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TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

**Guidelines for the negotiation of new cooperation agreements with the African,
Caribbean and Pacific (ACP) countries**

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Policy guidelines for future EU-ACP relations

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ANNEX: THE CONSULTATION PROCESS

Policy guidelines for future EU-ACP relations

To meet the challenges of a changing international scene, the relationship between the EU and the ACP countries needs to be recast with an eye to the 21st century. The public debate launched by the Commission on the basis of its Green Paper has been intense and fruitful. This truly interactive process has already revealed the foundations for a new relationship able to cope with international and regional change.

The participatory and transparent method adopted by the Commission in the discussion of a policy so tightly bound up with the building of Europe has laid the foundations for a new and open partnership, in which civil society, businesses, social players and local authorities all have an active role. The Commission's proposal on the negotiation of new cooperation agreements with the ACP countries was born of this approach, which means that it is inevitably broad in scope. Yet the Commission remains persuaded of the need to simplify the future agreements: when proposing negotiating directives, it will do its utmost to reconcile the imperatives of flexibility and efficiency with a multi-pronged, integrated approach to cooperation.

Post-colonial days are over. The Union and the ACP countries have common interests to develop and a strategic opportunity to grasp within a brighter, more ambitious vision. This ambition has inspired the Commission to propose that the EU-ACP partnership be placed on a new footing enabling it to negotiate successfully the requisite changes.

There are five major policy guidelines:

The first involves giving the new partnership a strong political dimension. This will involve greater selectivity in the management of Community cooperation, more effective and open dialogue upstream of conditionality and a new overall contract based on a shared political vision.

The EU-ACP relationship will occupy a new position on the Union's external front. It will serve the objectives of peace and stability and enable more resources to be channelled into preventing and settling violent conflicts. The impact of the new EU-ACP cooperation policy will be all the greater if it is backed up by a clear political will on the Union's part to observe the principles of complementarity, coordination and coherence. The partnership will be underpinned by the EU-ACP relationship's specific achievements concerning support for policies promoting human rights and democratic principles, consolidating the rule of law and good governance. The new development model gradually emerging from the major international negotiations, which reflects an integrated approach to economic, political, social and environmental factors, will provide the frame of reference. An enhanced policy dialogue fostering the establishment of a policy environment conducive to legitimacy and effectiveness of governance will make development cooperation more effective. Recognising the close links between a government's political will, its capacity to handle changing power relations in society and the actual prospects for alleviating poverty, improving education, health and the situation of women, and creating conditions for sustainable development, is vital if countries aided by the international community are to become the "owners" of their development processes.

The second guideline proposes the adjustment of Community policy to make poverty alleviation the cornerstone of the new partnership. This guideline reflects the thrust of the public debate and in no way implies any narrowing of the scope for cooperation. It refers to an integrated approach to poverty considering together economic growth factors, in particular the development of local markets, regional integration and integration into the international economy, and the social impact of such growth. Political backing for a framework conducive to equal opportunities and the emergence of an active and organised civil society will be part and parcel of such an approach. Special attention will be given to developing private enterprise, notably by backing the reforms needed to remove the institutional, regulatory or economic policy barriers that so often handicap the development of the formal and the informal private sector in the ACP countries. Similarly, the social dimension of cooperation will have to be strengthened considerably by support for policies on employment, access to productive resources and basic social services (education and health in particular) and by systematic consideration of the need to improve women's participation in economic, political and social life. The design and operation of policies to protect natural resources and the environment will have to be integrated into every stage of cooperation. Cooperation will also be guided by consideration of the institutional dimension and the principle of developing local capacity.

The third major guideline proposed by the Commission concerns opening up cooperation to economic partnership. The impact and relevance of the Lomé preferences have been insufficient to generate a real dynamic in a prospective view. More ambitious objectives, and in particular the steady integration of the ACP countries into the world economy, and the need to breathe new life into EU-ACP economic and trade relations call for a shift towards a more balanced approach involving a genuine partnership reflecting the mutual interests of both parties. This approach entails the negotiation of regional or subregional economic cooperation and partnership agreements linked to the overall EU-ACP partnership agreement.

These regionalised agreements will seek to develop close cooperation in a series of areas ever more crucial to the development of international economic and trading relations. There will be greater cooperation on, for example, technical, health and safety standards, basic labour rights, environmental measures, investor protection, intellectual property rights, trade in services, competition policy and access to public contracts. Agreements will also include preferential trade arrangements, with reciprocity gradually being introduced for ACP countries or groupings that want it, taking account of the criteria laid down by the European Council concerning such issues as compatibility with WTO rules and the common agricultural policy. These agreements will be implemented gradually, in support of regional integration processes and in phase with them. This enhanced economic partnership will take account of each partner's level of development, with particular attention to the least-developed countries (LLDCs), for which the EU plans to extend and harmonise market access arrangements (for all LLDCs, ACP or otherwise).

