

# Co-operation and coercion? The Cotonou Agreement between the European Union and ACP states and the end of the Lomé Convention

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**ABSTRACT** *The Cotonou Agreement, signed on 23 June 2000, defines the new relationship between the European Union (EU) and the African, Caribbean and Pacific (ACP) states. It was the result of 18 months of negotiations to decide the future of EU–ACP relations after the Lomé Convention’s expiry on 29 February 2000. This article highlights the significant changes represented by the Cotonou Agreement and emphasises some of the dangers that may result for the ACP states. In doing so, the article adopts a neo-Gramscian perspective showing how the nature of the new EU–ACP agreement has significantly shifted the relationship further from one of co-operation to one of coercion. The new approach taken by the EU can be understood within the context of the hegemonic dominance of neoliberalism within political elites. This is most explicitly demonstrated by the EU’s major justification for the proposed changes: the need to comply with the core principles and rules of the World Trade Organization (WTO).*

The European Union (EU) has a long history of development co-operation with the African, Caribbean and Pacific (ACP) states.<sup>1</sup> It is a key area within EU external relations and makes Europe a significant actor within the wider realm of North–South relations. The EU is now a major aid provider and the ACP states are heavily reliant on EU markets for their exports. Membership of the ACP group also provides the individual states increased political significance within Europe.<sup>2</sup>

The wider context of North–South relations has been crucially important in the historical development of EU–ACP development co-operation.<sup>3</sup> As neoliberalism has assumed a position of hegemony in the international political economy, the development of North–South relations has altered predictably from a belief in the view that the South should be protected from the excesses of the market to achieve development, to a position where the market and assumptions of development through liberalisation have held sway. It is within this framework that EU–ACP development co-operation has functioned.

The two Yaoundé Conventions were essentially a continuation of post-colonial relations.<sup>4</sup> The first Lomé Convention was a unique agreement in that it was

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negotiated during international circumstances that allowed the ACP states to negotiate from 'something approaching a position of equality.'<sup>5</sup> In some respects Lomé I, signed in 1975, was special in actually integrating some of the ideas presented in the South's call for a New International Economic Order (NIEO). Although the NIEO project ultimately resulted in little concrete progress, some parts of the newly strengthened EU-ACP relationship, which resulted from the entry into the EU in 1973 of the UK, did incorporate ideas from this Southern critique of the world economy. One example of this was the inclusion of the System for the Stabilisation of Export Earnings (Stabex). This provided a guarantee of finance from the European Development Fund (EDF) to protect the fluctuating revenues that resulted from the export of a number of agricultural products that were not covered by the Common Agricultural Policy (CAP).

As Brown highlights, the failure of the NIEO, coupled with the debt crisis, dashed any hopes of the Lomé Convention becoming an arena for further adoption of Southern critiques, and the renewal of the agreement in 1979 began 20 years of the increasing adoption of a more liberal understanding of development.<sup>6</sup> This was reflected in both the trade and aid parts of the Lomé Agreement and was greatly enhanced during the 1990s in Lomé IV and the mid-term review of this agreement, commonly referred to as Lomé IV-bis.<sup>7</sup> This is unsurprising given the context of the dominance of neoliberal ideas during this early post-cold war period.

Despite the emphasis of 'partnership' in both the Lomé Conventions and the Cotonou Agreement, there have long been those who have questioned this. Marjorie Lister coined the phrase 'discreet entente' to describe the early years of the Lomé Convention. In doing so she aimed to highlight the unequal and political nature of a relationship that was officially portrayed as non-political. Aiming to show why it was a non-political arrangement, an EU Commissioner remarked in 1981, using classic realist-centred beliefs, that, 'the Community is weak, it has no weapon, it has no aircraft, it has no submarine, it's completely inapt to exercise any domination. This in many ways is a great asset to deal in the Third World, to discuss with the Third World. The European Community is young, it has no past.'<sup>8</sup>

This despite the fact that, even as early as the negotiations for Lomé II, the EU tried to include a linking of aid provision to human rights. This was strongly refuted by the ACP group but was nominally included in the next agreement, Lomé III.<sup>9</sup> This official portrayal of the EU-ACP relationship as economic, and hence non-political, began to change during the 1990s with Lomé IV. The signing of the Cotonou Agreement means politics is now at the centre, with its emphasis on political dialogue and the effective management of aid, discussed later in this article.

Despite the claims of this official view, in this article I argue that it is clear that the EU-ACP relationship has always been political and that to argue otherwise is a fallacy. In fact, the history of the Lomé Convention and beyond reflects the increasing dominance of neoliberal ideas in the relationship. This embedding of neoliberal ideas from the early 1980s has been reflected not just within the EU's development policy, the focus of this article, but also more widely within EU policy orientation. Bretherton and Vogler suggest that, 'this has been reflected

internally, in the Single Market programme, and externally in the EC's trade relations and market opening strategies'.<sup>10</sup>

Ideas become hegemonic when actors adopt them as part of a 'common sense' state of affairs and hence they become integrated into the process of problem definition. The traditional Marxist and World-Systems theories fail to emphasise that, however entrenched these ideas may appear; the relationship between ideas, institutions and economics is contingent. In the modern global political economy the hegemony of neoliberal ideas has been described as resulting from 'the relentless thrust of capital on a global scale ... [which] has been accompanied by a neo-liberal, laissez-faire discourse which accords the pursuit of profit something akin to the status of the quest for the holy grail.'<sup>11</sup>

Neoliberalism sees the liberalisation of markets, removal of subsidies and foreign direct investment as the correct strategies for achieving development. This is an approach that is in the interests of transnational capital. However, neoliberalism also fuses these neoclassical economic ideas with neo-conservative concerns of strong government and stability.<sup>12</sup> The single most important change in Europe occurred with the creation of the single market in 1992. It has been suggested that the impact of these changes at the European level has been to provide a constitution for disciplinary neoliberalism and that said changes should be understood within the context of the new conditions of the global economy that emerged during the 1980s and 1990s.<sup>13</sup> This article demonstrates how the EU's external relations with the ACP states are also reflective of such changes.

