
20/20 Vision? The EU's Cotonou Partnership Agreement

MARTIN HOLLAND

Jean Monnet Chair of European Integration
National Centre for Research on Europe
University of Canterbury, New Zealand

The European Union (EU)'s engagement with the developing world is best described as a policy patchwork. Different frameworks are used for the African, Caribbean, Pacific (ACP) states, Latin America, China, India, most of Asia, and arguably, North Africa. Europe has negotiated framework cooperation agreements with some 15 Asian and Latin American countries; it has similar agreements with three regional groupings (ASEAN, the Andean Pact, and Central America); it has begun the Asia-Europe Meeting (ASEM) process; it operates cooperation or association agreements with the Maghreb and Mashrek states, as well as with four other Mediterranean countries; and, lastly, it also has special relationships with a multitude of Member State overseas departments and territories. By far the most structured and important historical relationship, however, was the Lomé Convention, which in June 2000 was superseded by the Cotonou Agreement and now embraces almost all the developing countries of the Caribbean, Pacific, and sub-Saharan Africa.

In its summary review of past development policy, the European Commission concluded that the Lomé principles of partnership, contractuality, predictability, and security had produced an unrivalled development framework. But on balance, these benefits did not compensate for more serious shortcomings:

The principle of partnership has proved difficult to carry through. Dependence on aid, short-termism, and the pressure of crises have increasingly overshadowed relations. The recipient country's institutional environment and economic and social policy have

often a major constraint on the effectiveness of Community cooperation. The Union must bear some responsibility; its procedures have also limited the effectiveness of its aid. The impact of trade preferences has been disappointing on the whole.¹

The status of Lomé was challenged on several fronts. The motivations were diverse but cumulatively compelling, at least from a European perspective. First, there was the record of European assistance. Few, if any, of the Lomé countries saw a radical transformation in their economic well-being; dependency continued to define their relationship with Europe. The Lomé framework had failed to fundamentally improve the economic positions of the vast majority of ACP states. Indeed, some critics suggested that the historic pattern of First World-Third World dependency became even more deeply embedded. This disillusionment, together with the domestic financial constraint on the EU budget and pressures from key Member States, combined to make policy reform a priority.

During the 1990s, the EU supplied approximately 50 percent of the ACP's imports and received 45 percent of its exports. Aid provided through the Lomé mechanism amounted to 52 percent of the EU's total external aid in 1990.

The enormous changes witnessed in the international environment during the 1990s provided a second motivation for change. Prior to 1989, Europe's development policy had been exclusively focused on the "traditional" Third World. With the collapse of communism in Central and Eastern Europe (CEE), development priorities were increasingly switched to these newly democratic transitional economies. For example, the ACP only received one-quarter of EU aid in the year 2000. For the EU, charity—or at least aid—increasingly appeared to begin close to home. In many ways, the integration process and the necessity of enlargement presented detrimental (if unintended) consequences for the developing world beyond Europe's borders.

By way of illustration of the changing trading patterns, in 1995, 8.6 percent of the EU's imports and 10.2 percent of exports were with the CEE countries. In contrast, in the same year the Lomé states only supplied 3.7 percent of the EU's imports and took just 3.1 percent of exports.

The parameters of the global environment had changed. The pervasive trend towards trade liberalization and the World Trade Organization (WTO) orthodoxy were at odds with the traditional preferential aspects of Lomé. The WTO began to cast a critical eye over preferential agreements in general and with respect to the existing Lomé preferences specifically. Although Lomé IV was granted a WTO waiver, clearly this anomaly could not be maintained in the long term. Whether the WTO position on Lomé simply reflected the EU's own free trade prejudices or acted as a catalyst for them is unclear. A free trade agenda became part of the EU's new ideology, however, and it was set to play a central role in defining the shape of the future EU-ACP dialogue.

Somewhat paradoxically, the once-privileged trade status of the Lomé states was effectively downgraded; other group-to-group dialogues provided better access to the European market. From a position at the apex of the so-called "pyramid of privilege" in the 1970s, the ACP states have seen their status progressively eroded. The CEE countries, the Mediterranean states, and a number of bilateral agreements all provide better preferential access, further marginalizing the ACP's competitive position.

