

FROM LOMÉ TO COTONOU: BUSINESS AS USUAL?

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1. Introduction

The ACP-EU Partnership Agreement signed in Cotonou in 2000— hereafter the Cotonou Agreement— has a long history behind it (Faber, 1982; Grilli, 1993). Part IV of the Treaty that established the 1957 European Economic Community (EEC) contained provisions on the Association of Overseas Countries and Territories. These articles laid the basis for the evolving cooperation between the EU and the ACP states to date. The relationship commenced in earnest in the early 1960s, when the EU negotiated an agreement with a group of newly independent Francophone African countries, which became known as the Yaoundé Convention. After the accession of the United Kingdom to the EU in 1973, the membership of the association agreement was extended in the 1975 Lomé Convention to include the primarily former British colonies of Sub-Saharan Africa, the Caribbean, and Pacific (ACP). The Lomé Convention was adapted and renewed until the fourth edition lapsed in February 2000. Trade preferences and aid constituted the main benefits that these states received from the EU during the lifespan of the accord. Its successor, the Cotonou Agreement, which has been agreed for an unprecedented 20-year period, has also retained trade and economic assistance among the centerpieces of the strategy for achieving its main objectives: poverty eradication; sustainable development; and the gradual integration of the ACP economies into the global economy (Cotonou Agreement). A careful scrutiny of the composition of the two groups of partners, as well as of the scope and instruments of cooperation might enable a conclusion that the Cotonou Agreement is essentially a continuation of past practice. Indeed, Forwood (2001: 438-39) aptly argues that:

Despite modifications in the instruments and objectives, all the features of Lomé have fundamentally been rolled over into the new Convention. In the area of trade, where the most obvious change has taken place, the framework for trade will be determined at some point in the future, and the current

arrangements will continue for at least another decade. Rather than radical overhaul, the story of Lomé is one of incremental change.

Other authors discern a different kind of continuity. For example, Raffer (2001: 1) argues that “After a quarter of a century the EU has finally been able to move decidedly towards the situation it had initially wanted when signing Lomé I, but was unable to force on ACP countries then,” thus suggesting that perhaps the EU conceded much more concessions to the ACP than it was prepared to do during the negotiations of Lomé I, and that from Lomé II onwards, the EU has been rolling back these concessions. In contrast, however, Oyejide and Njinkeu, conclude that “Although its trade elements are not yet in place, the Agreement already clearly indicates that these trade elements will represent a major departure from those associated with the Lomé Convention” (2001: 1), thus suggesting that Cotonou amounts to a break with the past..

Notwithstanding the foregoing, the fact that the two groups of countries have had a “special relationship” for over 25 years makes it almost impossible to create a completely new form of cooperation agreement all of a sudden. And indeed, the “Lomé acquis” is visible in many parts of the Cotonou Agreement. Despite this, we will argue in this paper that there are a number of forces impacting upon the longstanding ACP-EU relationship that are altering the nature of the relationship in a fundamental way. The new agreement is in reality both a product of and an impetus for this change. In order to make it acceptable for all parties, the most far-reaching changes have been left for later decision and the old Lomé jargons have been kept. This should not hide the crucial changes that are presently taking place. We will first analyze the forces that make these changes inevitable. In section 2 we discuss the forces in the environment of the ACP-EU cooperation. In section 3 we will look at the effectiveness of the Lomé model. We will turn to the changing position of the ACP countries in the external

relations of the EU in section 4. Section 5 will analyze the Cotonou Agreement. Section 6 will take stock of the visible changes in the relationship. Section 7 summarizes and concludes.

2. The external forces of change

Undoubtedly, the environment within which ACP-EU relations have subsisted since its inception in the mid-1970s has profoundly changed. Many of the changes have been both endogenous and exogenous in nature. Endogenous forces of change have involved dynamics within the EU and its Member States, on the one hand, and within the ACP group and its constituent members, on the other. Such dynamics have stemmed from, for example, growth in the memberships of both 'partners' over the years. Likewise, many changes in the global arena, of which the EU, the ACP, and their partnership are a part, constitute some of the exogenous forces of change.

To be sure, these forces of change have invariably been reflected in every re-negotiation of the ACP-EU agreements. In any event, in the remainder of this section, we will identify and explain some of the exogenous and endogenous impetuses that have informed some of the profound changes to the scope, instruments, and implementation of the Cotonou Agreement.

Exogenous Impetuses

International trade liberalization. The most compelling argument for not renewing the Lomé Convention was the recognition that any new ACP-EU arrangement had to be fully compatible with GATT/WTO rules of trade liberalization. The preferential trade regime of the Lomé accord, particularly the non-reciprocal duty free entry of ACP products into the EU market was a violation of the Most Favored Nation (MFN) principle of the GATT/WTO that aspires to establish and advance equal treatment and non-discrimination among its member states. Given the exclusivity of most of the trade privileges of Lomé, the conventions were vulnerable on legal grounds. In fact, by 1994, two Dispute Settlement Panels on Bananas had ruled that the

protocol was incompatible with Article XXIV of the GATT. Again in 1997, the WTO's Dispute Settlement Body (DSB) ruled that the Banana protocol of Lomé was illegal,¹ because it discriminated against the so-called "dollar bananas" of Central America.² Although allowance is made in the GATT/WTO for North-South arrangements such as the ACP-EU pact to obtain a waiver from the WTO for restricted non-reciprocal trade preferences, such exemptions are not meant to be indefinite.³ In response, and to remedy the problem by complying with Article XXIV (GATT/WTO), the EU proposed a series of free trade agreements (FTAs), also known as Economic Partnership Agreements (EPAs) in the Cotonou Agreement, with individual ACP states and with blocs of ACP states, otherwise to be known as Regional Economic Partnership Agreements (REPA's).⁴ Thus, non-reciprocity would be a privilege of the past, perhaps with the exception of the least developed and highly vulnerable (ACP and non-ACP) countries.