For Robert Cox hegemony is represented as 'a fit between power, ideas, and institutions'.<sup>14</sup> Here Cox essentially uses the Gramscian concepts of historic bloc and hegemony interchangeably. Gill on the other hand uses the term 'disciplinary neoliberalism' to distinguish between the concepts of hegemony and historic bloc. Hegemony in neo-Gramscian terms implies rule based mostly on consent and not coercion, yet Gill suggests that a historic bloc may exist before reaching such a stage.<sup>15</sup>

The language of the Cotonou Agreement cleverly blends ideas of consent and coercion (central to a neo-Gramscian perspective). Consent is achieved through notions of 'dialogue', 'partnership' and of ACP states 'owning' their own development strategies. Coercion is present in the EU's presentation of Economic Partnership Agreements (EPAs) as the only viable alternative and also through the implementation of frequent reviews of aid provision that have conditionalities attached. Hence we see consent in the first instance with the coercion coming later.

### **Cotonou: a new beginning or more of the same?**

In some respects the Cotonou Agreement can be seen as a continuation of the neoliberalisation of the EU-ACP relationship. Clearly it builds on trends that have developed over the history of the various Lomé Conventions, especially apparent during Lomé IV in the 1990s. Some of the most important inclusions within this agreement were the use of part of the EDF to support World Bank-imposed structural adjustment programmes (SAPs) and the inclusion of political conditionality, including a clause covering human rights, something which had been so

vigorously opposed by the ACP states during the negotiations of the previous Lomé Conventions. The mid-term review of this 10-year agreement included further development of these trends by including the rule of law, good governance, and the increasing management and supervision by the EU of its financial assistance.<sup>16</sup>

However, the Cotonou Agreement is significantly important because it represents a substantial shift towards the adoption of neoliberal values, demonstrated by the inclusion of a number of innovations that will substantially change the nature of EU–ACP relations in the future. Article 1 of the new agreement highlights the importance of ACP states integrating into the global economy, while Articles 20 and 21 emphasise the importance of competitive markets and the key role of the private sector. There is also mention of the need for co-ordination with other international donors in Article 67.4 that ends any notion, leftover from the Lomé Convention, of a unique relationship between the EU and ACP states. This new EU–ACP agreement is valid for a period of 20 years and will then be open to revision once every five years.

During the 25 years of the Lomé Conventions many global changes have taken place and this article argues these global changes were frequently reflected in the adjustments made during each renegotiation. This led to the European Commission producing a Green Paper in 1997 that put forward the major reasons for the need for reform of the EU–ACP relationship.<sup>17</sup> This emphasised the new multi-polar landscape that the EU had to operate within and the widening gap between the members of the ACP group that had reduced the common interests between them. The Lomé Convention, as a whole, was argued to be increasingly irrelevant and bureaucratic, with too many separate instruments and procedures. The ACP states have welcomed what they feel to be a necessary rationalisation of the relationship.<sup>18</sup> The aid pillar of the Cotonou Agreement includes only two forms of co-operation, compared with the situation during Lomé IV when 10 different instruments were used. The first of these two new instruments is the grants facility, which will now include both the geographically specific aid of the previous agreement, and the specialised assistance provided in the old arrangements that were created to protect levels of export earnings. The second is the investment facility that provides funds that are directed with the aim of stimulating the growth of the private sector.

The European Commission justified the proposed changes to the Lomé trade regime on the basis of two major arguments. The first, and in the presentation of the EU's case the most important, was that any new trade arrangement must be fully compatible with the rules of the World Trade Organization (WTO). Previous Lomé Conventions had to receive an official waiver from the General Agreement on Tariffs and Trade (GATT). This was required because the EU–ACP trade regime was based on two key principles that are at odds with the multilateral rules of the world trade system. First, the non-reciprocal nature of the Lomé Conventions contravened the rules of the GATT concerning Free Trade Agreements (FTAs), in that, according to Article XXIV, there must be a plan ultimately to remove non-reciprocity between partners, although in many cases this has been overlooked or has been purely nominal. Moreover, the nature of the differentiation resulting from the Lomé Convention fails to coincide with these GATT principles. As

discussed earlier in this article, the EU–ACP relationship has its historical roots in the colonial period of various EU member states and thus it is not based purely on developmental objectives. There are currently eight non-ACP states who should be included if the agreement were decided upon the basis of the 1979 GATT Enabling Clause, which only allows for differentiation between trading partners based on their levels of development.<sup>19</sup>

Second, the Commission questioned the previous experience of the trade arrangement, highlighting that its results had been patchy in both its efforts to increase ACP exports and to help ACP states diversify their export product base. The ACP states' share of total exports to the EU had declined from 6.7% in 1976 to 2.8% by 1994.<sup>20</sup> Of course, this is in keeping with the poor trade performance of ACP states generally and may be partially explained by the decline in the relative value of their trade preferences offered as part of Lomé.

