



Success or Failure? An Evaluation of Fifty Years (1957-2007) of European Union Development Policy in Africa, Caribbean, and the Pacific

Anjali Banthia
London School of Economics, London, UK

This paper investigates the past fifty years (1957-2007) of European Union development policy in Africa, Caribbean and the Pacific (ACP), and argues that the policies which have been enacted during that period, including the Treaty of Rome, Yaoundé Conventions, Lomé Conventions, and Cotonou Agreement, have failed to achieve their stated goals. The analysis set forth in this paper focuses on five core policy areas: Partnership, Political Development, Poverty Reduction & Economic Development, Regional Integration, and Trade Development. This paper will demonstrate that from Rome to Yaoundé to Lomé and finally Cotonou, EU-ACP development policy failed to deliver on each of those objectives, leaving the ACP states impoverished, uncompetitive, underdeveloped, and weak as the relationship begins its sixth decade.

Introduction

With the signing of the Treaty of Rome in 1957, the seeds of what would become the largest and most comprehensive development policy of the European Union (EU) were sown in history (Dearden and Salama 2002:899). Born under the legacy of French imperial rule in Africa, the Treaty forged a “special relationship” between Europe and the developing world (Article 131, 1957); one that five decades later continues to endure. The EU relationship with Africa, Caribbean and Pacific (ACP) that began fifty years ago in Rome is today one of the EU’s most important and widely debated development policies (Goodison 2005:295).

Since its origins in 1957, this “special relationship” has significantly evolved. From the colonial undertones of the Treaty of Rome and the Yaoundé Conventions (1963, 1969) which mandated reciprocal trade preferences between the European Economic Community (EEC) and Francophone Africa (Zartman 1976:328), a broader and divergent partnership emerged from 1975-2000 under the Lomé Conventions, which included a larger set of nations from Africa, the Caribbean, and the Pacific (Crawford 1996:504). Lomé featured a system of non-reciprocal trade preferences between the ACP and the growing European Community (EC), meaning that the ACP could export freely into the EC while the EC was required to pay tariffs for exports into the ACP (Whiteman 1998:31). Though the arrangement was developed to stimulate ACP growth, the ACP deteriorated under Lomé, catalyzing a dramatic reform of the EU-ACP partnership by the millennium. In 2000, under pressure from the World Trade Organization (WTO) to dissolve Lomé’s preferential trade access system to which the ACP’s stagnation under Lomé was attributed, the Cotonou Agreement (2000-present) was signed with a mandate for free trade and political conditionality (Babarinde and Faber 2004:28). Cotonou divided the growing list of ACP signatories into six regional groupings and called for the creation of Economic Partnership Agreements (EPAs) to liberalize trade between each group and the EU by the end of 2007. Today, ongoing trade debates continue as the nations seek to yet again redefine their relationship under the EPAs (Dur and DeBievre 2007:88).

Upon the golden anniversary of the Treaty of Rome and as the clock ticks towards the latest reincarnation of the EU-ACP relationship, this paper will evaluate the question of whether EU development policy in the ACP over the past fifty years has been a success or a failure. The forthcoming analysis will also evaluate where the relationship is heading with Cotonou and the emerging EPAs. The analysis of the success or failure of the EU-ACP relationship is complicated by the fact that each of the three elements – the EU, development policy and the ACP – has undergone major changes since 1957, as described above. Yet, despite evolving policies, ideologies and partners, the EU-ACP relationship has maintained several consistent goals, which will be used to organize the subsequent analysis. A comparison of the text of the agreements (see Appendix Figure 1) reveals five major EU-ACP objectives: Partnership, Political Development, Poverty Reduction & Economic Development, Regional Integration and Trade Development, which have remained as consistent goals throughout the relationship.

This paper will demonstrate that from Rome to Yaoundé to Lomé and finally Cotonou, EU-ACP development policy has failed to deliver on each of these objectives, leaving the ACP states impoverished, uncompetitive, underdeveloped, and weak as the relationship begins its sixth decade. Though current trade negotiations call for a dramatic shift from past policies, the tension and lack of consensus between the EU and ACP signal that the relationship may not be changing for the better (*Africa Research Bulletin* 2007:17208). Part One of this paper will provide a historical overview of the various agreements, and Part Two will then explore each objective and evaluate the impact of the policies in contrast to the agreement's objectives.

Part One: Historical Overview

This section will explore the agreements that have comprised EU-ACP development policy over the past fifty years in chronological order. This analysis will discuss the main tenets of each agreement and analyze how and why changes were made from previous iterations.

The Treaty of Rome

The Treaty of Rome (1957)¹ was the starting point for EU-ACP relations, though neither entity existed in its current form at that time. The Treaty, which formed the EEC, stated in Part IV that the EEC will “bring into association non-European ‘countries and territories’ which have special relations with Belgium, France, Italy and the Netherlands” (Article 131, 1957). Treaty provisions focused on economic issues, with goals to promote economic development and prosperity in the “countries and territories,” and to establish “closer economic relations” between them and the EEC (Article 131, 1957). Article 132 called for the creation of the European Development Fund (EDF) by stipulating that the EEC “shall contribute to the investments required for the progressive development of these countries and territories,” but did not formally codify the EDF (Article 132, 1957). In trade relations, the Treaty stated that both parties shall extend the same rules which they apply amongst themselves to each other, and that all custom duties should be reciprocally abolished between the EEC and the non-European countries and territories (Articles 132-133, 1957).

The Treaty of Rome provisions were formed largely in the interest of France and its colonies, who comprised the majority of the non-European beneficiaries of the agreement. The inclusion of French colonies was so important to the French that they allegedly threatened not to sign the Treaty unless it provided special economic relations with its African colonies (Whiteman 1998:30). For France, the motivation to codify a European-African relationship was three-fold: first, the Treaty was seen by the French as a strategy to protect its colonial markets and guarantee supplies of primary products (Zartman 1976:328). Second, with the prospect of decolonization looming, the French saw the Treaty of Rome as a way to secure the French sphere of influence in Africa in the long run. And lastly, the EEC-funded aid allowance meant that France could spread the costs of providing economic assistance to its colonies with the other EEC members, reducing France’s heavy fiscal burden (Grilli 1996:7). Regardless of motivations, the Treaty was the first to create a multilateral customs union and aid package between Africa and the emerging European community, and thus laid the foundation for the subsequent fifty-year relationship.

¹ The European signatories for the Treaty of Rome were Belgium, Germany, France, Italy, Luxembourg, and the Netherlands. The ACP signatories were French West Africa, French Equatorial Africa, Togo, Madagascar, Comoros, French Polynesia, French Southern and Antarctic Territories, Algeria, Guyane, Martinique, Guadeloupe, Congo, Ruanda-Urundi, Somaliland, New Guinea and other dependencies (Source: European Commission, EUROPA Website 2006).

Yaoundé Conventions

In the five years after the Treaty of Rome was signed, most Francophone African colonies gained independence (Grilli 1996:14). Decolonization broke the imperial relationship between Europe and its former colonies, but France continued to drive the EEC towards strong relations with Africa. In 1963, this resulted in the signing of the first Yaoundé Convention².

Yaoundé codified a partnership based on “complete equality and friendly relations” between the EEC and 18 ex-colonial (primarily ex-French) states in Africa (Preamble, 1963). Yaoundé maintained the reciprocal free trade zone formed in Rome allowing new states (called “associates”) to retain unimpeded access to the European market and vice versa. In terms of trade policy, Yaoundé did not represent a major shift from the Treaty of Rome, but it did introduce some new features such as the formal creation of the EDF (Article 16, 1963) and three EU-ACP governing institutions, the Association Council, the Parliamentary Conference of the Association, and the Court of Arbitration of the Association (Article 39, 1963). Lastly, the Convention generally supported the cause of the “developing intra-African trade,” but made no specific provisions, allowing “associated countries to organize trade relations amongst themselves as they saw fit” (Grilli 1996:19).