The calls for reform reflected a growing recognition of the diversity within the so-called developing world and the obvious inconsistencies in the EU's geographical scope. It became increasingly difficult to explain what common interests bound the Lomé states together or distinguished them from the majority of non-Lomé developing countries. "ACP" was becoming increasingly anachronistic as an acronym. The ACP Secretariat insisted that the rationale for the grouping was more

than post-colonial history, and clearly its enlarged size did provide certain negotiating advantages (for both the ACP and the EU). But the dissimilar treatment of similar developing countries was

Few, if any, of the Lomé countries saw a radical transformation in their economic well-being; dependency continued to define their relationship with Europe.

increasingly difficult to explain. Post-colonial ties and historical links were the obvious explanations for this tradition of differentiation. Arguably, the greatest weakness has been the patchwork and incremental nature of Lomé. Why, for example, offer membership to Angola, but not to Cambodia? Or Dominica, but not Vietnam? To underline this seeming perversity, 10 of the world's least developed countries are excluded from Lomé's provisions. The status quo became increasingly difficult to rationalize or justify.

Turning from the internal European contexts that help to shape development perspectives, there are two important external arenas that constrain EU policy: the WTO and global debt-reduction initiatives. The failed 1999 Seattle WTO meeting illustrated the inter-related nature of both the EU and the WTO agendas, as well as the importance of incorporating development concerns as a central feature of global liberalization. Simply, whatever independent initiative the EU may wish to make in development policy, these needed to be both compatible with WTO rules as well as consistent with the aspirations of developing countries. Similarly, the G7 initiative of 1998-1999 on global debt reduction for categories of developing countries helped to shape the emergence of a common EU stance on the issue. Thus, institutional frameworks outside those of the EU have had, and will continue to have, an impact on the direction and application of EU development policy and its reform.

The Reform Process and the Cotonou Partnership Agreement

It may well have been widely forgotten that the successor to Lomé IV was expected to be signed in Suva, Fiji on 8 June 2000. The coup in Fiji forced a last-minute cancellation, and the ceremony was rescheduled for later that month in the Benin capital of Cotonou. The Fijian coup was particularly badly timed for a further symbolic reason: six additional Pacific Island states signed the new agreement, bringing the total number of ACP signatories to 77.

Perhaps surprisingly, much of the general experience and *acquis* of the previous 25 years of Lomé were retained (including the contractual nature and benefits of long-term agreements). But past policy failures and the practice of uniform preferential trade access and direct aid had generally failed to transform ACP economies. The economic remedy proposed by the EU was extreme: differentiation based around a commitment to free trade. These radical proposals were successfully moderated through concessions and safeguards—although the basic principle of ACP free trade areas was established, marking a paradigmatic departure from the spirit of Lomé.

The following analysis highlights the Cotonou Agreement that, if successful, may well prove to be the blueprint for the global application of EU development policy.

Objectives, Principles, and Institutional Structure

The broad objectives of the Partnership Agreement are defined in Article 1:

... to promote and expedite the economic, cultural, and social development of the ACP states, with a view to contributing to peace and security and to promoting a stable and democratic political environment.

The partnership shall be centred on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy.²

In addition, Article 2 outlines four “fundamental principles” that will govern relations between the EU and the ACP:

- The equality of the partners and local ownership of the development strategies is stressed. As the text states, “the ACP states shall determine the development strategies for their economies and societies in all sovereignty.”
- To foster the widest possible involvement and participation in political and economic affairs, the partnership is open to “all sections of society, including the private sector, and civil society,” as well as to central government.

- “Dialogue and the fulfillment of mutual obligations” are pivotal to enacting the intent of the partnership.
- “Differentiation” in the arrangements for ACP countries and for regions (reflecting different levels of development) has become a fundamental principle, distinguishing between states more able to compete in the global economy and the least-developed countries that will retain special protection.

This last principle is the most significant departure from the former uniform Lomé approach. The ramifications of this change are revolutionary. It paves the way for a multi-speed approach to future development that will inevitably differentiate between different regions of the ACP group. The inclusion of civil society was also given direct effect; the recognition of these non-governmental actors was conditional on their democratic and transparent organization, “according to national characteristics.”³

The general Lomé institutional structure was retained in the Cotonou Agreement. The three existing joint EU-ACP institutions—the Council of Ministers, the Committee of Ambassadors, and the Joint Parliamentary Assembly—remain operational. One significant reform, however, was in the dispute settlement mechanism. Where the EU and ACP are in dispute, binding arbitration—normally using the procedures of the Permanent Court of Arbitration for International Organizations—governs.