During this period the EU, as part of its commitments within the multilateral trading system, had been increasingly reducing its trade barriers at the most-favoured nation (MFN) level. Conversely it had been expanding the number of preferential trade agreements it holds with various regions and states in the world.<sup>21</sup> Concerns over the EU shifting its interests to other parts of the world, especially Eastern Europe, have been expressed by the ACP states for some time. Lister argues that these worries were evident as early as 1991, when the ACP states only received, on average, 44% of the amount of aid that the 10 Eastern European countries that joined the EU's Phare aid programme received.<sup>22</sup>

Much of the rhetoric of the new agreement speaks of a reassertion of the 'partnership' aspect of the relationship and that the ACP states should regain ownership of their individual development strategies. It also puts more firmly at the centre of the relationship the issue of poverty reduction. This is something that was not so clearly expressed in the various Lomé Conventions and it is generally welcomed by the ACP states.<sup>23</sup> Its inclusion can be traced back to the obligations agreed as part of the Maastricht Treaty in 1992. It is also reflective of wider trends in development policy, such as the World Bank's shift from structural adjustment to a poverty reduction strategy.

In the preamble to the agreement it is stated that the target set by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), to reduce the percentage of people living in extreme poverty by half, is a vision that should be a foundation stone of EU–ACP development co-operation. In Article 1 this vision is even more clearly emphasised: 'The partnership shall be centred on the objective of reducing and eventually eradicating poverty.'<sup>24</sup> This is, of course, a noble ambition and one that should be welcomed and supported. However, it is the contention of this article that these words will prove to be hollow and their inclusion in the text of this new agreement by no means guarantees their likely achievement. The text of the Cotonou agreement is, after all, designed for domestic consumption in Europe and for purposes of legitimation in ACP states. Moreover, the methods outlined for achieving this objective are actually likely to hinder rather than assist in meeting these targets.

Both the emphasis on poverty eradication and the proposed changes to the trade pillar of the EU–ACP relationship are consistent with the Maastricht Treaty.

Article 130 stipulates, as an aim of the EU, the promotion and gradual integration of developing countries into the world economy.<sup>25</sup> In Article 2 of the Cotonou Agreement the four fundamental principles of the new EU–ACP agreement are set out.<sup>26</sup> These are first, the emphasis of equality between the two parties and the responsibility and ownership by each ACP state of its own development. Second, the new relationship seeks to include a number of non-state actors within the process. Third, the importance of political dialogue is highlighted, within the overall framework of relations between the EU and ACP states. Fourth, the need for differentiation of the relationship between the EU and ACP group is noted, because of the increasing diversity of levels of development among these states. Special emphasis is also placed on fostering the growth of regional development strategies.

The Cotonou Agreement will have a number of important implications for future EU–ACP relations; those of most significance can be grouped into four main categories: trade, aid, the role of non-state actors and local government, and regionalisation within the ACP group. These will be discussed in further detail in the following sections that highlight how the workings of the Cotonou Agreement, despite the protestations of partnership already described, are more heavily based on coercion than on consent.

### **Trade**

The Cotonou Agreement proposes major changes to the trade regime of EU–ACP development co-operation. The non-reciprocal trade preferences that were a corner stone of the previous Lomé Conventions will expire at the end of 2007 and be replaced in 2008 by a very different arrangement. As discussed already these new trading arrangements must be compatible with the multilateral trade rules of the WTO. The new trade relationship was first proposed in the Commission Green Paper that outlined the possible alternatives in the forthcoming revisions of the Lomé Convention.

The proposed solution to the issue of WTO-compatibility is to divide the membership of the ACP states into two distinct sub-groups. The first is the less-developed countries (LDCs) within the ACP group. The second is the other members, who are classed as developing. This classification is based on WTO criteria except in the case of states that are not WTO members.<sup>27</sup> The two groups are shown in Table 1, which lists the Human Development Index (HDI) of each ACP state.

This table highlights some serious anomalies in the decision over which states are accorded LDC status and those that are not. The HDI is one of the more useful measures of development levels because it is based on life expectancy, education and income levels. It seems strange, for example, that Samoa (0.747), Cape Verde (0.677), the Solomon Islands (0.623), Lesotho (0.582) and Equatorial Guinea (0.549) are considered as LDCs when Cameroon (0.536), Congo (0.533), Kenya (0.519), Nigeria (0.456) and Côte d'Ivoire (0.422) are not. This argument is even more persuasive in light of the effects that the Cotonou Agreement will have on regionalisation discussed later.

The LDCs will be able to continue to receive non-reciprocal trade preferences

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CO-OPERATION AND COERCION IN THE COTONOU AGREEMENT

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TABLE 1  
**Classification of ACP states for the trade pillar of the Cotonou Agreement**