The fourth guideline concerns the practical procedures for managing financial and technical cooperation, which need a complete overhaul. The major achievements of the Lomé "culture" in terms of contractuality, security and predictability are assets that need to be preserved. However, shortcomings in the way they have been put into practice combined with the increased demands for efficient financial management and the need for differentiation highlighted in the Green Paper mean that a complete overhaul is needed.

Such an overhaul entails the simplification and rationalisation of cooperation instruments; it also involves refocusing Community support on sectoral approaches encouraging the countries concerned to make reforms their own and gradually converting Community funding into direct budget aid. This development, which depends on a number of conditions, reflects the principle that each country has chief responsibility for its own development. It also presupposes a system of resource allocation based not only on the needs of the countries concerned but also on their merits within a framework of rolling programming, which must be restored to its central position in the cooperation process. It calls likewise for more decentralised and efficient management.

The fifth guideline preserves the ACP as a group while introducing considerable geographical differentiation. This principle of keeping the ACP group intact emerged quite clearly from the debate on the Green Paper. Both governments and civil society expressed a strong sense of solidarity, which is bound to be emphasised at the Libreville summit of ACP Heads of State and Government.

The EU must heed this expression of political will. Besides proclaiming the ACP as a political entity, it reflects the value of EU-ACP relations in a world that is now multipolar. Yet there is a need for differentiation reflecting the regional dimension of economic and trade cooperation, the increasing role of regional integration as a factor for development and, more generally, the need to adjust to the facts of life and the specific circumstances of the ACP group's various components by conducting dialogue and cooperation activities at the most appropriate level. This is why the Commission is proposing a new overall agreement with the ACP countries, with differentiated procedures and agreements. The future agreements will also have to be flexible and open enough to respond to new needs and opportunities.

The EU-ACP negotiations scheduled to open next September will involve a key aspect of the European Union's international identity. The challenge is to convert the legacy of the past into a strategic opportunity.

INTRODUCTION

Relations between the European Union and the ACP States are on the verge of unprecedented change, a change of which all must weigh up the challenges and opportunities. As revised by the agreement signed in Mauritius on 4 November 1995, the fourth Lomé Convention provides for negotiations to open in September 1998 "in order to examine what provisions shall subsequently govern relations between the Community and the Member States, on the one hand, and the ACP States, on the other."¹ These negotiations offer the partners a unique opportunity to move into the next century and invest their relationship with new ambition and increased chances of success.

In preparation for this deadline and with this objective in mind, the Commission launched a wide-ranging public debate by publishing a Green Paper.² It did so in view of the changes that have taken place on the international scene, the transformations under way in the ACP countries, a Europe in constant evolution and a critical review of past cooperation.

The debate has been conducted in consultation forums organised by the Commission in every Member State and the three main ACP regions³ and at seminars and conferences convened by non-governmental organisations, the private sector, trade unions or development-studies centres. There have also been many written contributions. The European Parliament and the Economic and Social Committee have addressed many of the key issues raised in the Green Paper.⁴ The ACP countries too have conducted national and regional consultations for the purpose of reaching their own positions.

The debate has been intense, sometimes heated and often decisive in pinpointing the constraints faced by the different parties, the challenges ahead and the strategic options for meeting them. It has marked a movement away from twenty-five years of cooperation towards the organisation of a new relationship reflecting a changing world.

In the light of the debate, this paper proposes broad policy guidelines for future relations between the European Union and the ACP countries. It will be followed by a proposal for negotiating directives reflecting these guidelines, possibly amended to take account of positions expressed in the Council, the Parliament and the other institutions.

¹ Article 366 of the fourth Lomé Convention.

² COM(96)570 final of 20 November 1996 entitled "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".

³ A list of consultation forums organised at the initiative of the Commission can be found in the annex.

⁴ European Parliament report on the Green Paper: PE 223.237; Opinion of the Economic and Social Committee on the Green Paper: CES 775/97.

1. A NEW THRUST IN LINE WITH A CHANGING WORLD

In its Green Paper the Commission briefly retraces the history of relations between the Union and the ACP countries. It recalls the origins of the Community's development policy, which dates back to the association of the overseas countries and territories with the Community in 1957, the background to the signing of the first Lomé Convention in 1975 and subsequent changes to it. The Green Paper also places this relationship in the context of developments in other areas of external action, among them the new framework for partnership with the Mediterranean non-member countries, growing links with Latin America and the new Asia strategy. It underlines the universal nature of the Union's external relations, but also their differentiated nature.