Political Dialogue and Conditionality

The negotiations surrounding the political dimension of the agreement were among the most sensitive. The most that was possible was to agree on broad general principles and a limited number of specific issues, leaving how these might be implemented and evaluated to future practice and circumstances. For example, Article 8 stipulates that the EU and ACP “shall regularly engage in a comprehensive, balanced, and deep political dialogue.” The purpose of the dialogue was similarly anodyne: to exchange information, foster mutual understanding, and develop “agreed priorities and shared agendas.” Areas of “mutual concern or of general significance” that the dialogue specifically mentions are “the arms trade, excessive military expenditure, drugs, and organized crime, or ethnic, religious, or racial discrimination” as well as “respect for human rights, democratic principles, the rule of law, and good governance.”⁴

The Agreement does identify what it calls “essential elements and fundamental elements.” The distinction was important and the topic of some tension in the negotiations.⁵ Duplicating Lomé IV, three “essential elements” are identified:

- respect for human rights;
- democratic principles; and
- the rule of law.

These elements are expected to govern the behaviour of the EU and ACP both domestically and internationally. Article 9 describes these in the following terms: First, human rights are defined as “universal, indivisible, and inter-related;” all fundamental freedoms and human rights, “be they civil and political, or economic, social, and cultural” must be protected and promoted under the Agreement. Second, universally recognised democratic principles must underpin the legitimacy and legality of state authority (reflected in its constitutional, legislative, and regulatory system and in the existence of participatory mechanisms). On the basis of these universally recognized principles, each country is to develop its own democratic culture. And third, the Agreement stipulates that the structure and authority of government “shall be founded on the rule of law, which shall entail in particular effective and accessible means of legal redress, an independent legal system guaranteeing equality before the law, and an executive that is fully subject to the law.” Breaches of any of these essential elements may ultimately lead to a country facing suspension from the Agreement, although full suspension is seen as a measure only of last resort.⁶

The text dealing with good governance and corruption are largely new and have not been simply duplicated from Lomé. ACP opposition to “good governance” becoming an “essential element” of the Agreement was sufficient to see this given the somewhat different status of a “fundamental element.” Reaching agreement on common and workable definitions of good governance and of corruption proved difficult, although the text attempts to define the concept in the following terms:

... good governance is the transparent and accountable management of human, natural, economic, and financial resources for the purposes of equitable and sustainable development. It entails clear decision-making procedures at the level of public authorities, transparent and accountable institutions, the primacy of law in the management and distribution of resources, and capacity building for elaborating and implementing measures aiming in particular at preventing and combating corruption.⁷

Achieving this broad joint definition was in itself considered a notable success.⁸ Provisions for the regular assessment of good governance are built into the Agreement, taking into account “each country’s economic, social, cultural, and historical context.” A similar procedure for breaches of “essential elements” also exists for cases of financial corruption. Suspension procedures, however, have not been extended to cover breaches of “good governance.”

The risk, however, is that unless these broad principles—both “essential” and “fundamental”—are respected and promoted, the quality and purpose of

the political dialogue will be marginalized and regarded as little more than cosmetic conditionality to be applied in a selective manner. An area that could become the test for this process is the greater involvement of civil society and the business community in development envisaged under the Partnership Agreement. Despite Article 9.3, a consensual definition of what constitutes “good governance” remains elusive, contrasting the minimalist view of the efficient management of public affairs with an inclusive one that involves pluralistic processes, norms, and a rejection of corruption.

Financing and the European Development Fund

The ACP states' disappointment with the level of new European Development Fund (EDF) funding provided at Cotonou was a familiar outcome and reflected the sentiments of all the previous Lomé renegotiations. Their argument was that the priority given to poverty eradication seemed inconsistent with this financial commitment. The final

level of resources for the 9th EDF was set at 15.2 billion euro over the five-year period (2000-2005), broken down as 13.5 billion euro in the EDF and 1.7 billion euro from the European Investment Bank (EIB)'s own resources. This level of support was only marginally higher than the 8th EDF figure (with no

The EDF's record has repeatedly shown that disbursement faces serious obstacles, often due to the insufficient institutional capacity in many ACP states as well as within the Commission.

increase in real terms). Additional funds from the unspent balances from earlier EDF allocations, however, have been carried forward, making the total of new and old funds available some 25 billion euro. Clearly, the greater financial impediment may be the actual disbursement of the funds effectively and efficiently during the lifetime of the 9th EDF rather than any inadequacy in the amount budgeted. The EDF's record has repeatedly shown that disbursement faces serious obstacles, often due to the insufficient institutional capacity in many ACP states as well as within the Commission. At the time of the signing of the Cotonou Agreement, 9.9 billion euro remained uncommitted from previous EDFs.