The motivations for Yaoundé came from both continents. Despite having just acquired independence from European colonizers, the newly-independent states in Africa were still highly dependent on Europe for both trade and aid with over 50% of exports going to Europe and nearly 100% of aid coming from the EEC (Grilli 1996:15). Thus, a desire to maintain both preferential access to European markets and continued aid pushed the ex-colonies to renew ties with the EEC. On the European side, France remained the main driver. “Always watching over Francophone African countries” (Whiteman 1998:30), the French believed that “young, fragile economies should not be thrown immediately into open competition in the world market,” and continued to strongly, if not paternalistically, advocate for preferential reciprocal trade access and substantial aid packages for its former colonies (Zartman 1976:328).

² No European signatories were added for Yaoundé I. The new ACP signatories were Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Tchad, Congo Brazzaville, Congo Kinshasa, Cote d'Ivoire, Gabon, Mali, Mauritania, Niger, Rwanda, Senegal, Somalia, and Togo (Source: European Commission, EUROPA Website 2006).

Yaoundé was renewed in 1969³ with virtually identical provisions and three new ACP signatories (Yaoundé Convention, 1969, European Commission 2006). Yaoundé II pledged a second and larger EDF, but essentially it just “provided continuity until there could be agreement on innovation” (Zartman 1976:330).

Lomé Conventions

Unlike Yaoundé II, Lomé I⁴ which was signed in 1975 did feature innovative and ground-breaking changes. First, in membership, Lomé I expanded significantly in numbers and geography. The 1973 inclusion of Britain into the newly-formed European Community (EC) brought British demands for the insertion of its former colonies into the relationship. Lomé I membership more than doubled from 21 primarily African states under Yaoundé II to 46 African, Caribbean and Pacific states, thus creating the origins of the ACP group as we know it today. On the European side, EC partnership grew to include Britain, Ireland and Denmark (European Commission 2006).

Second, in trade relations, Lomé I replaced Rome and Yaoundé’s reciprocal free trade zones with a new arrangement that “resolved to promote, having regard for respective levels of development, trade cooperation between the ACP states and the Community” (Preamble, 1975). The revised arrangement called for non-reciprocal trade preferences. This meant that, with few exceptions, ACP states could enjoy duty-free access to Europe while only having to grant European goods preferred but not free entry into their markets. Lomé I also included special protocols for ACP sugar, bananas, beef and veal, which secured guaranteed quotas and fixed prices for these products (Panagariya 2002:1420)⁵. Third, in financial cooperation, Lomé I created STABEX, the System for the Stabilization of Export Earnings, which Grilli called “the most important innovation of Lomé I” (Grilli 1996:27). Funded completely by the EC, STABEX guaranteed funds to protect the ACP from fluctuating export

³ No European signatories were added for Yaoundé II. The new ACP signatories were Kenya, Tanzania and Uganda (Source: European Commission, EUROPA Website 2006).

⁴ The new European signatories for Lomé I were Denmark, Ireland and the United Kingdom. The new ACP signatories were the Bahamas, Barbados, Botswana, Ethiopia, Fiji, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, Jamaica, Lesotho, Liberia, Malawi, Mauritius, Nigeria, Samoa, Sierra Leone, Sudan, Swaziland, Tonga, Trinidad and Tobago, and Zambia (Source: European Commission, EUROPA Website 2006).

⁵ The Banana Protocol gave the ACP duty-free access for specific quotas of bananas into the EC market, benefiting several Caribbean states. The Sugar Protocol set up a system whereby the EC would purchase fixed amounts of sugar annually for ACP producers at an elevated market price. The Beef and Veal Protocols arranged for the EC to refund 90% of the tax normally paid by ACP states, primarily benefiting Southern African exporters. (Panagariya 2002:1420).

revenues due to sensitive agricultural products. Lomé I also renewed and increased EDF aid.

The motivation for the new agreement came from both the changing European political climate that resulted from Britain joining the EC and the realization that Yaoundé failed to produce the desired results. “The special treatment extended to the privileged Eighteen [in Yaoundé] was not producing notable trade expansion, nor was it any protection against the caprices of the market for tropical products [and] despite guaranteed access to the European market, the Associates had failed to expand their penetration of it” (Zartman 1976:330). The African states blamed reciprocity and demanded the elimination of reverse preferences and the inclusion of a system to protect against commodity revenue instability (Grilli 1996:27). They argued that “there could be no equality amongst unequals” (Mayall 2005:298), and were successful in negotiating what they felt were more favorable terms due to a strong demonstration of ACP unity.

The EC agreed to the new terms for two reasons. First, Zartman argues that “Europe still considers such relations a family affair and looks at the former colonies as former students now on their own,” and second, the EC has an interest in sustaining ties because Europe at the time still relied on Africa for raw materials such as copper, coffee, cocoa and uranium (Zartman 1976:333). The oil crisis in 1973 also gave the EC a strong interest in securing continued access to Africa’s oil resources (Arts and Byron 1997:75).

While Lomé I introduced several original provisions, Lomé II⁶ (1979) and Lomé III⁷ (1984) lacked the “innovative thrust” of its predecessor and contained nearly identical provisions to Lomé I with the only major addition being the creation of the System for the Promotion of Mineral Production and Exports (SYSMIN) (Grilli 1996:37). SYSMIN was designed to help ACP producers maximize mine output by providing funds to improve facilities which had fallen under disrepair. Lomé II

⁶ No European signatories were added for Lomé II. The new ACP signatories were Cape Verde, Comoros, Djibouti, Dominica, Kiribati, Papua New Guinea, Saint Lucia, Sao Tome and Principe, Seychelles, Solomon Islands, Suriname, and Tuvalu (Source: European Commission, EUROPA Website 2006).

⁷ The new European signatory for the Lomé III was Greece. The new ACP signatories were Angola, Antigua and Barbuda, Belize, Dominican Republic, Mozambique, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Vanuatu, and Zimbabwe (Source: European Commission, EUROPA Website 2006).

expanded to 12 new ACP states (European Commission 2006), and renewed the EDF once again. In negotiations, the EC discussed the possibility of linking EDF aid to human rights, but the ACP refused this provision and eventually it was not included (Hurt 2003:162). Lomé III added nine ACP states and Greece as signatories (European Commission 2006). Its significant revisions were the introduction of a “policy dialogue” in the planning process and a concern for the “well being of the population...and the role of women” (Preamble, 1984).

When Lomé III was signed, the ACP states, particularly those in Africa, were facing a deep economic recession to the extent that “the early 1970s [in Africa] could have been in a different century not just the previous decade” (Grilli 1996:38). The states desperately needed increased economic growth, but the ACPs' sustained lack of success had led to ‘Lomé fatigue’, or frustration that trade and aid policies were not working after decades of attempts. This provided the impetus for dramatic change in Lomé IV.

Fed up with the lack of results, policy reformers crafted Lomé IV⁸ (1990) to respond to the stagnation of the 1980s. The agreement introduced several new features. Most prominently, Lomé IV included explicit economic and political conditionality. Economically, therefore, ACP states only gained access to aid if they implemented Structural Adjustment Programs (SAPs), and politically, access to aid was tied to the adherence of international human rights standards for the first time (Crawford 1996:505). Lomé IV renewed the EDF and admitted Spain, Portugal, and two new ACP states (European Commission 2006). Lomé IV also gave “special importance and high priority to regional cooperation and integration,” strengthening the language from prior agreements, though no specific provisions were made (Title IX, 1990).

The motivation for adding conditionality to the agreement came from European aid fatigue as well as the changing international political environment following the Cold War. Whiteman (1998:33) explains that the dire economic condition of Africa in the 1980s led policymakers in the Western world, exhausted by Africa’s stagnation, to

⁸ The new European signatories for the Lomé IV were Spain and Portugal. The new ACP signatories were Equatorial Guinea and Haiti (Source: European Commission, EUROPA Website 2006).

marginalize the continent in favor of the more politically current states in Central and Eastern Europe. Accentuated by the end of the Cold War and the desire for Western Europe to make its political, ideological and economic presence known in the former Communist states of the CEE, the marginalization of Africa led European aid resources to flow into those states, leaving less funding available for the ACP. As patience for African success dwindled, the resources put into Africa were expected to perform ever harder, which led to the notion of conditionality. This meant that rather than having aid and trade preferences as a given, the EC could revoke them as punishment at any time if the ACP violated economic and political obligations.