A critical review of the fruits of past cooperation, based in particular on the evaluation studies carried out according to the criteria drawn up by the OECD's Development Aid Committee,⁵ showed the strengths and weaknesses of Lomé. Community cooperation has generated considerable funding - most of it concessional - and helped improve living conditions in the ACP countries. Founded on the principles of partnership, contractuality, predictability and security, the Lomé Convention has incontestably provided an unrivalled framework for cooperation between two groups of countries. It has been a proving ground for new ideas. But like all forms of cooperation, it has had its 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. The effectiveness of aid practice has also been diminished by a lack of flexibility, the difficulties of the joint management system and the near-automatic way in which a large part of the resources have been granted.

The Green Paper's main premises have been borne out by the fruitful and wide-ranging debate that followed its publication:

- Significant changes in the world scene have affected the relationship between the Union and the ACP countries in particular the rapid globalisation of trading and financial systems with its opportunities and dangers, the technological revolution and the advent of the "information society", the geopolitical upheavals caused by the collapse of the Eastern Bloc and the recognition of principles of sustainable development for the sake of future generations.
- The Union's role in the world is developing as its integration process advances and it moves towards an unprecedented enlargement.
- A root-and-branch reform is needed to adapt the Convention to the late 1990s, especially to help the ACP countries raise living standards and slot into international trade.

⁵ OECD/DAC "Principles of Effective Aid".

- The ACP countries are changing fast. Though economic and political instability continues to cause major problems, the opportunities and signs of the emergence of a "New Africa" are becoming ever more apparent. Democratisation processes are under way in many countries and must be sustained and reinforced. Economic reforms are beginning to produce their first fragile but promising results. The change of régime in South Africa, regional integration efforts in West, Southern and East Africa and an opening-up to new outside partners are new tendencies that are helping change the face of Africa. Closer relations with neighbouring regions are opening up new horizons for the Caribbean, a region that now sees its future ties with the Union as a vital diversification of its external relations. The small island economies of the Pacific, so far from their nearest neighbours, are seeking to maintain meaningful relations with Europe.

The debate on the Green Paper has itself been a milestone in the overhaul of EU-ACP relations. It has in particular revealed the existence, on the part of both the ACP countries and the Member States of the EU, of a strong will to revitalise the partnership. What is new is that this desire has been manifested by a broad spectrum of agencies: along with the usual non-governmental development organisations, business federations, trade unions, local authorities, youth associations and academic circles have made plain their interest in a new form of EU-ACP cooperation, hoping to play their part both in the field and when it comes to establishing political priorities.

As the European Parliament emphasises in its report, the debate on the future of the Lomé Convention has already helped alter its content by revealing new thinking on both sides and bringing to the fore key issues of development policies and development aid that are all too often overshadowed by current events and emergencies.

2. REVITALISING THE PARTNERSHIP WITH A NEW POLITICAL CONTRACT: A STRATEGIC OPPORTUNITY

2.1 The EU's motives responsibilities and common interests

As the world's leading trading partner, the main source of development aid, a pole of stability and the most advanced example of regional integration, the Union is duty-bound to develop a responsible approach to the regions of the South, especially those most vulnerable to poverty and marginalisation. In "Agenda 2000" the Commission emphasises that "the European project will remain credible only if it responds to the growing calls from its citizens for greater unity and more effective ways of building and defending peace, stability and prosperity on the European continent and throughout the world."⁶ Development cooperation is a vital aspect of this response.

Effectiveness demands that the European Union perform a key role: making sure that the development policies of the Member States and the Community complement each other; improving coordination both at the levels identified by the Council (policies, operations and international forums) and by adopting a common overall strategy in respect of ACP countries; and keeping EU trade, fisheries, agricultural and other policies consistent with

⁶ COM(97)2000 of 15 July 1997 "Agenda 2000: For a stronger wider Union".

the objectives of development. The new EU-ACP cooperation policy must be backed up by a clear political will with regard to these three principles.

Post-colonial days are over and it is time to stop thinking in terms of donors and recipients. The EU and the ACP countries have common interests to defend. Their relations must:

- become a factor for peace and stability, helping tackle the deep-seated causes of violent conflict;
- in coordination with the other donors, help attain internationally recognised objectives of sustainable development, and in particular the alleviation of poverty. The EU-ACP partnership will see one of the Union's chief contributions to the international community's efforts to achieve the objectives laid down for human development, and in particular in the strategy adopted by the OECD's Development Assistance Committee;⁷
- promote a development model that guarantees human rights and social progress;
- improve the management of global risks and interdependence in the fields of the environment, various forms of trafficking, migration, health etc. It is in the interests of both the EU and the ACP countries to use their intercontinental relationship to enhance cooperation, especially in areas where international cooperation is making slow progress;
- foster mutually-advantageous economic development. Africa, where recent improvements in economic management front have seen medium-term growth forecasts revised upwards, is clearly a potentially important partner.