ACP ownership and responsibility for development program priorities and objectives was stressed, for both state and non-state actors. The decision on funding any projects or programs, however, remains solely with the EU. Article 60 defines the scope of financing to include measures to reduce debt and balance of payments problems; macroeconomic and structural reforms; stabilisation of export earnings; institutional development and capacity-building; technical cooperation; and humanitarian and emergency assistance.

The EDF now only provides for two financial instruments. One covers non-reimbursable aid, such as long-term subsidies for development support, and the other provides risk capital and loans as a private-sector investment facility. Thus, rather than receiving a multitude of financial allocations, ACP states will now receive a single indicative total sum for all operations covering a five-year period

Innovations

Regional FTAs

The Partnership Agreement can justifiably claim innovation. Cotonou seeks to better influence the context within which development occurs, emphasizing trade development and investment. The EU's remedy for this has been to depart from Lomé's trade preferences approach to embrace free trade as the better mechanism for economic growth. Transition periods notwithstanding, this constitutes a radical departure from the past uniform basis of economic relations between the EU and the ACP developed over 25 years.

Differentiation

Importantly, in contrast to Lomé's uniformity, the Partnership Agreement differentiates between the levels of development of ACP states. The Least Developed Countries (LDC) remain principally governed by the traditional Lomé approach, while the more economically able ACP states have the new conditions for liberalized economic partnerships applied to them. Practically all LDC exports will benefit from non-reciprocal, free access to the EU market by 2005 (the sugar and beef protocols being the only major exceptions to this). The EU's role is crucial, as 39 of the world's LDCs are signatories of the Cotonou Agreement.

Timetables

The radical reform of trading relations, therefore, applies specifically to the non-LDC ACP states. A series of deadlines for the progressive abolition of trade barriers and the introduction of WTO-compatible free trade have been promulgated in Article 37 of the Agreement. September 2002 had been set as the date by when negotiations on economic partnership agreements must commence, with a view to their introduction no later than 1 January 2008. During this interim period, the current Lomé IV trade regime will be maintained, although some commodity protocols will undergo review. Agreements on trade liberalization, however, seem far from inevitable with all of the ACP states. Consequently, provision has been made for an assessment in 2004 to determine which of the non-LDC ACP states are not in a position to move towards free trade. For these states, alternative arrangements will be examined that can provide

them with “a new framework for trade which is equivalent to their existing situation and in conformity with WTO rules.”

Even for those non-LDC states regarded as suitable, a further review in 2006 will assess whether a longer transition beyond 2008 is necessary. For those countries able to meet the original deadline, a transitional period has to be agreed upon before all elements of the negotiated trade agreement are fully implemented. The wording of the Agreement is cautionary on this point, noting the need to take account of the socio-economic impact and variable capacity of ACP countries to adapt and adjust to liberalization. Consequently, negotiations will “be as flexible as possible in establishing the duration of a sufficient transitional period ... and the degree of asymmetry in terms of timetable for tariff dismantlement.”⁹ No time frame for the transition is specified, but other agreements suggest that up to 12 years might be needed. In addition, Article 37 raises the issue of WTO compatibility in several places and calls on the EU and ACP to “closely cooperate and collaborate in the WTO with a view to defending the arrangements reached.” Elsewhere, the Agreement calls for identification of common ACP-EU interests and a more effective lobbying of the WTO agenda to promote a development perspective. Clearly, conflict at the international level is widely anticipated. Given these intra-ACP-EU issues and the external challenges, the agreement signed in Cotonou in 2000 may only have its fullest impact in 2020 at the earliest.

Regionalism

The precondition for these partnerships is the development of regional groupings within the ACP grouping. The template is for group-to-group economic relationships, not for a series of bilateral and ad hoc agreements between the EU and 77 individual ACP actors. The challenges for the ACP are great. First, effective regional integration is a significant economic and political issue between ACP states and will require detailed and painstaking inter-state negotiations over several years with no guarantee of success. Second, many of the anticipated regional groupings combine relatively developed ACP economies with those classified as LDCs. Regional integration that combines these two groups will be especially difficult to achieve. And third, and simultaneously, these ACP states will also have to liberalize their economies in line with international standards and may face significant political and social opposition. Under such circumstances, 2008 could prove to be an unobtainable deadline for most of the eligible ACP states.