Lomé IV was a 10-year agreement extending to 2000, but had a mid-term review in 1995. The most prominent reform in Lomé IV-bis⁹ (as it was known) was to deepen the link between trade, aid and human rights compliance that had been introduced in Lomé IV (Crawford 1996:506). The terms relating to conditionality were expanded to include democratic principles, the rule of law, and good governance as goals (Article 5, 1995). At the time of the signing of Lomé IV-bis, the EU had officially been formed, and the agreement expanded to include three new EU member states (Austria, Finland and Sweden) and three new ACP states.

The EDF was renewed in Lomé IV-bis, but two important changes were made. First, EDF aid was to be delivered in two “tranches,” the first would send 70% of the total amount and the remaining 30% would only be delivered if the first portion was deemed to be satisfactorily implemented (Crawford 1996:509). The second change was in the decreased amount of aid, which reflected the ACPs' reduced priority vis-à-vis, the CEE. As Whiteman (1998:33) explains, the “morose crisis of 1995 in which it was only the French willingness to put up more funds that ensured that the deal for the new EDF went through was a classic illustration of the way Lomé has slipped down the EU agenda.” Lastly, a concern over the sustained trade and economic stagnation and isolation over the past several decades in the ACP drove policymakers in Lomé IV-bis to call for increased trade development, which is “crucial for the smooth and gradual transition of the ACP into world economy [and]

⁹ The new European signatories for the Lomé IV-bis were Austria, Finland, and Sweden. The new ACP signatories were Eritrea, Namibia and South Africa (Source: European Commission, EUROPA Website 2006).

the alleviation of poverty in these states” (Lomé Convention, Joint Declaration on Trade Development, 1995).

The Lomé Convention, despite various revisions, formed the most significant part of EU-ACP development policy over the past five decades. Though principles such as political conditionality and human rights were later introduced, the core of the policy and the main impact was the system of non-reciprocity that it put in place between the EU and ACP. As the decades passed, it was this aspect of Lomé that would come under most criticism.

Cotonou Agreements

The EU and ACP states signed a new agreement in 2000 that marked a significant “break from the past... [and would] alter the nature of the relationship in fundamental ways” (Babarinde and Faber 2004:28). The Cotonou Agreement¹⁰ introduced several ground-breaking reforms to replace the 25-year old Lomé Convention. First, Cotonou explicitly states that poverty reduction and its eventual eradication “consistent with the objectives of sustainable development and the gradual integration of the ACP countries in the world economy” are the main goals of the agreement (Article 1, 2000). Though promoting economic prosperity in the ACP had been an objective since the Treaty of Rome, Cotonou was the first agreement to prominently call for poverty eradication, signaling recognition that ACP states had deteriorated so significantly that many faced extreme poverty rather than the economic growth that may have initially been envisaged earlier in the relationship.

The second major modification in Cotonou was the deepening of the language surrounding political conditionality, reaffirming respect for human rights, democratic principles and the rule of law as “essential elements” and good governance as a somewhat less important “fundamental element” (Holland 2003:165-6). Giving “teeth” to conditionality (Babarinde and Faber 2004:37), a suspension clause was added indicating that “as a measure of last resort” aid could be revoked to partners who violate an “essential element” (Articles 96-97, 2000). In addition, aid provisions would

¹⁰ No European signatories were added for Cotonou. The new ACP signatories were the Cook Islands, Marshall Islands, Federated States of Micronesia, Nauru, Niue and Palau (Source: European Commission, EUROPA Website 2006).

be subject to operational reviews, meaning that a non-performing ACP country could lose its EDF support (Babarinde and Faber 2004:38). Thus, though both poverty reduction and conditionality were introduced in Lomé IV, they were given significantly more strength and prominence in Cotonou.

Lastly, Cotonou's most significant departure from Lomé was the introduction of differentiation amongst ACP states, which refers to the distinction between nations deemed more able to compete in the global economy and the Least-Developed Countries (LDCs) and the call for Economic Partnership Agreements (EPAs) between the EU and non-LDC ACP states. Under the new scheme, LDCs would still be able to retain "special protection," meaning that they could still enjoy preferential access to European markets without opening their borders to European exports (Holland 2003: 165). The LDCs could maintain continued non-reciprocity under the Everything But Arms (EBA) initiative which granted free EU access for nearly all products (Page and Hewitt 2002:91). However, non-LDC ACP states would be required to form regional free trade zones and negotiate EPAs with the EU which would liberalize trade in a reciprocal fashion over a specified timeframe, though they must be put in place by 2008 (Babarinde and Faber 2004:37). Negotiations to develop the EPAs began in 2003 with the West African and Central African regions and in 2004 with Eastern and Southern Africa, the Caribbean, the Southern African Development Community, and the Pacific nations. The talks are expected to continue until the end of 2007, when the EPAs are required to go into effect (Dur and DeBievre 2007:88). The groups will have a transition phase of 12 years, during which they must fully eliminate tariffs and other trade barriers amongst the other nations in the group and with the EU.

The motivations for these radical changes were three-fold. First, aid fatigue and failure continued. Frustrated with the lack of ACP growth, this "disillusionment, together with the financial constraints on the EU budget, made policy reform a priority" (Holland 2003:162). In other words, the EU was willing to try new initiatives to stimulate ACP growth and reduce poverty. Second, WTO rules mandated the end of non-reciprocal trade preferences for non-LDC nations, thus requiring these states to gradually phase out such preferences in favor of free reciprocal trade (Babarinde and Faber 2004:28). The EU felt that regionally integrated free trade zones in the

ACP were the most appropriate way to rearrange trade relations for non-LDCs, while LDCs could still legally retain non-reciprocity under the EBA (Mandelson 2005). Lastly, the end of the Cold War prompted the EU to shift priority to the CEE and away from the ACP, as manifested in the decreased levels of EDF aid (Holland 2003:162).

In 2005, Cotonou¹¹ was revised to adapt to recent international developments. New provisions were added to counter the proliferation of weapons of mass destruction and the threat of terrorism. The revision also referred to the Millennium Development Goals, reaffirming the EU and ACPs' commitment to the poverty reduction in developing nations. Lastly, the agreement emphasized the role of non-state actors in development, allowing them to directly appeal to the EU for grant funding (European Commission, Information Note on the Revision of the Cotonou Agreement, 2005).

As the 2008 deadline for the inception of EPAs approaches, ongoing trade negotiations continue, with recent summits held between ACP trade ministers and EU development ministers in December 2006 in Khartoum, Sudan and in March 2007 in Bonn, Germany. Negotiations are to be concluded by the end of the year, but in declarations at the end of each of the recent summits, the ACP expressed frustration with the trade and aid provisions proposed by the EU and have suggested that they may not be able to sign a deal in time if aid packages are not increased beyond the 2 billion Euros previously promised per year until 2010 (*Africa Research Bulletin* 2007:17286). Though EU Aid Commissioner Louis Michel has promised that the EU would offer long transition periods as well as significant aid amounts to ACP nations to allow them sufficient time to open their markets and adapt to a free trade regime (*Africa Research Bulletin* 2007:17286), the ACP states continue to be concerned that the time and aid given to them by the EU will be insufficient to transition their stagnated and underdeveloped economies into nations which can compete with others without trade preferences in their favor. Thus, the EU-ACP relationship yet again after five decades of existence continues to be in flux with

¹¹ The new European signatories for the Cotonou Revision were the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia. No ACP signatories were added. (Source: European Commission, EUROPA Website 2006).

questions arising as to whether the new arrangement proposed by Cotonou will be a success or a failure in the coming years.

Part Two: An Evaluation of Successes and Failures

This section will utilize the five major objectives of EU-ACP development policy identified in the introduction to demonstrate that EU-ACP policy has been a failure over the past fifty years.