The end of the cold war. Another impetus for transforming ACP-EU relations was the collapse in 1989-1990 of the communist regimes of the erstwhile Soviet bloc and the concomitant end of the Cold War. In short, the dismantling of the symbolic Berlin Wall that had partitioned the European landscape during much of post-World War II affected ACP-EU relations in at least two significant ways. On the one hand, it broadened the horizon and scope of the EU's external economic relations, that is, the EU had to re-define its relationship with its Central and Eastern Europe (CEE) neighbors, but in the broader context of its overall external relations. In re-defining the relationship, the EU had to take short and long term perspectives, both of which had profound consequences for the ACP group. In the short term, the EU provided immediate assistance to the former communist governments, especially as they began reforming their inefficient and neglected economies. In the long term, the EU also had to provide adequate financial and non-financial resources in the manner of the PHARE to prepare the CEE countries for eventual EU membership. Already, the EU is expected to welcome aboard as many as eight countries from CEE by 2004.⁵ In any event, in both of the above scenarios, ACP countries felt

threatened and reacted negatively, and the European Commission's response was just as snappish. The ACP group feared that funds that had previously been earmarked for it were being re-directed to Eastern Europe.⁶ To be sure, the flow of economic assistance from the EU to the CEE countries increased dramatically during the 1990s, while the ACP's share in total EU aid dropped considerably during the same period. In other words, ACP countries would now have to compete for the EU's attention *cum* resources, because of a more immediate and urgent need in the EU's neighborhood.

On the other hand, the collapse of the totalitarian states and planned economies of Eastern Europe meant, in a sense, the triumph of liberalism over communism and autarky. More significantly, the enthusiasm with which the CEE countries embraced the precepts of liberal democracy, free and fair elections, and so forth, afforded the EU the opportunity to insist on tying economic assistance and other concessions to the ACP countries to a series of conditionalities—the principles of rule of law, human rights, pluralist democracy, and economic liberalization—as the bases for rewarding 'good behavior' in the ranks of the ACP group. In short, the disbursement of EU aid to ACP countries will now be based on willingness to reform the economy and the polity, as well as on results. Ostensibly, enabling civil society and other non-state actors to join the economic and political arenas could widen the political landscape, revitalize political dialogue, enable fresher ideas, and, ultimately, increase the chances for (sustained) development, *ceteris paribus*.

Endogenous Impetuses

Widening of the European Union. Every enlargement of the EU has certainly influenced the need for a different EU-ACP relationship since 1957. Each time the EU has welcomed new members to its fold, the relationship between the EU and the ACP group has been affected. Before the first enlargement of the 1970s, 'EU-ACP' relations were tilted in the direction of former French and Belgian colonies in Africa. As noted in chapter one, UK accession in 1973

brought about a more comprehensive and expanded relationship between the EU and its ACP partners. Specifically, former British colonies were brought into the EU-ACP picture. The enlargement of the 1980s further sensitized EU external relations to Latin America, the former colonies of Portugal and Spain. Following the 1986 accession, EU contacts with Latin America steadily grew, as Spain, in particular, lobbied for the region within the EU both in the Commission, when policies are being formulated, and in the Council, when the fate of policies are being decided. The 1986 enlargement arguably marked the beginning of the ebbing of the ACP group's importance with respect to the EU's pyramid of privileges. The enlargement of the 1990s, when Austria, Finland, and Sweden acceded to the EU, continued the ebbing of ACP importance in Brussels, especially as the new EU member states historically had no colonial ties with the ACP countries.⁷ The 1989-1990 political earthquakes in Eastern Europe and the impending accession of CEE states to the EU in 2004 will further challenge the importance of the ACP group in the EU. Moreover, it is unlikely that given the magnitude of their own economic problems, the acceding CEE countries, upon accession, would enthusiastically support, for example, a considerable increase in the 10th European Development Fund (EDF).

Commission reforms. A second European impetus that informed the changed environment of EU-ACP relations is the growing competence and bureaucratic apparatus of the EU. The increased number of Directorates General (DGs) of the European Commission and of its Eurocrats has translated into a proliferation of ideas and of policies, as well as the diffusion of influence within the supranational entity. More poignantly, the cultivation of an ACP-EU relationship, for which the DG for Development was created, is no longer the only (external/development) policy for which there is a bureaucracy to lobby on its behalf. Given the importance the EU has attached to enlargement,⁸ for instance, the DG and the Commissioner for Enlargement are among the most sought-after in Brussels nowadays.

Deepening integration. The consolidation of European integration is equally forcing changes in ACP-EU relations. Most notably and most recently, the entering to force of the European Union Treaty of Maastricht (1993) of Amsterdam (1999), and of Nice Treaty (2003) necessitated the modification of some aspects of its relationship with the ACP countries (and others). For example, the Common Foreign and Security (CFSP) pillar of the Maastricht treaty provided the legal underpinnings for the inclusion of political dialogue, economic partnership, and social development in the negotiation of Cotonou. Article J.1.2 of the Treaty of Maastricht provides that the CFSP shall “preserve peace and strengthen international security..., promote international cooperation, develop and consolidate democracy, rule of law, and respect for human rights and fundamental freedoms.”⁹ In order to comply with the provisions of the article, the EU overtly pushed for development cooperation policies to promote pluralist democracy, human rights, the rule of law, and good governance in ACP societies.