Differentiation under the ACP umbrella

One of the principle objectives of the ACP states was to protect the integrity of the ACP as a group. Maintaining recognition by the EU of the group

collectively, rather than regionally or bilaterally, was paramount. The final outcome was an uneasy compromise. The ACP umbrella has been retained, but the provisions for distinct and autonomous regional economic partnerships signals an end to Europe's uniform approach to the developing world of Africa, the Caribbean, and the Pacific. Critics have suggested that this compromise is tantamount to a "Trojan horse" and will eventually succeed in dividing the ACP internally. Conversely, others have argued that any commonality expressed by the group was only superficial at best and that the dismemberment of the group is long overdue.

The undeniable message from Cotonou is that the EU prefers to promote ACP regional integration and deal primarily on a region-to-region basis. Such a development, of course, corresponds to the EU's own original philosophy and is consistent with a view of integration as a global process. The EU also regards regional integration as the most effective route through which the ACP states can reenter the international economy and reduce poverty. It may also help to bridge the gap between the LDCs and other developing countries within a particular region. All of these potential advantages are, of course, premised on the political requirement that any form of regional integration is based on, and will contribute to, democracy and good governance. The corresponding economic requirement—sound economic management, including the removal of intra-regional tariffs (and a subsequent loss of revenue)—may prove problematic and require a revision in the Cotonou free trade timetable.

Treatment of LDCs

Of the 77 ACP states, 39 are designated as LDCs. As is the case for LDCs in general, these countries are predominantly drawn from Africa; for the ACP, only six LDCs (one in the Caribbean and five in the Pacific) are not African. It should be noted, however, that the definition of LDC in the Cotonou Agreement does not perfectly match that used by other agencies, nor does it exactly follow the Human Development Index (HDI). The 2000 HDI surveyed 174 countries; significant ACP omissions were Somalia and Liberia in Africa, and nine of the 14 Pacific island states.

The predominance of LDCs in Africa—representing half of all African states—presents a serious challenge to the objective of integrating these countries into the global economy. While the actual form and shape of regional integration that emerges is the exclusive concern of the states involved, all the possible configurations must inevitably include a number of LDCs. Indeed, Article 29 of the Partnership Agreement gives as one of the objectives of regional economic integration as "fostering participation of LDC ACP states in the establishment of regional markets and sharing the benefits." Southern Africa, in the form of the Southern African Development Community, is generally regarded

as the most viable and advanced form of regional cooperation on the continent. But even here, half of the memberships are LDCs.

The Agreement is not completely silent on these issues and does not require LDCs to adopt trade liberalization regimes. It recognizes that LDCs need to be accorded "special treatment in order to enable them to overcome the serious economic and social difficulties hindering their development."¹⁰ Specifically, the provisions for the new economic and trade regime propose that by 2005 at the latest, "essentially all products" from the LDCs will have duty-free access, "building on the

level of existing trade provisions of the Fourth ACP-EC Convention."¹¹

But the broader policy issue remains problematic. How will future free trade agreements between any regional grouping and the

EU accommodate these protectionist needs of LDCs? Detailed rules of origin and tariff controls needed by the LDCs would appear to conflict with any notion of trade liberalisation and demand high compliance costs. Thus, for the core ACP countries and the vast majority of impoverished citizens in Africa, effective regional economic partnership agreements seem a distant prospect at best.

For the core ACP countries and the vast majority of impoverished citizens in Africa, effective regional economic partnership agreements seem a distant prospect at best.

Future Challenges

Perhaps the most fundamental challenge to be faced during the 20-year duration of the Partnership Agreement is a psychological one. Cotonou undoubtedly presents an opportunity for EU-ACP relations to prosper and may offer potentially innovative solutions to historic dilemmas. But to what extent will the new philosophy and ambitions be embraced, and to what extent will the Lomé mentality persist? It is one thing to agree to the principle of trade liberalization. It is quite another to implement the necessary domestic reforms to make that a reality in the ACP states. Just as it has proved unrealistic to expect all the candidate countries of the next EU enlargement to join simultaneously, it is equally unrealistic to presume that all of the 38 non-LDC signatories will be in a position to sign regional free trade agreements by 2008.