Partnership

Since 1957, partnership has been a prominent objective of EU-ACP relations. The Treaty of Rome envisioned “closer economic relations” (Article 131, 1957) while Yaoundé adopted the phrase “complete equality and friendly relations” (Preamble, 1963) used virtually without change until Cotonou. Even then, the phrase was only modified as “equality between partners” (Article 2, 2000). Lomé III added that “cooperation shall encourage participation by ACP population in the design of operations” (Article 10, 1984), which remained until Cotonou (2000 and 2005) where it was shifted to express a “commitment to work together towards the achievement of objectives” (Preamble, 2000 and 2005). Therefore, despite minor changes, partnership has been a consistent goal for fifty years. This section will explore if EU-ACP policy has met its objective of promoting equal partnership. I will argue that a true partnership has not emerged, and that the EU-ACP development policy has failed to meet this objective.

Before beginning, it is necessary to define “partnership.” The principles regarding EU-ACP co-operation in Lomé I are a helpful starting point. They ordain that cooperation should feature “equality between partners, respect for their sovereignty, mutual interest and interdependence [and] the right of each State to determine its own political, social, cultural and economic policy options” (Article 1, 1975). This suggests that an equitable EU-ACP partnership would allow both parties to equally contribute to policy-making, have a voice in determining which policies are adopted, and work together in implementation without impinging on any states’ sovereignty.

The failure to create and maintain such a partnership has been most strongly demonstrated in the negotiations process and the applications of political conditionality. In both situations, the ACPs' trade and aid dependency on the EU has played a major role in tilting the power structure towards the EU.

Lomé I was a strong point for the ACP's equality in the relationship, yet since then, their "negotiating muscle" has withered (Whiteman 1998:33). In the Lomé I negotiations, the ACP were able to voice concerns about reciprocity and the lack of commodity supports, and were able to successfully negotiate more favorable terms (Zartman 1976:332). However, by Lomé III, the ACP had lost most of its opportunity to bring issues to the negotiating table. As Herbst (1987:649) argues, in Lomé III "the EC formulated policy on all major questions at the last moment, and then presented it as a take it or leave it proposition to the ACP." Although discussions began 15 months prior, the EC presented its EDF budget to the ACP just three months before the convention was to be signed with no room for adjustment. The EDF was negotiated by EU member states without ACP input, and because the budget size dictates what can be funded, the ACP were given little flexibility in determining the agreement's outcomes indicating that they had lost their ability to equally contribute to policy discussions (Herbst 1987:649).

Herein lies the problem: as ACP countries become increasingly impoverished and dependent on foreign aid, the equality initially envisaged in the partnership becomes untenable as it is difficult for the ACP to both demand equal treatment and ask for large sums of aid. In the 1996 Green Paper, the EU admitted that "the principle of partnership has proven difficult to carry through as dependence on aid has increasingly overshadowed relations" (European Commission 1996:7).

The growing inequality continued to manifest, and in Lomé IV negotiations, the ACP were forced to accept political conditionality, a concept that they had strongly refused in Lomé II and III negotiations (Hurt 2003:162). The consequent problems will be discussed shortly, but here the point is that due to aid dependence, the ACP's ability to negotiate favorable terms was undermined. The political objectives in Lomé IV were nearly identical to those in the Maastricht Treaty's CFSP provisions, which highlight the ACP's lack of input in designing the policy (Maastricht Treaty, Article 11,

1992). The trend continued with Cotonou where the ACP's role during the negotiations was to react against the EU and WTO mandate for trade liberalization, rather than to proactively negotiate their concerns or argue for alternatives to the EPAs. With little bargaining power against two large multinational bodies – the WTO and the EU – and much to lose due to trade and aid dependence, they were forced to accept the terms given to them by the EU. The ACP's collective bargaining power was further reduced from Lomé negotiations because for Cotonou, the EU was negotiating with smaller regional groups rather than the ACP as a whole (Dur and DeBievre 2007:90). Particularly because regional integration and cooperation, which will be discussed later in the analysis, is weak within several of the regional groupings, the power balance is even more substantially tilted in favor of the EU in EPA negotiations. Indeed, despite Mandelson's (2005) insistence that "there is no hidden agenda to force countries [into EPAs], the ACP were given no alternatives for regional integration or the preservation of long-standing non-reciprocal preferences, reinforcing their subordinate and unequal position.

In the area of political conditionality, the ACP's position as an equal partner has also been undermined. Though the political dimension from Lomé IV onwards has stressed that both parties must promote democracy, human rights, rule of law and good governance, the enforcement instruments reveal inequality. Article 96 of Cotonou states that either party can take "appropriate measures" after consultation in response to a violation of an essential element. Though the language suggests that both parties are equally subject to conditionality, in reality the instrument gives the EU more power to control the ACP as it is the only party able to restrict trade or aid. The ACP's trade and aid dependence give it little leverage to exert over the EU, making the relationship less like the equal partnership it set out to be. For Crawford (1996:504), the addition of political conditionality has been a key aspect of the decline of partnership in EU-ACP relations, arguing that it "marks a further erosion of the founding principles of partnership, and another move towards Lomé becoming indistinguishable from other aid programs, used as an instrument of power and influence in recipient countries." It is not the promotion of these political values that has tilted the power balance, as these ideas have been fairly well accepted in the ACP, but rather the idea that the EU can threaten the suspension of aid or trade, that has disrupted the equality of the relationship.

Despite the prominence of equal partnership as a major objective, the EU appears willing to sacrifice it to achieve other goals. In the 1996 Green Paper, the EU states that “the respect for national sovereignty that once took the form of an almost boundless trust in the recipient governments is evolving into an approach guided by efficiency” (European Commission 1996:12). From the EU’s perspective, forgoing equal relations may be a necessary and acceptable trade-off to create incentives towards the more important goal of stronger political development. Yet though this may enhance political development, in using conditionality, the EU-ACP relationship is failing in its goal of maintaining an equal partnership (Holland 2002:10).

Political Development

Political objectives were first introduced in 1990 under Lomé IV, and thus, are the most recent objectives of EU-ACP development policy. In a ground-breaking move, Lomé IV ordained a “faith in fundamental human rights, in all aspects of human dignity and in the worth of the human person...recognizing the need to respect and guarantee civil and political rights and to strive to bring about full enjoyment of economic, social and cultural rights” (Preamble, 1990) Lomé IV-bis added “greater political dialogue...and the recognition of democratic principles, rule of law and good governance” (Preamble, Article 5, 1995). Cotonou categorized these principles as either “essential elements” (human rights, democratic principles, rule of law) or a “fundamental element” (good governance) (Article 9, 2000). A “suspension clause” was added stating that “appropriate measures,” including the rescinding of trade or aid provisions, could be taken if either party violates any essential element (Article 96, 2000). Cotonou 2005 added new political objectives, including upholding the importance of the International Criminal Court, the non-proliferation of weapons of mass destruction, and the fight against terrorism (Article 11, 2005).

This section will explore if EU-ACP policy has been a success or a failure in its objective of promoting political development. Because they are recent additions, I will discuss how the EU and ACP have fared thus far. I will argue that, though it may be too soon to call the effort a failure, the EU and ACP have not had notable success in promoting political development. Moreover, several policy aspects may in fact prove inimical to the goal. The recent initiative of implementing EPAs has highlighted the inadequacies in political development in the ACP states, particularly in Africa, and

the fact that effective institutional building still has failed to be realized in most ACP nations (Bormann and Busse 2007:405).

Holland has argued that the very fact that the EU and ACP have been able to jointly agree on the terms of a political dimension should “in itself be considered a notable success” (Holland 2002:12-13). However, while the “enshrining of these principles in Lomé has not been a contentious issue for most ACP states” (Crawford 1996:507), the inclusion of political conditionality has been “vigorously opposed by the ACP countries” (Hurt 2003:164). Indeed, as stated earlier, the ACP refused to allow political conditionality in Lomé II and III, but only finally conceded in Lomé IV. Though this was a dramatic change to the relationship, to call it a “success” ignores that the ACP’s high and increasing levels of dependency for trade and aid on the EU may have given them little room to negotiate for fear that they would lose benefits on which they depend. Furthermore, Holland admits that the mere adoption of political objectives does not guarantee that they will be obeyed. He says, “the risk is that unless these broad principles are respected and promoted, the quality and purpose of the political dimension will be marginalized and regarded as little more than cosmetic conditionality” (Holland 2002:13). Thus, the real test of success or failure of political development objectives is whether these principles have been implemented in ACP societies.