Likewise, ACP-EU relations have had to adjust to the launching of the SEM initiative, which sought to eradicate trade barriers within the EU. The banana protocol of Lomé, for example, restricted the distribution of imported ACP bananas within the EU, which was a clear violation of the free movement of goods (Title I, Treaty of Amsterdam).¹⁰ The negotiation of ACP-EU relations also had to be altered by yet another attempt by the EU to consolidate its integration, namely, the debut of the euro. For instance, in 1998, the Council of Ministers for Finance agreed to allow the CFA Franc, which is widely used by France’s former colonies in SSA, to be pegged to the euro. This development would likely open up additional EU markets and reduce the colonial mentality of many ACP states vis-à-vis their economic relations with the EU.

3. The effectiveness of the Lomé model

In order to fairly adjudge the efficacy of the Lomé paradigm, we will first review what it was and what its stated objectives were. Conceived in the mid-1970s in the wake of the collapse of the Bretton Woods system and the first energy crisis, it was designed as a response to the call by the structuralist critics of what Krasner (1985: 6) characterized as “the extant liberal order” for a New International Economic Order (NIEO) that was to bridge the North-South gap by restructuring market-oriented international regimes and redistributing global resources. To that end, the Lomé Convention was touted by its architects, partner countries, and observers as the finest illustration of North-South relations, largely because of the scope of the provisions, the impressive number of signatory partner states, and the *sui generis* nature of the convention.

More specifically, the Lomé Conventions were intended to promote the development of the signatory ACP states primarily via trade, economic assistance, and technical cooperation. We will now turn our attention to a cursory review of the provisions of the ACP-EU accords, accompanied by a temporal and spatial analysis of the efficacy of the conventions. Granted that the Lomé Conventions were not the only development stimuli to which the ACP countries were subjected between 1975 and 2000, we would expect, *ceteris paribus*, that to the extent that Lomé’s were the most assured (at least over a five-year period during the Lomé era) and more generous of any external concessions, there should be, *a priori*, noticeable improvement in pertinent ACP indicators. In other words, between the inception of Lomé in 1975 and its expiration in 2000, we should see evidence of improvement in, say, economic growth, capacity development, etc. As well, compared to non-ACP states that did not receive any or quite as generous concessions (‘control group’), there should be evidence of better indicators for the ACP countries.

A non-reciprocal duty free trade arrangement constituted the cornerstone of the conventions. Thus, more than 90% of ACP exports, predominantly primary commodities, qualified to enter the EU duty free. The concession was predicated on the neo-liberal view of trade as an engine of economic growth and of development. The evidence, however, is that the share of ACP products in total EU imports (or imports from the South) precipitously declined from roughly 8% (20%) in 1975 to about 4% (9%) in 2000.¹¹ Likewise, non-ACP developing countries of Asia and Latin America more than doubled the proportion of their products in total EU imports from the South during the period of the convention. According to Table 1, using Africa as a surrogate for the ACP countries, and the Middle East, Asia, and Western Hemisphere as proxies for non-ACP countries, the share of non-African countries' imports, especially for the Middle East and Asia, in total EU imports improved, while that for the Africa group declined. In terms of percentage increase in volume of EU imports, the lowest score was for the Africa group. Still on the poor performance of the ACP group, most of the member countries still depend, today as in 1975, on the exports of essentially the same handful of primary commodities for foreign exchange, thus implying lack of diversification. Indeed, labor-intensive primary products constituted over 80% of ACP exports to the EU, while the share of such products in total extra-EU imports declined between 1975 and 2000.

Table 1: Imports* to the European Union (US\$ and % of total)

	1976	1980	1985	1990	1995	2000
Africa	12,434	43,403	39,247	48,342	49,378	61,748
	3.50%	5.60%	5.90%	3.40%	2.60%	2.70%
Middle East	2,703	90,214	38,786	47,021	39,986	61,769
	0.70%	11.60%	5.80%	3.30%	2.10%	2.70%
Asia	10,212	25,781	25,723	81,723	143,465	212,101
	2.90%	3.30%	3.90%	5.80%	7.50%	9.30%
Western Hemisphere	9,520	26,117	24,861	36,566	43,988	49,744
	2.70%	3.40%	3.80%	2.60%	2.30%	2.20%

Source: *Direction of Trade Statistics*, Washington, D.C.: IMF, various years.

* excludes oil exporting countries for 1976

Another privilege of the pact was the provision of economic assistance to the ACP countries via the EDF. Every Lomé Convention was accompanied by a contemporaneous EDF allocation that made direct financial and technical contributions toward the development of ACP societies. According to Table 2, the five-year EDF scheme earmarked roughly €3 billion (Lomé I), €4.7 billion (Lomé II), €7.4 billion (Lomé III), €10.8 billion (Lomé IV-a), and €12.9 billion (Lomé IV-bis) primarily in grants and special loans. Another privilege that the ACP group enjoyed was the provision of two commodity insurance schemes, viz. STABEX and SYSMIN, respectively for countries that were dependent on agricultural exports and on the exports of mineral products. Purposely, the two mitigating insurance schemes were intended to maintain export capacity by compensating ACP exporters of agricultural and mineral products for short term losses suffered in export earnings. The amount allocated to both insurance schemes under the auspices of the Lomé Conventions is furnished in table 2.