<i>Less-developed countries (LDCs)</i>			<i>Non-LDCs</i>		
<i>ACP state</i>	<i>HDI (1997)</i>	<i>HDI ranking</i>	<i>ACP state</i>	<i>HDI (1997)</i>	<i>HDI ranking</i>
Angola	0.398	160	Antigua	—	—
Benin	0.421	155	Bahamas	0.851	31
Burkina Faso	0.304	171	Barbados	0.857	29
Burundi	0.324	170	Belize	0.732	83
Cape Verde	0.677	106	Botswana	0.609	122
Cent. Af. Rep.	0.378	165	Cameroon	0.536	134
Chad	0.393	162	Congo	0.533	135
Comoros	0.506	139	Cook Islands	—	—
DR of Congo	0.479	141	Côte d'Ivoire	0.422	154
Djibouti	0.412	157	Dominica	0.776	53
Eq. Guinea	0.549	131	Dominican Rep.	0.726	88
Ethiopia	0.298	172	Fiji	0.763	61
Eritrea	0.346	167	FS of Micronesia	—	—
Gambia	0.391	163	Gabon	0.607	124
Guinea	0.398	161	Ghana	0.544	133
Guinea Bissau	0.343	168	Grenada	0.777	52
Haiti	0.430	152	Guyana	0.701	99
Kiribati	—	—	Jamaica	0.734	82
Lesotho	0.582	127	Kenya	0.519	136
Liberia	—	—	Mauritius	0.764	59
Madagascar	0.453	147	Marshall Islands	—	—
Malawi	0.399	159	Namibia	0.638	115
Mali	0.375	166	Nauru	—	—
Mauritania	0.447	149	Nigeria	0.456	146
Mozambique	0.341	169	Niue	—	—
Niger	0.298	173	Palau	—	—
Rwanda	0.379	164	Papua New Guinea	0.570	129
Sao Tomé & Príncipe	0.609	123	Seychelles	0.755	66
Samoa	0.747	70	St. Kitts & Nevis	0.781	51
Senegal	0.426	153	St. Lucia	0.737	81
Sierra Leone	0.254	174	St. Vincent/Grenadines	0.744	75
Solomon Islands	0.623	118	Surinam	0.757	64
Somalia	—	—	Swaziland	0.644	113
Sudan	0.475	142	Tonga	—	—
Tanzania	0.421	156	Trinidad & Tobago	0.797	46
Togo	0.469	143	Zimbabwe	0.560	130
Tuvalu	—	—			
Uganda	0.404	158			
Vanuatu	0.627	116			
Zambia	0.431	151			

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*Source:* United Nations Development Programme, *Human Development Report 1999*, Oxford: Oxford University Press, 1999.

under the new scheme, while the non-LDCs will be offered reciprocal EPAs, which could be negotiated with the EU on either an individual country or regional level. The EU's preference is for these EPAs to be negotiated with regional groupings within the ACP, as was the case in its initial mandate that described them as Regional Economic Partnership Agreements (REPAs). These EPAs are essentially FTAs in all but name, and some of the issues surrounding their negotiation bear close resemblance to those encountered in the EU's negotiations with post-apartheid South Africa to create an FTA. This was part of the Trade, Development and Co-operation Agreement, implemented on 1 January 2000.<sup>28</sup> The South African case is useful as a comparator as it was the first FTA negotiated in the post-Uruguay Round trade system.

The alternative for the non-LDCs, which is clearly and deliberately portrayed as inferior in the Green Paper, is to become members of the EU's Generalised System of Preferences (GSP). This is far less advantageous than the non-reciprocal Lomé preferences. The GSP covers fewer products and has stricter rules of origin. Unsurprisingly this was not supported by a single ACP state during the negotiation of the Cotonou Agreement. The GSP is unilaterally offered by the EU and is not negotiated like Lomé. This would then remove even a rhetorical notion of partnership in EU-ACP relations.

For the 39 LDCs within the ACP group a choice exists. In appreciation of their current development situation they do not have to become members of the EPAs described above. As the weakest economies of the ACP group they will be entitled to maintain a trade relationship with the EU based on non-reciprocity. The Cotonou Agreement pledges to strike a new deal within multilateral trade negotiations for these states by 2005 at the latest. This will allow the LDCs to maintain the type of access it currently enjoys to the EU market, with possible improvements in both the coverage of products and in the rules of origin. Article 37 of the Cotonou Agreement states that duty free access for the LDCs should include 'essentially all' products.<sup>29</sup> The European Council has agreed that this should translate as all goods except arms. It is highly likely that this will meet resistance from a number of EU states, with agricultural products likely to cause the most problems. The negotiating framework and timeframe of the trade pillar of the Cotonou Agreement is summarised in Table 2.

TABLE 2  
**Timetable of Cotonou trade negotiations**

<i>Date</i>	<i>State of negotiations</i>
23 June 2000	Cotonou Agreement Signed
September 2002	Begin formal negotiations of EPAs
2004	EU to assess the position of non-LDCs that decide not to negotiate an EPA
2005	Deadline for multilateral approval of non-reciprocal trade benefits for EPAs
2006	Review of progress made in the negotiation of EPAs
1 January 2008	Last date at which EPAs should enter into force



There appears to be little concrete evidence, within the EU's defence of the new EPAS, to advance a belief that they will have a positive impact on some of the poorest and most marginalised regions of the global economy. These concerns can be grouped into two distinct categories. First, there is a number of problems surrounding the technical side of the new proposals and their successful implementation. Second, and in my opinion of far more importance, there are concerns over the impact on the ACP group that may result from the trade pillar of the Cotonou Agreement.

The implementation problems associated with the introduction of EPAS revolve around the capabilities and institutional weakness of the current regional organisations within the ACP group. The EU has made it clear that, although EPAS can theoretically be arranged on either a bilateral or regional basis, it has a clear preference for their negotiation on a regional basis. This means that, before they can be in a position to agree an EPA with the EU, the various regional groupings within the ACP have to make significant progress in their internal regional integration projects. This is particularly relevant given the disappointing history of regional integration efforts discussed later in this article. To be in a position to sign an EPA the regional grouping should be at least a customs union and preferably an effective free trade area, which currently only applies to the Southern African Customs Union (SACU).<sup>30</sup>