A study conducted by Bormann, Busse and Neuhaus (2005:174-5) reflects government performance by region and contrasts non-ACP countries with ACP countries on six indicators of government performance, voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and the control of corruption. The study looks at the year 2002, 12 years after Lomé IV introduced political development. The data reveals that for each indicator, ACP countries performed worse than non-ACP countries. Some may argue that the comparison of ACP states to developed nations is unfair, but even in comparison to non-ACP developing countries, ACP states continued to perform worse on nearly all indicators. For example, from a scale of -2.5 to 2.5, non-ACP countries as a whole scored 0.21 and non-ACP developing countries scored -0.32 whereas ACP countries scored -0.40 (Bormann, Busse, Neuhaus 2005:174). The difference between ACP and non-ACP states was particularly pronounced in political stability, government effectiveness and regulatory quality. Though the study does not look at all of political

objectives stated in the agreement, it demonstrates that the ACP states have a long way to go before achieving success in political development. Furthermore, Bormann, Busse and Neuhaus argue that “international trade stimulates growth only in economies with better [political] institutions” (2005:174). Thus, failing to achieve success on political objectives also hinders economic and trade development. The data suggests that, as Holland feared, the principles of political development may not yet have been adequately respected and promoted in EU-ACP relationship and thus have produced such poor results for the ACP countries.

In fact, several EU-ACP policies and practices may have been detrimental to promoting higher standards of political development. Lomé IV-bis exposed the EU’s desire to shift some administrative and financial duties for the implementation of aid from the ACP to the EU, including project preparation, appraisal and financing (Crawford 1996:510). The EU admitted that “in its eagerness to improve the efficiency of aid operations, it has tended to take the place of its weaker partner, adopting a more interventionist role that is hard to reconcile with the need to encourage the recipient countries to take charge of their own development processes” (European Commission 1996:12). Thus, the approach avoids the underlying problem and fails to promote the development of stronger ACP governance (Crawford 1996:510). Thus, it may be a contributing factor to the lack of success in achieving political development thus far.

Furthermore, Cotonou promoted the “greater involvement of an active and organized civil society and private sector” as a key contribution to a stable and democratic political environment (Article 10, 2000). Cotonou 2005 additionally established that non-state actors could benefit directly from EU funding via grant contracts (Article 58). The changes reflect the desire to minimize the role of the state and expand the private sector, as well as representing a strategy to “deliver assistance to organizations who have been neglected by their respective governments, or to overcome problems of inefficiency or corruption in public administrations” (Dearden and Salama 2002:907). However, while these institutions would ideally act responsibly, they are potentially problematic as they are not democratically-elected and are thus not accountable to the local population. Indeed, as Hurt argues, “the inclusion of non-state actors should be welcomed if it contributes to the creation of a

more democratic society [but] the increasing incorporation of democratically unaccountable non-state actors may actually serve to weaken the process of democratization” (Hurt 2003:172).

The recently-added terrorism provisions in Cotonou 2005 may also be inimical to achieving political objectives, particularly democracy and human rights. The new clause allocates supplemental funding beyond the EDF for ACP states that are deemed by the EC to be combating terrorism. Kingah argues that “these new provisions will have effects that may run at cross purposes with the overall goal of having peaceful and viable democracies” because some states may use additional funds to build up their security arsenals (against political opponents) under the pretense of fighting terrorism, increasing the potential for violence (Kingah 2006:61). ACP countries may also strengthen anti-terror laws, which as examples in the United States and United Kingdom have shown, may compromise civil liberties and human rights (Kingah 2006:61).

Lastly, the transition to EPAs which is scheduled for 1 January 2008 may also highlight the fact that most ACP nations, particularly those in Africa, do not have the necessary governmental institutions including laws governing taxation, trade with neighbors, human resources, and other business practices, to allow them to benefit in any significant way from the changing trade regime. Despite nearly two decades of efforts to help ACP nations enhance their political development, policymakers and scholars both fear that the institutional and political environments in the nations will be insufficient to handle the pressures of trade exposure to the EU markets (Bormann and Busse 2007:407). Ultimately, the lack of institutions will prevent the ACP from achieving gains in economic and trade development because effectively competing with regional neighbors and the EU will call for gains in local business efficiency, changes in the allocation of people to industries, a more favorable taxation system, and reductions in non-tariff trade barriers such as paperwork and bureaucracy – all which require a strong and capable government infrastructure which is more often than not insufficient in ACP nations. Though Caribbean and Pacific nations have a more developed regulatory and governmental framework than African ACP nations, the fact remains that a large number of ACP nations are unlikely to benefit from increasing integration into foreign trade markets due to their

present lack of solid political infrastructure. To help the ACP transition into the EPAs, the EU has promised 2 billion Euros per year until 2010 as aid, but it is yet to be seen if that amount of aid is sufficient to bolster the political development required to survive open trade markets.

ACP states also lack the political infrastructure even to conduct EPA negotiations let alone evolve a competitive landscape after they are implemented. According to Hurt (2003), the ACPs “share a common weakness in their very underdeveloped institutional design” (Hurt 2003:169). This presents a significant challenge for both effectively negotiating regional groupings amongst themselves as well as negotiating EPAs with the EU. This is further exacerbated by the fact that EU is negotiating EPAs with regional groups rather than the ACP as a whole, as was mentioned in the section on partnership, which further decreases the capacity for ACP to work together for common objectives and dilutes the ACP’s collective bargaining power against the EU. To further complicate the issue of EPA negotiations, even the EU’s institutional capacity will be challenged in trying to simultaneously negotiate six EPAs (Hurt 2003:169).

Thus, the record for political development so far has not been indicative of success, and several provisions particularly the EPAs demonstrate the potential for ongoing weak results. As Cotonou has strengthened the demands for political development and human rights protection and the EPAs bring with them needs for effective institutions and the proposed aid money to implement political improvements, it will be seen if these new agreements are able to strengthen ACP development in government, politics and regulation.

Poverty Reduction and Economic Development

Economic development has been an EU-ACP policy objective since the Treaty of Rome, though “poverty reduction” was only explicitly added in Cotonou. The Treaty of Rome aimed to “further the prosperity” (Article 131, 1957) of African colonies while Yaoundé I and II sought to “strengthen the economic independence and stability” of newly-independent African states (Preambles, 1963, 1969). Stepping up the language, Lomé I and II sought to “intensify efforts” for ACP economic development (Preambles, 1975, 1979), and Lomé III added that efforts should “support self-reliant

and self-sustained development” and the “well-being of the population” (Article 4, 1984). Lomé IV and Lomé IV-bis were unchanged, and Cotonou called for “poverty reduction and eradication” (Preamble, 2000). Cotonou 2005 added that the Agreement should promote the achievement of the Millennium Development Goals (Preamble, 2005).¹²

This section will explore if EU-ACP policy has met its objectives of poverty reduction and economic development. I will focus here on aid provisions and look at the impact of EU-ACP trade policy in the final section. I will argue that EU-ACP aid has failed to bring about the positive economic results envisaged by the agreements.

ACP states continue to be amongst the most poverty-stricken in the world. Despite decades of aid and policies aimed at economic development, 40 out of the current 77 ACP signatories were classified as LDCs by the World Bank in 2000 (Babarinde and Faber 2004:34). The countries struggled and even regressed economically during the Lomé years with 1.7% GDP growth but 2.9% population growth in the 1980s and 2.4% and 2.6%, respectively, in the 1990s (Babarinde and Faber 2004:34). Thus, per capita GDP was decreasing despite positive growth rates. Furthermore, between 1988 and 2000, an additional 75 million people were forced to live on less than \$1 a day in sub-Saharan Africa (Babarinde and Faber 2004:34).