Table 2: EDF allocations under Lomé Conventions (EUR million)

	Lomé I	Lomé II	Lomé III	Lomé IV	Lomé IV-bis
	EDF 4	EDF 5	EDF 6	EDF 7	EDF 8
	1975-1980	1980-1985	1985-1990	1990-1995	1995-2000
Grants	2,150	2,999	4,860	7,999	9,592
Special Loans	446	525	600		
STABEX	3,777	634	925	1,500	1,800
SYMIN		282	415	480	575
Risk Capital	99	284	660	825	1,000
Total EDF	3,072	4,724	7,400	10,800	12,967

Source: *The Lomé Conventions*, Brussels: Commission of the European Union, various years

In any event, if indeed, the insurance schemes and the economic aid programs were effectively utilized by the ACP countries, *ceteris paribus*, the external debt of the ACP countries—resulting from borrowing to cushion shortfalls in export earnings and to correct their Balance of Payment accounts—should have declined. Instead, the total external debt of most ACP countries soared during the Lomé years, especially during the 1980s. Additionally, and despite two-and-a-half decades of EU concessions, 40 of the 63 countries in the World Bank's unenviable category of least-developed countries (LDCs) in 2000 were ACP Member States.¹²

In other words, over half of the membership of the ACP group was among the world's poorest countries the year Lomé expired. Not surprisingly, an estimated 45% of the sub-Saharan African (SSA) and almost 40% of the Caribbean peoples lived below the poverty threshold at the expiration of Lomé in 2000.

A fourth major privilege was the provision of industrial and technical cooperation that would enable the utilization of the EU's know-how for the industrial development of ACP societies. Other major concessions of the Lomé conventions included special protocols for bananas, sugar, and rum.

In short, in spite of Lomé, including the preferential access to the EU market, it seems that spatially and temporally, the ACP countries did not successfully avail themselves of the convention's concessions. We acknowledge the fact that had the foregoing evaluation of the efficacy of Lomé been based on disaggregated data, we would have discovered that some ACP countries, most notably, Mauritius, Seychelles, and the Caribbean Member States, seemed to have successfully taken advantage of the concessions of the ACP-EU concessions. The fact remains, however, that most ACP economies struggled and even regressed during the Lomé era. In Sub-Saharan Africa, average growth of Gross Domestic Product (GDP) was 1.7 per cent during the 1980s and 2.4 per cent in the 1990s. Annual population growth, however, was 2.9 and 2.6 per cent respectively. This led to falling per capita incomes during both decades. Poverty increased dramatically in SSA. At the end of the millennium, there were 292 million people living on less than \$1 a day in SSA. This number had grown by 75 million over 1987-1998.¹³ Compared to other parts of the Southern hemisphere, in just about every category of social-economic measurements, ACP countries, particularly the SSA and Pacific ones prop up global rankings. For example, aid dependence in 2000 was 5% for SSA, compared to 0.2% for Latin America and 0.2% for South Asia.¹⁴ Furthermore, measured in terms of Human Development Index (HDI), ACP societies occupy the unenviable position of

being among the poorest and most vulnerable in the world. For example, among the ACP countries, only Mauritius and Seychelles, the Caribbean ACP countries (except Haiti), and all but Papua New Guinea, Solomon Islands, and Vanuatu among the Pacific ACP states cracked the top 100 in HDI ranking. Indeed, roughly half of the African ACP countries had an HDI of less than 0.5.¹⁵ In view of the foregoing about the prevailing inexorable economic challenges in ACP societies and their seemingly unresponsiveness to 'exclusive privileges', it is no wonder, therefore, that the EU, especially the European Commission would suffer from a case of 'donor fatigue' and felt it necessary to transform the Lomé Convention.

4. The evolving external economic relations and policies

The external economic relations of the EU show a continuous change, both in terms of geography and in terms of policy interventions. A few important changes are highlighted in this section in order to put the shift from Lomé to Cotonou in perspective. The trade flows between the EU and the rest of the world have been changing gradually. Table 3 shows that trade among the member states (intra-trade) has a falling share in total EU trade, both in exports and in imports. In 2001, 62 per cent of EU exports were destined for other member states. This was 65 per cent in 1990. Third markets are getting more important for EU producers. The same applies for imports. Table 4 shows the destination of exports by Western European countries. North America has an increasing importance for Western European exports. The same applies for Asia (China in particular) and the countries in Central and Eastern Europe. Latin America has an increasing importance as well, while Africa and the Middle East have a declining importance as markets. For imports (table 5), the same picture emerges, with an exception for North America that has had a stable share in Western European imports. We see that the 'preferred' partners in Africa and the Middle East have

become rather marginalized in EU trade relations, while the American continent and Asia are gaining in importance. This will impact upon external policies.

Table 3: EU exports and imports: intra- and extra trade (value in billion dollars and shares in percentages of total EU trade)

	Value 2001	Share in total exports/imports		
		1990	1995	2001
EU (15)				
Total exports	2291	100.0	100.00	100.00
Intra-exports	1417	64.9	64.01	61.85
Extra-exports	874	35.1	35.99	38.15
Total imports	2334	100.0	100.00	100.00
Intra-imports	1421	63.0	65.23	60.89
Extra-imports	913	37.0	34.77	39.11

Source: WTO

Table 4: Merchandise exports of Western Europe by destination in 1990 and 2001 by value (billion dollars) and percentage.

	Value	Share		Annual percentage change		
	2001	1990	2001	1990-01	2000	2001
World	2485	100.0	100.0	4	4	-1
Intra-Western Europe	1677	71.4	67.5	3	2	-2
European Union (15)	1542	65.1	62.0	3	2	-1
North America	255	7.8	10.2	6	11	-1
United States	226	6.9	9.1	6	10	-3
Asia	195	7.3	7.9	5	11	-1
Japan	44	2.1	1.8	2	9	-4
China	28	0.5	1.1	12	13	16
Australia and New Zealand	17	0.8	0.7	3	-2	-3
Other	106	4.0	4.3	5	13	-3
C./E. Europe/Baltic States/CIS	147	3.8	5.9	8	9	12
Central and Eastern Europe	102	1.7	4.1	12	7	7
Russian Fed.	26	-	1.1	-	17	35
Baltic States	8	-	0.3	-	9	10
Middle East	65	2.8	2.6	3	5	5
Africa	63	3.3	2.5	1	-2	3
South Africa	12	0.5	0.5	4	5	2
Other Africa	51	3.0	2.1	0	-3	3
Latin America	58	1.8	2.3	6	5	0
Inter-regional trade	782	26.8	31.5	5	8	2