The second implementation issue relates to the issue of the institutional capacity of these regional bodies within the ACP. The various regional groupings all share a common weakness in their very underdeveloped institutional design. This may well prove to be a substantial barrier to effectively representing the needs and interests of the organisation during any negotiations with the EU. Part of the new EDF is designed to assist with this problem; however, this commitment amounts to only 1.3 billion Euros for the entire ACP group. It has been documented, for example, how South Africa, generally regarded as much more endowed with institutional capacity than most ACP states and regional organisations, found the manpower required for its negotiations with the EU to be a problem. This point has been raised by a working party of the ACP–EU Joint Assembly. This emphasises 'the sheer practicalities ACP countries will face as they are asked to be involved in negotiating such complex agreements. Many countries will freely admit that they do not have the administrative capacity or expertise to undertake negotiations with the European Commission.'<sup>31</sup>

It appears unlikely that this problem will be resolved by the allocation of the EDF prioritised for regional co-operation. Moreover, even the capacity of the EU will be severely tested by having simultaneously to negotiate a number of regional agreements alongside any other trade negotiations it may be involved in with other regions, or as part of a new WTO Round.

The impact of EPAS on many ACP states may be damaging, especially for the poorest members of these societies. It has been suggested that: 'Regional integration and the liberalisation of external trade barriers will not by itself reverse the economic marginalisation of sub-Saharan Africa and the small island states.'<sup>32</sup>

The Libreville Declaration adopted by the ACP Heads of State and Government in November 1997 showed the concerns of the group as a whole, in regard to the

proposals made by the European Commission to remove non-reciprocity in future trade relations between a large proportion of the ACP states and the EU. It was stated that: 'at this initial stage in the transition of our economies, more appropriate mechanisms of cooperation are needed to help us to improve our competitiveness ... we therefore call on the EU to maintain non-reciprocal trade preferences and market access in a successor agreement.'<sup>33</sup>

Research by Watts has aimed to estimate the costs to the non-LDCs within the ACP group of losing Lomé-style trade preferences. He looked at three of these countries: Zimbabwe, Ghana and the Windward Islands. His arguments are presented in Table 3.

The EPAS will have to cover 'substantially all' trade and be settled within 'a reasonable length of time' to satisfy Article XXIV of the WTO.<sup>34</sup> Experience from the EU–South Africa negotiations suggests that this will mean about 90% of trade and a timeframe of 10 years.<sup>35</sup> The implementation of EPAS will also substantially reduce the customs revenues currently enjoyed by ACP states, which are unlikely to be compensated in the short-term at least.

The trade pillar of the Lomé Conventions was based on two major principles: non-reciprocity and non-discrimination. The new agreement is now based on reciprocity for non-LDCs and hence differentiation between ACP states. Reciprocity is only likely to have some of the benefits predicted, in the official discourse, if ACP states can adapt their economies to absorb the costs of adjustment. However, the potential for regional co-operation among ACP sub-regions is, in my opinion, seriously threatened by this move towards reciprocity, given that possibilities for EU exports to the ACP will be significantly improved.

To conclude this discussion on the impact of the trade proposals, it is enlightening to mention the reasons why the European Commission is so enthusiastically supportive of EPAS. McQueen argues that both the liberalisers and the mercantilists are satisfied. He suggests there is 'a belief that such agreements act

TABLE 3  
Possible impact of the removal of trade preferences on three ACP states

<i>ACP country</i>	<i>Estimated major impacts of removal of trade preferences</i>
Zimbabwe	Beef, tobacco and garment industries most seriously affected. This would result in a substantial loss of foreign exchange during what is already a fiscal crisis
Ghana	Dependent on a few key exports (cocoa, gold and timber). Would become more dependent on foreign assistance to help with balance of payments problems, rather than reducing its dependence on external aid
Windward Islands	Substantial reliance on EU markets for trade, which is dominated by export of bananas. Faces structural constraints in diversification of exports similar to those faced by many island states

*Source:* Based on an article by P Watts, 'Losing Lomé: the potential impact of the Commission guidelines on the ACP non-Least Developed Countries', *Review of African Political Economy*, 25 (75), 1998, pp 47–71.

as a powerful stimulus for structural changes [and] ... as a means of capturing markets, while at the same time protecting (i.e. excluding) “sensitive” industries and sectors of the economy.’<sup>36</sup>

### **Aid**

The phased programming of aid was first introduced in the mid-term review of Lomé IV. Crawford outlines how this was one of the most controversial negotiating points with the ACP group, which unsuccessfully challenged it on the grounds that it threatened the principle of ‘partnership’ at the centre of the relationship.<sup>37</sup> The EU defended these changes, on the basis that they reflected genuine concerns among European taxpayers that their money be used more wisely and efficiently.

The global context of aid has changed over the past decade. The foreign and aid policies of the governments of the Advanced Industrialised Countries (AICS) changed significantly in the early 1990s. Ideas of human rights, good governance and democracy were increasingly linked to official development assistance (ODA). This political conditionality, as it has been described, has worked in two ways: first in targeting aid towards projects that have the direct aim of improving human rights and the practice of democracy, and second by the introduction of sanctions on aid, if violations of these core principles are observed.<sup>38</sup> There has been substantial and justified criticism of the concept of political conditionality, suggesting that it may only lead to what has been termed ‘low-intensity’ democracy.<sup>39</sup>

The end of the Cold War changed the context of aid within the donor countries and exposed previously unspoken disquiet about the value and effectiveness of aid being given to undemocratic and corrupt regimes.<sup>40</sup> This ‘aid fatigue’ was used to justify reduced support within Northern states for aid. This has been reflected in a fall in the proportion of Gross National Product (GNP) given in the form of ODA by the members of the DAC. In 1990 the DAC countries provided an average of 0.33% of their GNP and this has steadily fallen to a provisional figure of 0.22% for 2000.<sup>41</sup>