As well as wishing to avoid threats to the security and well-being of the North arising from their lack of development (violent conflict, migratory pressure, rising extremism, drugs, pandemics, AIDS etc.) the Union therefore also has good positive grounds for pursuing its cooperation with the ACP countries and adjusting it to a radically different situation. To do so, it and its partners must agree terms for a new and inherently political contract.

2.2 The Union's proposal⁸

The Union will be offering the ACP countries a long-term commitment in the form of a partnership. Based on the principle of ownership, this partnership will involve:

- a strong political dimension and in-depth dialogue;
- help with the establishment of a political environment fostering equal opportunities, good governance and conciliation procedures permitting the peaceful settlement of

⁷ OECD/DAC paper of May 1996 on the role of development cooperation on the eve of the 21st century.

⁸ For simplicity's sake, this document generally uses the term "the Union", but the contracting parties are, of course, the Community and its Member States.

conflicts of interest and enshrining dialogue and the participation of civil society as the norm;

- help with the implementation of reforms and financial and technical support for sound and responsible policies;
- systematic consideration of need for institutional development, with the objective of developing the capacities of the public sector (including local authorities) and the private sector alike not only for the conception, analysis and implementation of development strategies but for the organisation of civil society in general;
- a stronger social dimension to cooperation;
- a new strategy for the development of the private sector;
- including environmental considerations at every stage of cooperation;
- enhanced economic cooperation in the mutual interest, with cooperation being extended into a series of trade-related areas and focused on integration in the world economy,
- the expansion of cooperation, especially in the fields of scientific and technological research and the Information Society, in the light of new opportunities;
- a more active partnership including consultation of economic and social players;
- the principle of regionalised cooperation within the framework of an overall agreement with the ACP countries;
- appreciation of the factors that make our ACP partners, particularly the small island economies, vulnerable;
- differentiation of the procedures and priorities for cooperation in the light of the partner's level of development, needs and long-term development strategy. This will in particular mean an increasing concentration of the Union's activities. In other words, the Union will not be doing everything everywhere: it will expand the range of possible cooperation sectors while focusing its activities in a given country or region on a limited number of priorities. The way in which resources are managed will also be geared to developing the partner country's capacities;
- a quest for greater efficiency, a simpler convention and easier access for new agents of cooperation.

In return, the EU expects of its partners a commitment to pursue or initiate credible reforms and good governance in the political, economic, social and environmental spheres. This new contract will involve not only greater selectivity in the management of aid but more dialogue upstream of conditionality.

2.3 Key issues for the negotiations

For the Union the key issue will be to give EU-ACP relations a new role in its external relations and ensure that its political, trade and development cooperation activities are consistent not only with each other but with internal policies too.

For all concerned, the main challenge of these negotiations will be to carry through the necessary changes with an eye to the future. The negotiations must produce agreements that are innovative enough, without destroying past achievements.

The new partnership with the ACP countries must mark the shift from a situation rooted in the past to a strategic opportunity. Accordingly, the Union's offer should be characterised politically by a partnership that is in every sense closer and geographically by its global and regional aspects.

3. BRINGING EU-ACP PARTNERSHIP INTO UNION'S FOREIGN POLICY

3.1 More resources for conflict prevention and more effective development cooperation

Once thought neutral in its impact on the ACP countries' political environment, EU-ACP cooperation is now seen as having a clear political dimension: the new partnership must reflect this fully. The distinguishing quality of Community action is increasingly seen as lying in the complementarity of its three facets: the political dimension; economic partnership; ambitious social development measures.

Political dialogue will have to be enhanced for two fundamental reasons:

- Development cooperation must serve the objectives of the common foreign and security policy (Article J.1 of the Treaty on European Union). More specifically, it must "preserve peace and strengthen international security", addressing the causes of poverty and inequality - potential sources of conflict - by helping improve social cohesion and fighting marginalisation.

It is in this context that greater priority for preventing conflict and consolidating peace acquire particular resonance. The EU's recently adopted guidelines on preventing conflict in Africa are specifically aimed at helping develop the capacities of African organisations (OAU and subregional organisations) to act.⁹ But they also provide for the coordinated and consistent use of every means available, among them development cooperation and support for policies to promote human rights, democracy, the rule of law and good governance. Development cooperation must nevertheless retain sufficient independence to maintain continuity in the pursuit of long-term objectives. It cannot be chopped and changed without endangering its effectiveness; situations of political instability warranting a reaction in terms of the management of development cooperation will therefore have to be assessed to see whether they are temporary or likely to last.

⁹ Council common position of 2 June 1997 and SEC(96)332 Council common position of 2 June 1997 and SEC(96)332 on the European Union and the issue of conflicts in Africa: re-establishing peace, crisis prevention and beyond.