The South African FTA was an instructive example in shaping the trade aspects of the Cotonou Agreement. The success of the "first wave" of ACP-EU regional economic partnership agreements will be equally instructive and influential in persuading less enthusiastic or economically less well-suited ACP states of the merits of experimenting with free trade. Thus the detailed

provisions, scope of products covered, timing, and selection of appropriate states as the test cases are crucial. Perhaps the Pacific island states could provide a comparatively favourable example. Whether this would persuade the African ACP states of the suitability of free trade or rather underline its inapplicability to African economic conditions remains to be seen.

By providing essentially the status quo for these 39 LDCs, the EU has created a paradox. If, as is widely accepted, Lomé's non-reciprocal arrangements have helped to exacerbate the economic decline of the ACP, how can their continuation be advantageous? How, if at all, can the LDCs reach an economic position whereby economic liberalization becomes a possibility? Does Cotonou unintentionally condemn them to third-class status in perpetuity?

The Partnership Agreement has set an ambitious agenda relating to civil society. Lomé adopted an essentially government-to-government approach; to transform and decentralize this to involve non-state actors—some of whom may be in conflict with their own government—is something the Commission has recognized may be hard to implement.¹² Not all ACP countries have a well-defined civil society that is capable of participating in development initiatives; in others, the government may be reluctant to empower potential opposition groups. The development of legitimate and representative groups within civil society and their effective participation in the formulation of development policies, however, remains a core element in the Cotonou approach. Indeed, Cotonou defines the involvement of non-state actors as a “fundamental principle” and their involvement is required across a wide range of policy sectors covered in the Agreement.¹³

A somewhat more pragmatic challenge is effective implementation. The record shows that both Lomé and the EU's other aid programs have often been characterized by tardy implementation, inefficiency, and weak accountability. To address these problems, the Prodi Commission has introduced institutional-level reform by reorganizing the External Relations portfolio, and the Cotonou Agreement has simplified the use of financial instruments in order to address these deficiencies. These reforms ought to increase the efficiency of the EU's programs, but they seem unlikely to be a sufficient panacea. The EU's institutional capacity is already overloaded, and it seems destined to stagnate given the increased intergovernmental impetus embodied in the Nice Treaty. A stronger and larger Commission with expanding policy competences now appears incompatible with the direction of the integration process of the early twenty-first century. Without such additional institutional capacity, the procedures envisaged at Cotonou may become impossible to implement. Similarly, better implementation demands increased capacity on the part of the ACP recipients, particularly in relation to decentralized cooperation involving a partnership between state and non-state actors.¹⁴ Without adequate institution-building for

government and for civil society, the implementation capacity for many ACP countries will be unchanged, in effect neutralizing any new policy opportunities presented by the Agreement.

A more general challenge is whether the unique EU-ACP relationship can be maintained, or whether Cotonou signals the break-up of this “imagined” group. Despite predictions of an imminent death, the ACP maintained solidarity throughout the post-Lomé reform process and fought off criticism of the contradictions and incompatibility within the ACP concept. Until the ACP wishes to dismantle the group, there is little that the EU can effectively do. The political symbolism of the ACP label far outweighs any geographic or economic arguments. At least

The political symbolism of the ACP label far outweighs any geographic or economic arguments.

superficially, Cotonou has guaranteed the status quo for two decades. But beneath this formal unity, the new economic partnership arrangements may create institutionalized tensions that result in the ACP imploding and fragmenting into discrete, and competing, regional groupings. Whereas past diversity was not an impediment to cohesion, future economic competition (disguised as “positive differentiation”) may prove to be a greater challenge.

Of course, there are countervailing political arguments in support of maintaining the solidarity of the ACP. As a group of now 77 states, the ACP presents a more credible presence as a negotiating partner than if the individual states were to interact bilaterally or regionally with the EU. Yet the ACP does sit uncomfortably with the EU's preference for regional dialogues internationally. Furthermore, the level of intra-ACP trade is minimal, and to the extent that it does exist, it primarily reflects regional cooperation that could exist outside the ACP framework. The longevity of the ACP may depend on the promotion of the group's identity beyond the EU into other international arenas. Acting collectively at the WTO or the UN would enhance its utility and answer critics who see the ACP's sole *raison d'être* being its special relationship with Europe.