This global context of aid provision has been reflected in the Cotonou Agreement. Politics is now firmly at the centre of the relationship with regard to aid provision. The essential political elements of the Cotonou Agreement are respect for human rights as defined in international law, the promotion of universal democratic principles and the independent rule of law. The agreement allows for the suspension of aid if any of these essential elements is violated. Hence the definition of these elements is crucial to the ACP states. Each of the essential elements is not defined in sufficient detail in the text of the Cotonou Agreement. However, experience already encountered during Lomé IV suggests that we can expect neoliberal interpretations to be adopted by the EU. The promotion of human rights has previously been limited to the holding of elections, whether or not there has actually been a genuine democratisation of these ACP societies.<sup>42</sup>

The issue of good governance proved a sticking point during the negotiations of the Cotonou Agreement. The EU had wished to include good governance as

another of the essential elements. Eventually good governance was included as a 'fundamental' element and may still lead to political dialogue and the possible suspension of aid as a result of very serious governance issues, such as bribery.

The other significant aspect to the aid pillar of the Cotonou Agreement is the introduction of 'rolling' programming. This allows for the regular monitoring of aid allocations through political dialogue between the EU and each ACP state. This is intended to allow the EU to reward those ACP states that are effectively and successfully meeting the targets set for EDF resources. These targets are created through political dialogue within the context of the essential elements discussed above. This approach to aid provision appears seriously to undermine any notion of equal partnership between the two parties.<sup>43</sup>

### **The role of non-state actors and local government**

Another of the important innovations of the Cotonou Agreement relates to a desire to make EU-ACP development co-operation less centred on governmental relations by much wider inclusion in the process of non-state actors and local government. The inclusion of non-state actors will occur on a number of levels. They will be included in the consultation that leads to the formulation of the National Indicative Programmes (NIPs). These spell out how the finance that an ACP state receives from the EU is intended to be spent. In July 2001 the first of these NIPs was signed with Cameroon.<sup>44</sup> They will also be increasingly involved in the implementation of the NIPs, with finance being made directly available to them. Thus the approach is based on a devolved notion of development and the need for local flexibility, both of which highlight again a common neoliberal theme.

Most important in respect of the inclusion of non-state actors in the new agreement is the role and importance of the private sector. The text of the new relationship makes it clear the vital role it is believed that the private sector should play. Article 22 of the Cotonou Agreement highlights the more overt neoliberal underpinnings of the agreement in its description of the aims of 'co-operation' with respect to structural and macroeconomic reforms within ACP states. It states that support shall be given to ACP states that aim to achieve the following: 'Macroeconomic growth and stabilisation through disciplined fiscal and monetary policies that result in the reduction of inflation, and improve external and fiscal balances ... [and] structural policies designed to reinforce the role of the different actors, especially the private sector.'<sup>45</sup>

The inclusion of non-state actors should be welcomed if it contributes to the creation of a more democratic society within ACP states. However, it is possible that the increasing incorporation of democratically unaccountable non-state actors, especially the private sector, into the process may actually serve to weaken the process of democratisation.<sup>46</sup> The inclusion of non-state actors within the Cotonou Agreement should be analysed with regard to a number of ambiguities as to who is regarded as important within civil society and why they are now included. Their inclusion could be linked to a desire to improve the conduit between development co-operation and democratisation in a supportive role for the state. However, it could alternatively be viewed as a means to

weaken the dominance of ACP states, especially with regard to a state's economic dimensions, by shifting the political landscape more in favour of neoliberal policies of the 'nightwatchman' state and the private provision of essential services such as health, education and transport.

### **Regional organisations within the ACP group**

The history of regional integration projects within the ACP group, especially in Africa, is one of consistent failure to achieve meaningful integration and development. Watts argues that there are several reasons why Africa's experience has been one of failed regional integration projects. He suggests that transport links are geared for export to the North, that markets for primary products within Africa are too small, and that regional trade cannot meet the necessary import requirements. Watts also highlights the lack of institutional capacity within these regional organisations, and the continued political instability across the continent, as further factors hindering the development of regional integration in Africa.<sup>47</sup>

It is hoped by the European Commission that the signing of EPAs will be concluded on a regional basis. The EU has suggested splitting the ACP group into six different regions: West Africa, Central Africa, East Africa, the Southern African Development Community (SADC), the Caribbean Community (Caricom) and the Pacific Region. These are externally imposed and do not in most cases correspond to existing regional organisations. This may weaken the control ACP states have over their own integration processes.

However, the case of Southern Africa highlights how the Cotonou Agreement may cause problems for regions that do have their own matching organisation. SADC is a regional grouping that is in the process of moving towards an internal free trade area. According to the EU's classifications (see Table 1) it is a mixed organisation containing six non-LDCs, seven LDCs and South Africa, which has its own trade arrangement with Europe.

The SACU, however, confuses the situation because this means that, as a result of the EU–South African trade arrangement, Botswana, Lesotho, Namibia and Swaziland (BLNS) have become *de facto* members of a FTA with the EU. The impact of the BLNS states has been highlighted by a resolution of the ACP–EU Joint Parliamentary Assembly.<sup>48</sup> Of the remaining SADC members, three are non-LDCs who would thus be required to join an EPA.

The result of these complications is a possible fragmentation of the integration process. It will also require strict control of intra-SADC trade movements to prevent EU exports to members of the EPA reaching the LDCs in the region duty free.<sup>49</sup> This will complicate any rules of origin, despite the fact that the possibility remains of a SADC free trade area.

