Appendix

**Table 1.** Top US imports of steel by country, and % of change, 2011-2017

### Top US imports of steel

Rank	Country	2017* (million metric ton)	% change from 2011-2017
1	Canada	5.8	▲ 5
2	Brazil	4.7	▲ 66
3	South Korea	3.7	▲ 42
4	Mexico	3.2	▲ 24
5	Russia	3.1	▲ 146
6	Turkey	2.2	▲ 238
7	Japan	1.8	▼ 2
8	Germany	1.4	▲ 40
9	Taiwan	1.3	▲ 113
10	India	0.9	▲ 16
11	China	0.8	▼ 31
12	Vietnam	0.7	▲ 506
13	Netherlands	0.6	▲ 14
14	Italy	0.5	▲ 86
15	Thailand	0.4	▲ 478

\*Annualised based on year-to-date through October

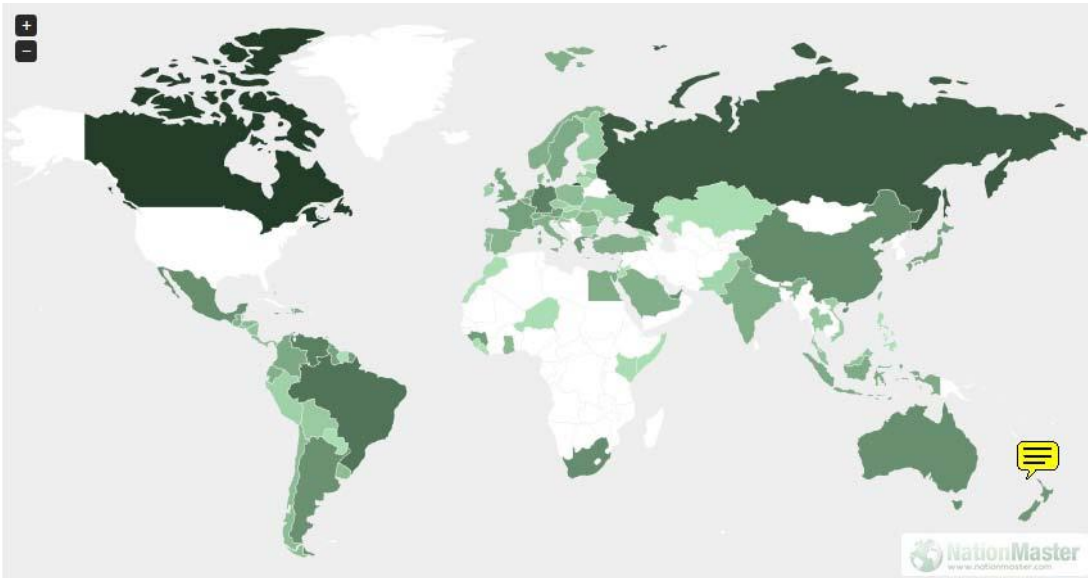
Sources: US DEPARTMENT OF COMMERCE, CENSUS BUREAU, FOREIGN TRADE DIVISION, IHS GLOBAL TRADE ATLAS DATABASE STRAITS TIMES GRAPHICS

**Note:** South Africa ranked 20. with US \$ 0.3 bn in 2017 - behind Thailand, Spain and Austria; <https://www.nytimes.com/2018/03/01/business/trump-tariffs.html> and <http://www.straitstimes.com/world/united-states/winners-and-losers-from-trumps-new-tariffs-on-aluminum-and-steel> accessed: 30.03.2018

Map 1: US Steel imports, 2017



Map 2: US-imports of bauxite and aluminum by country (2004)



**Note:** Of the seven African countries listed, only three, South Africa, Egypt and Ghana exported aluminum to the USA to any significant degree. Imports from Kenya, Liberia, Morocco, Niger and Somalia were negligible. Source: "Countries Compared by Economy > Trade > With US > US imports of bauxite and aluminum. International Statistics at NationMaster.com", FTDWebMaster, Foreign Trade Division, U.S. Census Bureau. Aggregates compiled by NationMaster. Retrieved from <http://www.nationmaster.com/country-info/stats/Economy/Trade/With-US/US-imports-of-bauxite-and-aluminum>