Clearly, the ACP have not achieved economic success. But how much of this failure can be attributed to EU-ACP actions? During the past five decades, EU aid was certainly not the only development stimuli in the ACP; poor local conditions, other aid donors, and a country's own economic and social policies also influenced economic conditions (European Commission 1996:11). However, “to the extent that EU [aid] was the most assured and most generous of any external concessions” in the region (Babarinde and Faber 2004:33), it is reasonable to expect that EU aid should have had some positive impact on economic indicators. The declining per capita GDP figures stated above confirm that such an impact has not been achieved, and though data on EU-ACP aid efficacy is limited (Grilli 1996:124), Grilli highlights several

¹² The Millennium Development Goals are (1) eradicate extreme poverty and hunger, (2) achieve universal primary education, (3) promote gender equality and empower women, (4) reduce child mortality, (5) improve maternal health, (6) combat HIV/AIDS, malaria and other diseases, (7) ensure environmental protection, and (8) develop a global partnership for development.

examples that demonstrate EU's failure to achieve positive results through aid. In Sierra Leone in the 1980s, aid was delivered to promote agricultural and road transport projects, yet "wrong and hurried" choices were made and weak implementation lessened the aid's impact. In Zaire, EDF aid funded four agro-industrial projects, but after 10 years none were viable yet still operated because funds continued to be delivered. In Cameroon, a large portion of EDF funding went to transportation projects yet failed to produce benefits for the local population and were not able to adapt to changing circumstances. In each case, evaluation by the Court of Auditors of the Commission found that EU aid was poorly managed and ineffective at promoting economic development (Grilli 1996:124-5). Indeed, the ongoing criticisms of EU aid beyond these initiatives have been that the EU aid has been ineffective due to staff shortages, too rigid and centralized procedures, lack of monitoring and evaluation procedures, and poorly managed programming (Dearden and Salama 2002:900).

Broadly, these failures have been part of a larger EU trend working against ACP aid (Holland 2003:162). Taking ACP population in consideration, the amount of EDF funds has progressively decreased from 9.7 Euros per capita with the Treaty of Rome to 2.5 Euros per capita in Lomé IV (Grilli 1996:99, per capita figures were not available for Lomé IV-bis or Cotonou). Though absolute figures have increased through the period – from 581 Mn Euros in the Treaty of Rome to a maximum of 843 Mn Euros during Yaoundé to a maximum of 14625 Mn Euros in Lomé and finally 23330 Mn Euros in Cotonou - the aid delivered per capita (in constant terms) has decreased substantially due to the fact that ACP nations not only increased in membership but population. Though per capita figures are not available for Lomé IV-bis or Cotonou aid, the population of the ACP grew as several new signatories were added for each convention, driving down the per capita figures. The increase in Cotonou's funds is also misleading as it includes 9.8Bn Euros remaining from Lomé III-IV-bis funding, indicating not only that funds have decreased, but that EDF aid is often not fully used (European Commission 2006). Aid thus has failed to keep up with the growing list of ACP signatories, and thus has had a diminishing capacity to impact ACP economies. This decrease in per capita funding contradicts the growing prominence of economic development and poverty reduction as an EU-ACP policy objective and signals that the EU is decreasing its commitment to aid.

Several factors have contributed to the declining figures. The continued economic stagnation of the ACP produced “aid fatigue” in the 1980s and 1990s (Dearden and Salama 2002:900), which emerged from a feeling of disillusionment that even after decades of Lomé aid, little progress had been made (Whiteman 1998:33). The recent success of Asian economies, whose rise was attributed to trade and investment not aid, also fueled the perception that trade not aid would better stimulate the ACP (European Commission 1996:5). The frustration with the lack of success motivated Lomé IV-bis and Cotonou reforms to add increased aid conditionality in an effort to produce more favorable results (Babarinde and Faber 2004:35).

Declining ACP funding also corresponded with the end of the Cold War, which reoriented the EU’s funding priorities by putting Central and Eastern European states at the top (Holland 2003:163). These states were seen as more strategic for the EU, and greater emphasis was given to this region over the ACP (Arts 1997:75). Thus, with new strategic interests ‘closer to home’ and a disillusionment with poor economic results, the EU shifted its focus from the poverty-stricken ACP to middle-income CEE states, indicating not only a failure to achieve positive change in the ACP, but also a decreased commitment to helping some of the world’s poorest nations alleviate poverty.

Regional Integration

The Treaty of Rome did not include a provision promoting regional integration, but Yaoundé I-II first recognized the “importance of developing intra-African trade” (Preambles, 1963, 1969). Lomé I modified the statement to include new ACP states. From Lomé II, regional integration became increasingly prominent, calling for “the need to accelerate economic cooperation and trade amongst ACP states” (Preamble, 1979). Lomé III included “support for efforts to organize [ACP states] into regional groupings” (Article 6, 1984). Lomé IV and Lomé IV-bis strengthened the language by emphasizing the “special importance and high priority of regional cooperation and integration” (Article 7, 1990, 1995). However, Cotonou was the first to formulate an explicit program for regional integration. It decided that “regional integration shall be fostered through Economic Partnership Agreements” (Article 1, 2000). Cotonou 2005 did not revise the provision. This section will explore if EU-ACP

policy has been a success or a failure in its objective of promoting regional integration, and will in particular explore the regional integration required for the EPAs.

This analysis will argue that not only has ACP regional integration historically failed, but that there are considerable roadblocks to the current attempt. Indeed, Hurt argues, “the history of regional integration projects within the ACP, especially in Africa, is one of consistent failure” (Hurt 2003:173). Indeed, within sub-Saharan Africa, intra-regional trade is limited with only 15% of exports and 10% of imports circulating within the region (Hinkle, Hoppe, Newfarmer 2006:268). There are several contributing factors: the ACP market for primary products (its main export) is small, transportation links are weak, import tariffs are high, and continued political instability and institutional weakness have made attempts at regional integration difficult (Hurt 2003:173). Even the customs unions that do exist, except the South African Customs Union, continue to collect tariffs on internal trade (Hinkle, Hoppe, Newfarmer 2006:269). Nearly 45 years of goals of promoting regional integration have done little to improve this situation, and may have even contributed to it. Indeed, given that Yaoundé and Lomé offered preferential free access to the EU, it is hardly surprising that intra-ACP trade remained low as ACP trade dependence on the EU grew (Arts 1997:74). Indeed, since EU-ACP policy did not feature any major programs promoting regional integration until Cotonou, its commitment to these goals seems fairly empty and declaratory, even working against regional development with regards to trade.

Cotonou regulations require non-LDC ACP states to form EPAs with the EU by 2008 and trade and aid provisions under the EPAs are currently being debated between EU and the ACP. Babarinde and Faber assert that, “given these starting positions, it is doubtful whether viable EPAs will come out of negotiations” (2004:43). To commence EPA negotiations, the states must first make significant progress towards integration, free trade, an institutional framework and a reduction of trade barriers in their respective regional grouping (Bormann 2005:170). However, there are several barriers that stand in the way of ACP states being able to successfully form regional groups that can effectively form “viable EPAs” with the EU.

First, the EU defined the regional groups. These six groups – West Africa, Central Africa, East Africa, the Southern African Development Community, Caribbean Community and Pacific Region – are “externally imposed and do not in most cases correspond to existing regional organizations” (Hurt 2003:173). Not only does this weaken the ACP’s role as an equal participant in determining its policies, but it also means that most regional groups will have to start dialogue and cooperation from scratch, and this could create friction and complexity due to overlapping existing arrangements (Bormann 2005:171).

Second, although the EU has imposed the above six regional groups, there is still a possibility that as negotiations and even implementation of the EPAs take place, the groups may break apart depending on which countries seek to open their markets to the EU and ACP neighbors and those who do not (Stevens 2006:446). They may also splinter due to an inability to reach consensus on trade provisions of the EPA, such as which products or industries to liberalize as EPA requirements do not mandate that 100% of products must be opened to free trade. Countries with different economies, though belonging to the same regional grouping, may find it difficult to agree on the terms of the agreement, limiting not only their relationship with the EU, but also themselves. Furthermore, some countries may want to open markets to the EU, but may not have the infrastructure to do so at the same time as regional neighbors. Thus, as Stevens (2006:451) explains, there could be a substantial problem which arises in each of these circumstances where the EU would increase trade to countries that sign EPAs theoretically allowing them to enjoy better growth and inclusion in the world economy but would neglect countries that do not sign an EPA. Those nations, either due to disinterest or lack of resources, would in theory suffer due to a lack of trade opportunities with the EU. *Vis á vis* EPA regions, non-EPA regions in the ACP would likely stagnate or economically weaken even further.