### **Conclusions**

Two of the central claims of the new Cotonou agreement are its re-emphasis on a partnership between the EU and the ACP states and a clear statement of the priority of poverty reduction as an overall goal of the relationship. The history of both the Lomé Conventions and the new innovations of the Cotonou Agreement,

outlined in this article, show the disciplinary role played by neoliberalism from the end of the Cold War in the early 1990s. It has been argued that, while the relationship between the EU and ACP states has always been political, the trends towards a desire to influence and shape the political systems and policies of ACP states together with the EPAs, discussed earlier, represent a noticeable shift towards a more overt and politicised relationship.

The development approach outlined in the Cotonou Agreement sends mixed signals as to how the overall target of poverty eradication should be achieved. The ideas of partnership, focused development aid and ownership of the development process appear to suggest a shift in thinking. However, this is in danger of becoming merely a clever shift in rhetorical focus. The entire history of the official discourse of EU–ACP development co-operation can be dismissed as, to a large degree, false rhetoric that is subsumed by the realities and power relations of the international political economy. Coupled with this approach is a clear commitment to a belief that only through global liberalisation will poverty be eradicated.<sup>50</sup> This is justified by the prioritisation of the international rules that now govern the multilateral trading system, coupled with the failure of the non-reciprocal relationship that was part of the Lomé Conventions. The argument is made that interference in the operation of free trade is a non-beneficial and impossible option in the current climate. This dismissal of the benefits of protectionism is especially ironic given the obvious benefits that the EU has gained from the CAP.

The use of the WTO as the major justification is understood not as a simple ‘reason’ in this case, but as a strategic attempt by the EU to externalise responsibility for its own policy. What has been shown to be an essentially coercive policy direction does not require domestic consensus if it can be shown that it is the only alternative. As Gibb has argued, the EU has deliberately put WTO rules at the centre of the debate over the Cotonou Agreement.<sup>51</sup> They are portrayed as fixed and immutable and not the political construct which they really are. An obvious solution to the incompatibility of the EU–ACP agreement with WTO rules is for the EU and ACP states to try to alter these rules. A genuine ‘partnership’ between the EU and ACP states would provide a powerful alliance in attempting to alter the current trends within the multilateral trading system. A North–South alliance of this size, with sufficient political will behind it, would have considerable negotiating power within multilateral fora (eg the WTO). However, the reason why this remains a utopian vision is that the current neoliberal hegemony of ideas sits broadly compatibly with the self-interest of political elites and the outward-orientated fraction of the capitalist class within EU member states. This suggestion would be virtually impossible to defend to the various national electorates. Moreover, the articles of the WTO are open to interpretation and some ACP states have argued for ‘soft’ FTAs where the periods of transition may be longer and the coverage of trade could be more asymmetrical.<sup>52</sup>

In conclusion this paper has shown that the new innovations in EU development co-operation with the ACP group should be analysed within the context of recent global trends in both aid and trade that have reflected the dominance of neoliberal ideas. It has also highlighted some of the possible consequences of the Cotonou Agreement for the ACP states and the implications these may have on a

relationship that is supposedly based on 'partnership' with the EU. The ACP states should not be distracted from a realisation that the EU has a distinct tendency to achieve foreign policy objectives through its regional and bilateral trade arrangements. The central focus of poverty eradication and development targets in the Cotonou Agreement should be understood within a historical context of the failure to meet development targets, such as the DAC's target of ODA reaching 0.7% of GNP.

## Notes

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<sup>1</sup> Throughout this paper I use EU to represent the European Union and the organisation, pre-Maastricht Treaty, officially referred to as the European Community. The ACP group of states currently consists of 78 states (48 African, 16 Caribbean and 14 Pacific). Of these Cuba is not a signatory to the Cotonou Agreement and South Africa, although a signatory, does not receive the current trade preferences as it has concluded a separate agreement with the EU.

<sup>2</sup> C Bretherton & J Vogler, *The European Union as a Global Actor*, London: Routledge, 1999, p 111.

<sup>3</sup> See W Brown, *The European Union and Africa: The Restructuring of North-South Relations*, London: IB Tauris, 2002.

<sup>4</sup> Yaoundé I came into effect in 1963 and Yaoundé II in 1969.

<sup>5</sup> C Clapham, *Africa and the International System: The Politics of State Survival*, Cambridge: Cambridge University Press, 1996, p 99.

<sup>6</sup> W Brown, 'Restructuring North-South relations: ACP-EU development co-operation in a liberal international order', *Review of African Political Economy*, 27 (85), 2000, pp 373-375.

<sup>7</sup> Lomé I was signed in 1975 between the EU and the ACP group (comprising 46 states at the time). Lomé II covered 1980-85, Lomé III 1985-1990 and Lomé IV was signed in 1990 with the ACP group by then having swelled to 68 members. The mid-term review of this Convention, Lomé IV-bis was signed in 1995.

<sup>8</sup> M Lister, *The European Community and the Developing World: The Role of the Lomé Convention*, Aldershot: Avebury, 1988, p 189.

<sup>9</sup> Clapham, *Africa and the International System*, p 101.

<sup>10</sup> Bretherton & Vogler, *The EU as a Global Actor*, p 7.

<sup>11</sup> S Gill, 'Theorizing the interregnum: the double movement and global politics in the 1990s', in B Hettne *et al* (ed), *International Political Economy: Understanding Global Disorder*, London: Zed Books, 1995, p 66.