Source: WTO

Table 5: Merchandise imports of Western Europe by origin, 1990 and 2001 in billion dollars and percentage

	Value	Share		Annual percentage change		
	2001	1990	2001	1990-01	2000	2001
World	2524	100.0	100.0	4	6	-3
Intra-Western Europe	1675	69.0	66.4	3	2	-2
European Union (15)	1546	63.2	61.3	3	1	-2
Asia	286	10.0	11.3	5	11	-9
Japan	72	4.3	2.8	0	5	-17
China	71	0.8	2.8	16	22	3
Australia and New Zealand	11	0.5	0.4	2	8	1
Other	132	4.3	5.2	6	10	-11
North America	203	8.2	8.0	3	9	-6
United States	184	7.3	7.3	4	8	-6
C./E. Europe/Baltic States/CIS	153	3.6	6.0	9	24	5
Central and Eastern Europe	92	1.6	3.7	12	12	10
Russian Fed.	42	-	1.7	-	50	-3
Baltic States	7	-	0.3	-	27	3
Africa	76	3.9	3.0	1	27	-2
South Africa	17	0.6	0.7	4	16	11
Other Africa	60	3.3	2.4	1	29	-5
Latin America	49	2.3	1.9	2	14	-5
Middle East	44	2.3	1.7	1	43	-17
Inter-regional trade	810	30.3	32.1	4	15	-5

Source: WTO

The external economic policies of the EU interact with the foregoing changes. On the one hand, policies create and stimulate trade and investment in an *ex ante* way. On the other hand, economic growth in foreign markets, technological developments and political shocks often lead to trade and investment reactions that the EU can only hope to manage in an *ex post* fashion. For a long time, the EU was in the comfortable position that it could protect parts of its own market from foreign competition—mainly from Japan and Asia—while it could open up other segments of its markets in return for improved access to the markets of its most important trading partners, the other OECD countries. Its 'preferred' partners in the Mediterranean and the ACP were not putting competitive pressure at EU producers. The EU was a zealous defender of

non-reciprocal preferences. In the early 1970s the EU considered itself to be an innovator of trade policies that would promote development through the granting of non-reciprocal trade preferences. The Community was the first to introduce a GSP in 1971 and the first Lomé Convention was hailed as a model for North-South co-operation in 1975. (Babarinde, 1994) The Mediterranean non-reciprocal preferences were introduced in the same period. The shift to reciprocity should be considered in the light of the changing position of the EU in the world economy. In the present situation, the strategy of non-reciprocal preferences no longer produces the desired results. The EU needs good access to fast growing markets if it is to remain a world economic power. The WTO is an important vehicle for the EU to take care of its trading interests. However, the emerging markets are becoming strong negotiating partners in the WTO and are integrating at the regional level. This regional integration in Asia and Latin America entails the risk that the EU faces a deteriorated competitive position in these markets as a result of discriminatory regional trade arrangements (Winters, 2000). In this situation, reciprocal trade arrangements with these regional blocs offer a number of advantages for the EU. First, they guarantee market access to the emerging markets in Asia and Latin America. Second, regional trade agreements may pave the way for multilateral liberalisation by all parties concerned.

The EU uses both multilateral negotiations under the WTO and regional agreements to gain access to third markets. The non-reciprocal preferences under the traditional Mediterranean agreements and the Lomé Convention jeopardized the negotiating position of the EU in the WTO. The EU would have had to invest large amounts of concessions in other areas to maintain these preferences indefinitely. Given the sometimes difficult position of the EU in these negotiations, the EU has to use its concessions in a strategic way, that is, to gain access to important markets.¹⁶ The disappointing effectiveness of the Lomé preferences did not constitute a barrier to this line of action. As a result, the EU is now setting up a network of reciprocal trade agreements with third countries, ranging from free trade agreements with the acceding member

states of CEE, with countries in the Middle East and North Africa under the auspices of the Barcelona Protocol, with South Africa, and with Mexico, Mercosur and Chile. Seen against this background, EPAs, as the main option for the ACP under the Cotonou Agreement, are a logical break with tradition. The only remaining non-reciprocal preferential system that is WTO-compatible is the GSP.

5. The innovations of Cotonou

The Cotonou Agreement as such differs substantially from the Lomé Conventions in a number of ways. We will review these differences in this section.

The nature of the agreement

The Cotonou Agreement differs from the Lomé Conventions in a number of formal aspects. Most important, the Cotonou Agreement is a framework agreement consisting of objectives, principles and options for instruments, while the Lomé Conventions were self-contained rule systems. This appears from several facts. First, the text of the Cotonou Agreement contains only 100 articles, while Lomé IVbis consisted of 369 articles. Much of the implementation rules have been shifted to the annexes of the Cotonou Agreement. This applies for the trade rules during the preparatory period (2000-2008) and the implementation of financial co-operation. Second, the Cotonou Agreement itself has been concluded for a period of 20 years. The practical parts will or can be renegotiated for shorter durations. The Financial Protocol applies for a five-year period, while the trade regime has to be negotiated before the preparatory period lapses.

As a result of the framework nature of the Cotonou Agreement, the implementation of the Agreement depends on the outcome of further negotiations and discussions. The financial aid package for the first five years has been agreed, but the trade part will demand major

negotiations in the years up to 2008. We will return to the trade regime below in this section and in section 6.