Next, the EPAs may cause a decline in regional integration in the EPA negotiations process because more powerful nations within the regional grouping may push smaller nations in the group to agree to trade terms favorable to the powerful nations, which may be detrimental to the development of the small nations (Bormann and Busse 2007:414). The result of this would likely be a reduction in regional

integration, with smaller countries at the mercy of larger regional economies, driving them to sign agreements which are not favorable to their economies or to opt out of the process, furthering lessening regional ties.

Lastly, one of the biggest challenges to regional integration is the psychological resistance to the idea of regional groups. The ACP states are “afraid of restructuring” because they worry that they will lose out from a liberalized reciprocal free trade system (Babarinde and Faber 2004:43). Many ACP states currently have tariffs two to three times higher than most competitive developing countries, and they depend on tariff revenue for approximately 7-10% of government revenue (Hinkle, Hoppe, Newfarmer 2006:271). Though liberalization may yield long-term benefits, ACP states worry that tariff elimination could pose too high of a short-term threat, and thus, do not want to take the first step towards such potentially detrimental change. Indeed, despite 1.3 Bn Euros having been set aside for regional integration aid in 2000 and the promise of 2 Bn Euros annually from 2008 to 2010 for aid to ACP, there is fear that these transfers will not be enough to cover adjustment costs once EPAs are formed (Hinkle, Hoppe and Newfarmer 2006:272).

Despite roadblocks, negotiations have begun for all six regional groupings. An August 2006 update by the European Commission reported that negotiations began with all six groups between 2003-2004, and joint roadmaps have been developed for each and include a timetable, institutional set-up, agendas for trade coverage, and priority areas for negotiation (European Commission 2006). Though this is promising, the above concerns surrounding EPAs persist.

However, as “the world’s most advanced form of regional integration,” the EU remains committed to the goal of regional integration and believe such trade reforms will help the ACP achieve long-term growth and gradual integration in the world economy (Holland 2002:8). Mandelson has repeatedly defended EPAs, arguing that they are “the key to revitalizing the relationship between the EU and ACP. If the EPAs provide enhanced market access to the EU, tear down external and intra-regional trade barriers and reduce institutional frictions to trade, the development gains could be great” (Mandelson 2005). However, due to the above concerns, that is a big “if” and it is yet to be seen if those gains can be materialized. Recent

developments suggest doubts that the ACP will be able to overcome the aforementioned obstacles and form EPAs, leaving serious questions about its long-term viability, impact, and success, particularly concerning the impact of the transition period on already weak economies.

Trade Development

Promoting trade development has been at the heart of EU-ACP development policy since its inception. The Treaty of Rome aimed to “promote economic development [through] total [reciprocal] abolition of customs duties” (Articles 131 and 133, 1957). Yaoundé I and II continued reciprocity, but emphasized partnership by calling for an “increase in trade between partners” (Article 1, 1963, 1969). Lomé I introduced several revolutionary trade amendments, including non-reciprocal trade preferences and special commodity protocols (Article 2, 1975), including STABEX which guaranteed funds to protect the ACP from fluctuating export revenues due to sensitive agricultural products. Lomé I provisions endured through Lomé IV-bis where objectives were redefined to promote “the smooth and gradual transition of the ACP into the world economy” (Joint Declaration on Trade Development, 1995) though Lomé II introduced SYSMIN to help ACP producers maximize mine output by providing funds to improve facilities which had fallen under disrepair. Cotonou extended the language to cover “the development of the private sector [and the] functioning of a market economy” (Article 1, 2000). Cotonou 2005 was unchanged. This section will explore if EU-ACP policy has been a success or a failure in its objective of promoting trade development. I will argue that Lomé trade policies severely hindered trade development, and that while some Cotonou reforms sound promising, others reveal serious inconsistencies that may compromise efforts for successful trade development.

The system of non-reciprocal trade preferences, special protocols, and support systems such as STABEX and SYSMIN under Lomé severely weakened ACP trade development. Arts and Byron “point to the entire conception and structure of the Lomé relationship in perpetuating dependency and underdevelopment” (Arts and Byron 1997:74). Originally, one-way preferences were hailed as innovative and cooperative solutions to stimulate EU-ACP trade growth (Sammon 2005:194), yet since 1975 the opposite has occurred. ACP share of EU imports has declined from

5.1% in 1970 before non-reciprocity to a dismal 1.5% in 2003 (Bormann, Busse, Neuhaus 2005:170). Yet, the ACP are highly dependent on EU markets, which can account for 40-50% of export earnings on average (European Commission 1997:17). This is particularly true for sugar, bananas, veal and beef, which have been protected under special protocols. The protocols allow duty-free access for fixed quantities of goods at above market prices (Dickson 2000:200). The “banana wars” highlighted the larger problem of non-reciprocity and trade preferences: with a guaranteed market, ACP producers have no incentive to cut costs and continue producing over-priced commodities that cannot compete with other low-cost producers if protocols or non-reciprocal preferences were removed (Dickson 2000:200). Over 25 years, Lomé created high dependency on EU markets, a tendency to produce primary products without comparative advantage, and overall low growth inconsistent with EU-ACP trade development objectives.

Recognition that preferences did not produce the desired results prompted the EU to adopt an “extreme economic remedy....differentiation based around a commitment to free trade” (Holland 2003:164). Mandelson reiterates the logic of current reforms by saying that “artificially insulating ACP states from the global economy created dependency and vulnerability [and therefore] we must bring about the necessary integration” (Mandelson 2005). While efforts to create free trade zones within regional groupings and to encourage private sector investment appear promising for trade development as they will encourage competition, open markets, product diversification and growth, Cotonou’s Everything But Arms initiative for the LDCs contradicts the spirit of Mandelson’s free trade commitment and may threaten the LDCs’ chance for trade growth.

Indeed, if Lomé’s experience shows that non-reciprocal trade preferences stalled ACP growth for nearly three decades, why would the EU want to keep LDCs in this situation? For the LDCs, who are in most need of trade and economic development, a system that cuts them off from the world economy, discourages competition and promotes stagnation is highly contradictory to Cotonou’s aims (Holland 2003:171-2). The rationale used to defend EBA is the same that was used for Lomé; that is, that weak countries need special treatment to succeed, yet this was negated by the dismal economic record as mentioned earlier (Panagariya 2002:1416). EBA’s terms

indicate that the EU and ACP have failed to learn from the past and are not fully committed to a coherent set of reforms that could stimulate progress. Given the lessons of Lomé, it is likely that EBA will further propel LDCs into economic and trade stagnation and dependency and impede their “smooth and gradual transition into the world economy” as desired.

Another inconsistency that has hampered success in ACP trade development is the continued existence of the EU Common Agricultural Policy (CAP). Sammon calls CAP “the EU’s greatest dichotomy with development” because while the EU advocates free trade and anti-protectionism for the ACP, it protects its own farmers through highly protectionist barriers (Sammon 2005:196). CAP’s persistence hinders ACP trade development because often trade concessions exclude products where “strong EU vested interests would suffer from enhanced competition from ACP suppliers...it is in these very products that ACP producers usually have a comparative advantage” (Dearden and Salama 2002:905).

Ongoing reforms of CAP seem to only deepen the dichotomy. Over the past 10 years, the EU has made a decisive move towards the agricultural production of value-added processed food products, rather than primary agricultural products with the aim of increasing the global market for European high-quality value-added and premium-priced food goods for both developed and developing markets. From 1995 to 2004, EU exports to LDCs of processed agricultural goods has increased by 147%, with the largest gains from profitable products such as tobacco items, cigarettes, and food preparations (Goodison 2007:281). The shift was promoted through several CAP modifications, most significantly the fact that public support has been given to European farmers to improve their capability to move up the agricultural value chain, and that the policy has dissolved the system of keeping agricultural prices artificially high through price supports in favor of direct aid payments to farmers (Goodison 2007:290). This is significant because it has allowed even producers of primary products in Europe to benefit from the positive consumer demand from lower food prices without undermining farm incomes and production levels, and has not only increased the competitiveness of EU primary products, but combined with public support for agricultural investment, it has allowed EU farmers

to improve their business in premium processed products as well, strengthening their overall position as top agricultural producers internationally.