The focus on poverty eradication in the Cotonou agreement, combined with sustainable development and the gradual integration of the ACP economies within the global economy, has successfully defined a more precise EU development role. Poverty reduction has been part of the EU's formal treaty obligation since Maastricht, however, and informally for much longer. Whether this role is realistic or achievable remains a moot point, of course. And while laudable, poverty reduction is hardly an exclusive role for EU, but it had become a common function of the international world by the end of the twentieth century. Are poverty objectives best realized by the EU at all? Would the

delegation of organization, authority, and funding to the UN agencies be a better poverty-reduction strategy? Of course, such an abdication of the EU's global role would run counter to the more pervasive ambition for Europe to be a credible international actor.

The subsidiarity question—what does the EU do best, and what does the state do best—remains untested. It is the final challenge to overcome, and it is one that takes us back to the beginning and is conceptual in content. What should the EU's development role be with regard to that of the Member States and other international organizations and donors?

Cotonou, like its predecessor, constitutes a unique agreement that can be considered unparalleled for its time. It links politics, trade, and aid in an as yet untested way. Cotonou, at the least, also contains the seeds of a distinct EU development role. The parallel with the EU's own CFSP is instructive. Just as

Are poverty objectives best realized by the EU at all?


Europe's foreign policy is diminished (at least in the eyes of third countries) by the continuation of national foreign policies (even where these are "consistent" with CFSP), so the EU's common development policy, as expressed through the Cotonou Agreement, is diminished by the existence of the bilateral development programs operated by individual EU Member States. Until development policy becomes an exclusive EU competence, questions

will always be raised as to the legitimacy of its role and effectiveness of its function. The 20-year duration of Cotonou has precluded the immediate abandonment of an EU development policy. The future renationalization of this policy sector, however, should not be totally discounted.

Conversely, an exclusive EU competence for development can be seen as self-defeating. The complexity and scale of development, particularly in relation to poverty, requires multiple actors and agencies. The EU, Member States, other OECD countries, the UN, WTO, and others all have roles to play. Where these are overlapping, the institution that can offer "added value" or comparative advantage should take the lead. Such an approach remains consistent both with a broader understanding of subsidiarity and with a logical approach to development in a globalized context, but it perhaps runs counter to EU ambitions to be a global actor.

Conclusion

In summation, the Cotonou Agreement reflects as balanced and as equitable an outcome as could reasonably be expected from a protracted negotiation process that has involved considerable compromise and accommodation. Certainly, the most dire predictions that an extreme free trade reading of the original Green

Paper suggested were significantly moderated. Conversely, other than for the LDCs, the continuation of the Lomé framework has been largely abandoned and the principle of trade liberalization has effectively replaced that of non-reciprocal privileged access. While the shock of this change has been somewhat cushioned by lengthy negotiation and transition periods that retain some aspects of the Lomé *acquis*, there has been a paradigmatic shift in the focus and direction of EU-ACP relations. These reforms, however, are ultimately dependent on a wider global agenda and on improved institutional capacity that can enhance policy implementation. Without better, quicker, and more coordinated implementation (on the part of the ACP, but also on the part of the EU) the primary objective of the Partnership Agreement—poverty reduction—will remain impossible to attain. 

Notes

1. Commission, “Communication to the Council and the European Parliament: guidelines for the negotiation of new cooperation agreements with the African, Caribbean and Pacific (ACP) countries,” COM(97) 537 final, 29 October 1997 (Brussels: European Commission): 7

2. *ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000*, supplement to the *Courier*, European Commission, Brussels: Article 1.

3. *Ibid*: Article 6.1.

4. *Ibid*: Article 8.4.

5. S. Gomes, “The political dimension of the new ACP-EU partnership,” *Courier*, Issue 181, European Commission, Brussels, 2000: 11.

6. *ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000*: Article 96.

7. *Ibid*: Article 9.3.

8. Gomes: 12

9. *ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000*: Article 37.

10. *Ibid*: Article 85.

11. *Ibid*: Article 37.

12. Pettit, B., “The Cotonou Agreement is the only one of its kind in the World,” *ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000*, supplement to the *Courier* (Brussels, European Commission): 18

13. Desesquelles, G., “The Non-Government Actors,” *Courier*, Issue 181, 2000 (Brussels, European Commission): 8.

14. *Ibid*: 9