The objectives

The Cotonou Agreement is explicit as to its objectives: the reduction and eventual eradication of poverty is the prime goal of the co-operation. Poverty reduction should be “consistent with the objectives of sustainable development and the gradual integration of the ACP countries in the world economy” (art. 1). This is more precise and different from Lomé IV in which the parties said that their central objective was “to promote and expedite the economic, cultural and social development of the ACP States and to consolidate and diversify their relations ...” (Lomé IV, art. 1). It was only in Lomé IVbis that improving international competitiveness was included as an objective of trade development (art. 15a), but it was not an overall objective as in the Cotonou Agreement. Thus, the objectives of the new agreement are highly consistent with the objectives of the EU’s policy of development co-operation as formulated in article 177 of the EC Treaty.¹⁷

The principles of cooperation

The principles have been reformulated and refined in the Cotonou Agreement. Under Lomé VI, the principles of co-operation were equality between partners, the right of self-determination and security of the EU-ACP relationship. The change in the Cotonou Agreement is striking. There is still the principle of equality, and sovereignty of ACP states in determining their development strategies. However, this is now qualified in the sense that there should be “due regard for the essential elements ...” (art. 2). These essential elements are respect for human rights, democratic principles and the rule of law (art. 9). The three other principles are new.

- Participation of other sections of society in the co-operation between the ACP and the EU “in order to encourage the integration of all sectors of society, including the

private sector and civil society organizations, into the mainstream of political, economic and social life.” The development of the private sector has become a priority in the Cotonou Agreement. In title I on development strategies, the first area for which such a strategy is outlined is the private sector;

- Dialogue and fulfillment of mutual obligations; parties will be accountable to each other for meeting their obligations;
- Differentiation and regionalization; this enables the parties to attune the ways and means of co-operation to the level of development, needs, performance and long-term strategy of the ACP country concerned.

The changes in the principles make it clear that there is a strong wish— at least on the side of the EU— to put the ACP-EU relationship on a new footing: broaden the co-operation from state-to-state activities to state-to-civil society and private sector organizations; make partners more accountable and demand fulfillment of mutual obligations. This, together with the regionalization and differentiation principle goes a long way in doing away with the obligation under Lomé to support a country that is implementing policies that are contrary to development, human rights, rule of law, and so on, as long as it did not suppress large sections of the populations or disregarded human rights on a large scale.

Political dialogue

The political dimension of the ACP-EU relationship has received special attention, in order to make the principles mentioned above effective. To that end, the parties have agreed to regularly engage in “comprehensive, balanced and deep political dialogue, leading to commitments on both sides” (art. 8). Subjects to be discussed in the dialogue include arms trade, excessive military expenditure, drugs and organized crime, or ethnic, religious or racial discrimination. The dialogue will also regularly assess the “developments concerning the

respect for human rights, democratic principles, rule of law and good governance.” Conflict prevention and peace promotion will be discussed as well.

The political dialogue has got teeth: if a country does not meet its obligations concerning human rights, democratic principles and the rule of law, “appropriate measures” may be taken. Suspension is a measure of last resort (art. 96). A comparable procedure applies for the obligation of good governance (art. 97).

Trade arrangements

For 25 years, Lomé granted the ACP group non-reciprocal preferences that were more generous than the other preferential systems the EU operated. There are several options for the replacement of this system after 2007. Regional groups of ACP countries can negotiate Economic Partnership Agreements (REPAs) with the EU that liberalize trade in a reciprocal way during a 10- to 12-year period. Least developed ACP countries can opt for the continuation of non-reciprocal preferences under the EU’s preferences for the least developed countries that cover almost all products.¹⁸ Non-LDC ACP countries that are not in a position to conclude an EPA can try to export under the EU’s Generalized System of Preferences (GSP) after 2007, which is also non-reciprocal in nature. These options are WTO compatible, and do away with the discrimination in favor of the ACP group, based on history and geography. The EPAs are characterized by the mutual obligation to liberalize trade.

Financial support

The changes in the aid mechanism are in line with the foregoing. The distribution of resources will be made on more explicit criteria than before: need and performance. The latter is a striking innovation. Under Lomé, ACP countries got indications of the amounts of EDF money they could expect for the five-year period of a particular EDF. There were no general criteria for the allocations. The performance yardstick now introduced will be assessed “in an objective and transparent manner on the basis of the following parameters: progress in

implementing institutional reforms, country performance in the use of resources, effective implementation of current operations, poverty alleviation or reduction, sustainable development measures and macro-economic and sectoral policy performance” (Annex IV to the Cotonou Agreement, art. 3). The financial co-operation will be reviewed on a country basis. There will be annual operational reviews and mid-term and end-of-term reviews. Following the latter two “the Community may revise the resource allocation in the light of current needs and performance of the ACP State concerned” (art. 5 of the same Annex). The result of this could be that a non-performing ACP country loses most of its EDF support.

A second major change in the aid section is the pledge to support capacity building of “community organizations and non-profit non-governmental organizations in all spheres of cooperation” (art. 7). The priority for the development of the private sector is reflected in the fact that private companies of ACP states are eligible for financial support (art. 58), and that an Investment Facility has been created that should supply risk capital and ordinary loans to ACP enterprises (Cotonou Agreement Annex II, art. 2).

A third change is the demise of the STABEX and SYSMIN mechanisms. Hailed as the major innovation of Lomé I, but unable to effectively tackle the instability of export receipts, these aid instruments have now almost disappeared. ACP states can still use parts of their programmable aid for this purpose.

6. The new agreement in practice

At the time of writing, the Cotonou Agreement has been around for three years.¹⁹ During this period, preparations for the negotiations of EPAs have taken place, and the real negotiations on the future trade regime started in September 2002. Political dialogues have also taken place as required by the Agreement. Furthermore, EDF 9 funds are already being disbursed. Do these activities show the new beginning in the ACP-EU cooperation that is likely to take place

as we argued in the preceding sections? We will first take a look at the preparations and negotiations for EPAs. It will be followed in the succeeding section by a review of the experiences with political dialogue.