The effect of CAP reforms is to edge out unsophisticated farmers in the developing world, who do not have the resources nor receive public support to produce high-quality processed products and do not have the economies of scale and efficiencies to produce low-cost primary products. Particularly in the LDCs where agriculture is the dominant industry, the impact of CAP reforms will be highly detrimental to trade development and is at direct odds with the development argument that poor nations must get out of the trap of producing cheap primary products and invest in the production of processed goods that can demand higher prices in the world markets. Furthermore, with the EU's interest to develop its own value-added processed food goods industry, it is unlikely that they will seek to help the ACP or other LDCs move up the value chain (Goodison 2007:289).

Recent debates on EPAs have further highlighted the issue that the new trade arrangements proposed by the Cotonou Agreement in 2000 may not result in the desired gains in trade development. Bormann and Busse (2007:405) argue that the EPAs may not be effective at stimulating trade due to the lack of good regulation and institutions, as discussed earlier. With pressure to compete with low-cost primary products and premium-priced processed products from Europe, the stagnate and uncompetitive ACP states will require substantial adjustments to the local industries to reform their business operations and governmental institutions to be able to compete, though it is doubtful that they may receive the support from the EU that they need (*Africa Research Bulletin* 2007:17208). The fear is that at least in the short term, these adjustment costs could be higher the trade gains produced by opening up trade to others.

In essence, Lomé, the EU-ACP's longest running trade policy, has proven to be particularly detrimental to ACP trade development. Supported by non-reciprocal trade preferences for nearly three decades, countries in the ACP stagnated with no incentive to change to compete with other agriculture producers. Though current Cotonou and EPA reforms aim to increase the ACP's ability to compete on the global market, contradictory policies such as those implemented with recent CAP reforms

may seriously weaken the ACP's ability to do just that. The adoption of the EBA policy furthermore questions the EU's policy consistency as history has shown the trade preferences have not worked to stimulate ACP economies. The examples above are perhaps indicative of a larger problem, which is the disconnect between EU's efforts to improve the ACP and its own desire to boost its own economy, revealing significant EU level policy incoherency and the inability to learn from past policy lessons.

Conclusion

This analysis has concluded that EU-ACP development policy has been a failure over the past fifty years. In partnership, from a position of collective strength in Lomé I negotiations to the present unequal balance of power relationship demonstrated in Cotonou and EPA negotiations, the goal of equal partnership between the EU and ACP has largely remained as lip service. With declining economic levels and increasing aid dependence, the two groups are hardly on equal playing fields, with the ACP finding it difficult to both demand equal treatment as partners and simultaneously beg for higher levels of assistance.

The goal of political development as well has been unrealized by EU-ACP policy. Despite attempts at strengthening governments, regulations and respect for human rights in the ACP, the nations in that group continue to be amongst the most politically weak in the world. The effect has implications on other policy objectives, as trade and economic development are unlikely to support improvements in local industries without the necessary infrastructure and institutions.

Perhaps most significantly, the EU-ACP relationship has failed to deliver on poverty reduction and economic development. ACP states continue to be amongst the most poverty-stricken in the world with 40 out of the current 77 ACP signatories classified as LDCs by the World Bank in 2000 (Babarinde and Faber 2004:34). Aid does not seem to be working, and the ongoing debates on free trade reforms question whether the economies of the ACP will be able to transition effectively to open borders without deeper cuts to local economic development.

Regional integration has been one of the original goals of the EU-ACP relationship, yet again, success has been unmet and even undermined by EU-ACP policies. Intra-trade within the regions of the ACP continues to be extremely low, for example within sub-Saharan Africa where intra-regional trade is limited to only 15% of exports and 10% of imports circulating within the region (Hinkle, Hoppe, Newfarmer 2006:268). With a lack of specialization from neighboring states, ineffective transportation networks, high regional import tariff barriers, continued political instability and institutional weakness, the goal of regional integration continues to be a myth in the ACP. Though Cotonou's plan for EPAs may promote some degree of integration, the fact that the groupings were externally imposed and often divergent from existing arrangements, raises doubts as to the ability of this arrangement to unite the ACP and the regions contained within it.

Lastly, EU-ACP policy on trade development like the other objectives has failed to produce desired outcomes and in several cases has had a detrimental effect on the development of the ACP states. Most notably, Lomé enshrined a system of non-reciprocal trade preferences that for decades, weakened the ACP's incentives to develop their industries and trading opportunities. Cotonou and EPA policies have attempted to address the problems of Lomé with some promising reforms, but still may be ineffective due to inconsistent policies such as the EBA and the EU's CAP which will likely have detrimental effects on ACP trade.

Today, as the sixth decade of EU-ACP relations begins, questions are still being raised as to whether the EU and ACP will learn from their past mistakes and develop successful policies in the future. With the EPAs still under construction with serious doubts as to their adoption and implications, further scholarly inquiry will be necessary to evaluate the program, monitor results of the EPAs on the stated objectives, understand the policy implications, and to suggest solutions as the EPAs come into effect. The coming years will be telling if the policy is able to adapt to realities, pressures and past failures to build an ACP-EU partnership that is strong and successful.

Appendix
Figure 1. Major Objectives on which to Evaluate Successes and Failures

AGREEMENTS		MAJOR STATED OBJECTIVES				
Title	Year	Partnership	Political Development	Poverty Reduction & Economic Development	Regional Integration	Trade Development
Treaty of Rome	1957	"closer economic relations"	-	"promote economic development...furthering prosperity"	-	"total [reciprocal] abolition of customs duties"
Yaoundé I	1963	"complete equality and friendly relations"	-	"strengthen economic independence and stability"	"conscious of the importance of developing inter-African trade"	"promoting increase in trade between [partners] [on basis of reciprocal preferences]"
Yaoundé II	1969	[same as Yaoundé I]	-	[same as Yaoundé I]	[same as Yaoundé I]	[same as Yaoundé I]
Lomé I	1975	"complete equality between partners...in the spirit of international solidarity"	-	"intensify efforts for the economic development of ACP states"	"importance of developing trade and cooperation amongst ACP states"	"promote, having regard for respective levels of development, trade cooperation between partners [on the basis of non-reciprocal preferences]"
Lomé II	1979	[same as Lomé I]	-	[same as Lomé I]	"conscious of the need to accelerate economic cooperation and trade amongst ACP"	[same as Lomé I]
Lomé III	1984	[same as Lomé I-II plus] "cooperation shall encourage participation by [ACP] population in design of operations"	"promote well-being of population...basic needs...role of women"	"support self-reliant and self-sustained development"	[same as Lomé II plus] "support for efforts to organize themselves into regional groupings"	[same as Lomé I-II]
Lomé IV	1990	"complete equality between partners...in the spirit of international solidarity"	"promote all human rights...recalling UDHR, ICCPR, and ICESCR [covenants]"	[same as Lomé II-III]	"special importance and high priority to regional cooperation and integration"	[same as Lomé I-III]
Lomé IV-bis	1995	[same as Lomé IV plus] "encourage participation of ACP in cooperation activities"	[same as Lomé IV plus] "greater political dialogue...recognition of democratic principles, rule of law and good governance"	[same as Lomé II-IV]	[same as Lomé IV]	"trade development is crucial for smooth, gradual transition of ACP into world economy...concerned about serious deterioration of trade in last 20 years"
Cotonou	2000	"equality of partners...commitment to work together"	[same as Lomé IV-bis with greater emphasis]	"objective of poverty eradication"	"regional integration shall be fostered..[through Economic Partnership Agreements]"	[same as Lomé IV-bis plus] "development of private sector...functioning of market economy"
Cotonou Revision	2005	[same as Cotonou]	[same as Cotonou] plus importance of "ICC...fight against terrorism...countering proliferation of WMDs"	[same as Cotonou] plus "Millennium Development Goals"	[same as Cotonou]	[same as Cotonou]

Note: "Same" refers to more or less similar language from one agreement to another
Source: Preamble and Chapter 1 of each of the above agreements and conventions

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