<sup>12</sup> H Overbeek & K van der Pijl, 'Restructuring capital and restructuring hegemony: neoliberalism and the unmaking of the post-war order', in H Overbeek (ed), *Restructuring Hegemony in the Global Political Economy: The Rise of Transnational Neo-liberalism in the 1980s*, London: Routledge, 1993, p 15.

<sup>13</sup> S Gill, 'The emerging world order and European change: the political economy of European Union', in R Miliband & L Panich (eds), *Socialist Register 1992*, London: Merlin Press, 1992, pp 162-163.

<sup>14</sup> R Cox with T Sinclair, *Approaches to World Order*, Cambridge: Cambridge University Press, 1996, p 104.

<sup>15</sup> S Gill, 'Globalisation, market civilisation, and disciplinary neoliberalism', *Millennium: Journal of International Studies*, 24(3), 1995, pp 401-402.

<sup>16</sup> Bretherton & Vogler, *The EU as a Global Actor*, pp 120-121.

<sup>17</sup> European Commission, *Green Paper on Relations between the European Union and the ACP Countries on the Eve of the 21st Century: Challenges and Options for a New Partnership*, Luxembourg: Office for Official Publications of the European Communities, 1997.

<sup>18</sup> Personal interview with Professor Musa Njolwa (ACP Secretariat), 22 November 2001.

- <sup>19</sup> P Watts, 'Losing Lomé: the potential impact of the Commission guidelines on the ACP non-Least Developed Countries', *Review of African Political Economy*, 25 (75), 1998, p 50.
- <sup>20</sup> European Commission, *Green Paper on Relations between the European Union and the ACP*, p xiii.
- <sup>21</sup> The EU has finalised trade agreements with Eastern Europe, Turkey, the Maghreb and South Africa, among others.
- <sup>22</sup> M Lister, *The European Union and the South: Relations with Developing Countries*, London: Routledge, 1997, p 28.
- <sup>23</sup> Personal interview with Professor Musa Njolwa (ACP Secretariat), 22 November 2001.
- <sup>24</sup> *The Courier Special Issue: Cotonou Agreement*, September 2000, p 6.
- <sup>25</sup> *The Courier*, 181, 2000, p 5.
- <sup>26</sup> *The Courier Special Issue: Cotonou Agreement*, September 2000, p 6.
- <sup>27</sup> The WTO in its wisdom accepted the South African government's wish to be classified as a developed country.
- <sup>28</sup> See S Hurt, 'A case of economic pragmatism? The European Union's trade and development agreement with South Africa', *International Relations*, 15(3), 2000, pp 67–83.
- <sup>29</sup> *The Courier Special Issue: Cotonou Agreement*, September 2000, p 26.
- <sup>30</sup> Personal interview with Professor Musa Njolwa (ACP Secretariat), 22 November 2001.
- <sup>31</sup> G Kinnock, 'Draft interim report on the future of ACP–EU relations', 1998, p 5.
- <sup>32</sup> Watts, 'Losing Lomé', p 54.
- <sup>33</sup> ACP Heads of State and Government, *The Liberville Declaration*, 1997, p 7, at [www.acpsec.org](http://www.acpsec.org).
- <sup>34</sup> Watts, 'Losing Lomé', p 56.
- <sup>35</sup> Hurt, 'A case of economic pragmatism?', p 76.
- <sup>36</sup> M McQueen, 'ACP–EU trade co-operation after 2000: an assessment of reciprocal trade preferences', *Journal of Modern African Studies*, 36(4), 1998, p 673.
- <sup>37</sup> G Crawford, 'Whither Lomé? The mid-term review and the decline of partnership', *Journal of Modern African Studies*, 34(3), 1996, p 510.
- <sup>38</sup> G Crawford, 'Foreign aid and political conditionality: issues of effectiveness and consistency', *Democratization*, 4(3), 1997, p 70.
- <sup>39</sup> B Gills, J Rocamora & R Wilson, *Low Intensity Democracy: Political Power in the New World Order*, London: Pluto Press, 1993.
- <sup>40</sup> P Burnell, *Foreign Aid in a Changing World*, Buckingham: Open University Press, 1997, p 191.
- <sup>41</sup> OECD website, [www.oecd.org](http://www.oecd.org).
- <sup>42</sup> D Rod, 'Draft recommendation on the proposal for a Council decision concerning the conclusion of the Partnership Agreement between the African, Caribbean and Pacific States on the one part, and the European Community and its Member States, on the other', European Parliament Committee on Development and Cooperation, 2001, p 7.
- <sup>43</sup> Personal interview with Counsellor Saul Pelle (South African Embassy to the EU), 21 November 2001.
- <sup>44</sup> ECDPM, *Cotonou Newsletter No 2: Mainstreaming Participation*, Maastricht: ECDPM, 2001, p 3.
- <sup>45</sup> *The Courier Special Issue: Cotonou Agreement*, September 2000, p 20.
- <sup>46</sup> Crawford, 'Whither Lomé?', p 517.
- <sup>47</sup> Watts, 'Losing Lomé', p 51.
- <sup>48</sup> Personal interview with Nirj Deva MEP, 21 November 2001.
- <sup>49</sup> R Gibb, 'Post-Lomé: the European Union and the South', *Third World Quarterly*, 21(3), 2000, p 476.
- <sup>50</sup> A similar observation can be made on the approach of the UK government, outlined in the Department for International Development, *Eliminating World Poverty: Making Globalisation Work for the Poor*, White Paper On International Development, London: HMSO, 2000 (Cm 5006).
- <sup>51</sup> Gibb, 'Post-Lomé', p 477.
- <sup>52</sup> *Ibid*, p 478.