The options for a future trade regime

The Cotonou Agreement does not contain a blueprint for the future regime of the ACP-EU trade relations. It can be argued that individual ACP countries can choose the most appropriate option out of a range (Matambalya and Wolf, 2001). We will show in this section that the options are constrained.

The Cotonou Agreement stipulates that the transition period between 2000 and 2007 will be used to negotiate economic partnership agreements (EPAs) between (groups of) ACP countries and the EU that "... shall aim notably at establishing the timetable for the progressive removal of barriers to trade between the Parties in accordance with the relevant WTO rules" (art. 37.7). This hints at the reciprocity of the trade preferences under the EPAs, which will require the ACP countries to give EC exports free entry into their markets. There is strong emphasis on regional integration among ACP countries: there will be support for regional integration in the preparatory phase (art. 37.3) and the negotiations on the EPAs will take into account regional integration processes within the ACP (art. 37.5). It might be concluded that the EU and the ACP have a clear idea of the organization of their future relationship: WTO compatibility and reciprocal free trade agreements (FTAs) preferably built on regional integration among ACP countries. However, other outcomes are possible. Another way to realize a WTO-compatible trade regime is by way of non-discriminating trade preferences. In this approach, the non-least-developed ACP countries "might decide that they are not in a position to enter into EPAs" (art. 37.6). Alternatives will be examined for these countries, which are likely to be found in bringing their exports under the GSP. For the LDCs in the ACP group, "duty free access for essentially all products" will be introduced (art. 37.9),

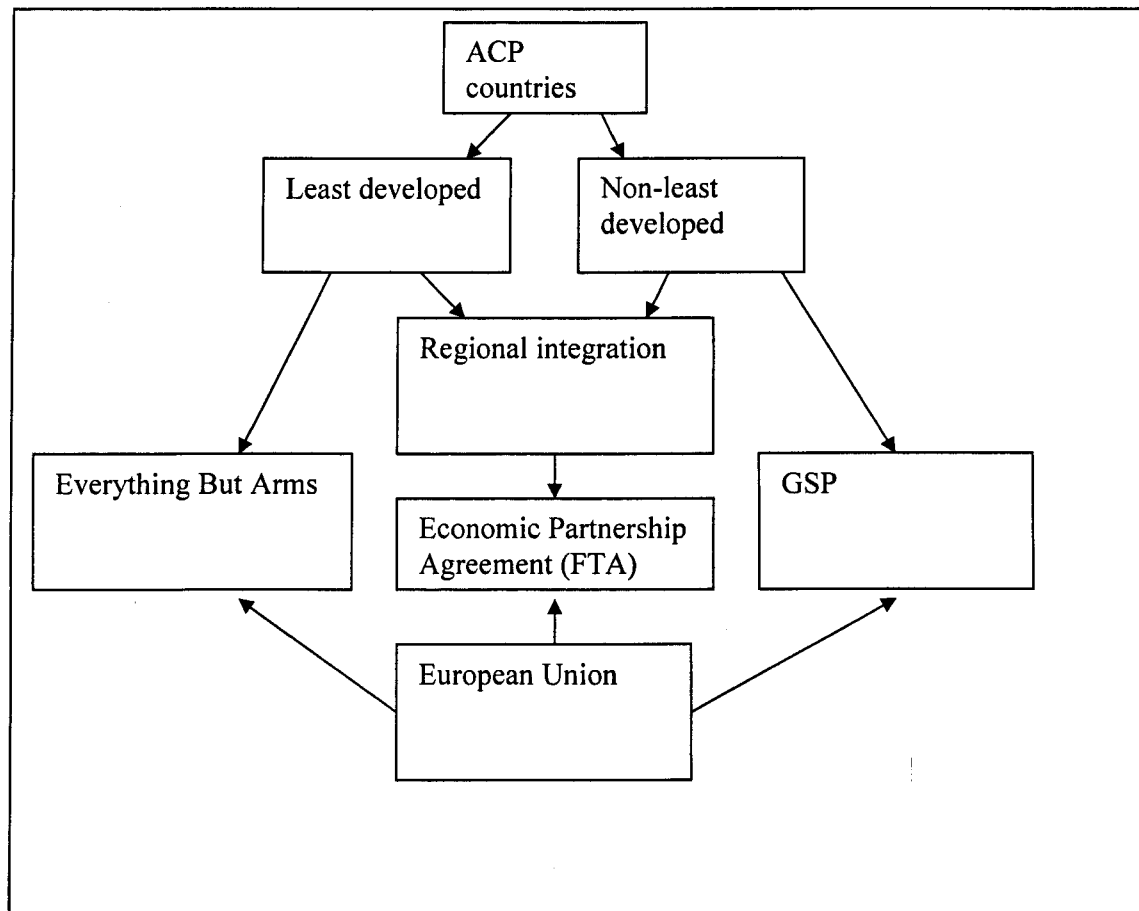
which is equal to the “Everything But Arms” (EBA) initiative for all LDCs. It is striking that the non-reciprocal solutions get comparatively little attention; by going into much more detail the agreement as such seems to prefer the reciprocal trade arrangements for the post-2007 period. European Commissioner for Trade, Pascal Lamy confirmed this right before the start of the EPA negotiations in September 2002: “... we ... expect our ACP partners to do their bit to contribute to the common goal. They have to establish sound policies. They must, above all, foster regional integration in return for EU market opening.”²⁰

The option of reciprocity was not an idea that the ACP group enthusiastically accepted. The November 1996 Green Paper by the European Commission contained options for the future shape of the EU-ACP trade co-operation.²¹ Two main directions could be discerned: coverage of ACP exports by the EU Generalized System of Preferences (GSP) or the introduction of uniform or differentiated reciprocity. The ACP group as a whole was not in favor of the GSP solution. The group first aimed at maintaining the status quo, and, realizing that this position would be unproductive, subsequently accepted the principle of reciprocity, embodied in FTAs.²²

The options that the ACP group has for its trade arrangements with the EU are depicted in figure 1. The *least-developed ACP* can choose between an FTA and the EBA initiative. However, for many of them this choice is constrained. LDCs that are members of a regional trading arrangement (RTA) will be confronted with frictions if they opt for the EBA plus membership in the RTA if that latter organization concludes an EPA with the EU. One could argue that there is no problem as long as the RTA is an FTA itself. However, most RTAs in SSA (CEMAC, COMESA, ECOWAS, SADC, SACU, UEMOA, etc.) are, or pretend to be, custom unions (CUs) or a higher form of integration. A CU has a common external trade policy, which entails the loss of national sovereignty over trade policy. Thus, an EPA will give EU exports free entry to the market of all members of the ACP-RTA,

including the LDC members. The EU-South Africa Trade, Development, and Cooperation Agreement is a case in point. As a result of this agreement, the other SACU members have *de facto* entered into a reciprocal free trade arrangement with the EU, although the agreement was not concluded by these countries (Mbekeani, 1999; Goodison, 1999). There is an added argument for the inconsistency of allowing ACP countries to combine the EBA initiative and

Figure 1: Options for future ACP-EU trade arrangements



membership in an RTA that has already concluded an EPA with the EU. In practice, the long borders between SSA countries make the enforcement of intra-SSA border measures (such as rules of origin) very costly and not very effective. As a result, it is not possible and not efficient to create special treatment for intra-RTA trade with a least-developed RTA member that has not acceded to the EPA between the RTA and the EU.

Hence, the LDCs in the ACP group that want to remain members of their RTA cannot make use of EBA. This means that they will have to participate in the reciprocal treatment the RTA gives to the EU. The other option is to give up their membership of the RTA to which they belong in order to profit from EBA and retain the MFN trade barriers with respect to their imports from the EU and other third countries. Given the attractive nature of the EBA

Table 6: Membership of RTAs in Sub Saharan Africa, 2002

Name ACP-RTA	Member states	of which least-developed
ECOWAS	16	12
UEMOA	8	6
CEMAC	6	2
SADC	13	7
SACU	5	1
COMESA	19	12
EAC	3	2
IOC	4	2
IOR-ARC	6	3

initiative, a number of LDCs is likely to opt for this. This comes closest to the continuation of the present non-reciprocal Lomé preferences. The inclusion of free entry for bananas (2006) and sugar and rice (2009) in EBA may increase the attractiveness of this option. However, Common Agricultural Policy (CAP) reform and liberalization of trade in agricultural products will have reduced prices in the EU for these products at the moment of their inclusion in EBA. Furthermore, EBA has an escape clause: safeguard measures may be introduced when LDC exports grow at a high rate ('surge'). Many ACP LDCs now export limited quantities of sugar under the Lomé sugar protocol to the highly protected EU market. It remains to be seen whether quota free entry under EBA with more competition and lower EU prices will be an improvement for these countries. In any case, it is expected that ACP countries without sugar quotas under the Lomé Sugar Protocol— Malawi, Tanzania and Zambia— will benefit most (Wolf, 2002). The differences with the Lomé regime are clear: EBA is a unilateral initiative by the EU not a contract between parties. The ongoing multilateral liberalization and CAP

reform will diminish the potential gains from EBA. Furthermore, the most profitable products will only be included in 2009. The upshot is, that ACP LDCs either have to choose reciprocal free trade with the EU under an EPA, or can profit from unilateral (non-contractual) preferences under the EBA that are eroding rapidly. Either option means fundamental changes. The EPA option makes the changes explicit and subject to a time table, while the EBA option is less so. Perhaps that is also the risk of EBA: it might create the illusion with policy makers in LDC ACP countries that things will not change and reforms to adapt to the world economy can be postponed to an undefined date in the future.

For the 36 *non-LDC ACP countries*, the choice is between EPA and GSP. The EU GSP is regularly adapted to different forces: developmental, protectionist and political pressures play a role. The system is meant to stimulate exports of primarily manufactured goods by developing countries. At the same time it differentiates between sensitive and non-sensitive goods. For the former category, tariffs are only partially lowered (in the 2002/04 version by 3.5 percentage points). Non-sensitive products enter duty free, except those products for which there are particular core standards in environmental and labor protection. The product coverage of the GSP is narrower than is the case with EBA and the Lomé trade preferences. Furthermore, the GSP suffers from institutional weaknesses. These include lack of contractuality and rules of origin that are relatively onerous (Stevens, 2003). Thus, the GSP will not be a very attractive alternative for most non-LDC ACP countries. This is the more so as the commodity protocols will eventually be discontinued. If these countries want to maintain their present access to the EU market they will have to enter into FTAs with the EU, preferably based on existing RTAs.

Negotiations on the future trade regime

The mandates for the EPA negotiations were drawn up in the summer of 2002. Although these mandates only indicate starting positions, a few differences of opinion are worth

mentioning. The sequencing of the negotiations is a clear issue. The ACP mandate maintains that regional integration among ACP countries could be stifled or undermined by EPAs. For that reason “ACP States must be allowed to first consolidate their own regional integration processes. Moreover, they do not have the capacity to liberalize in parallel and concurrently with the EU.”²³ The EU recognizes the problems ACP countries have in realizing regional integration. During the transition period, regional integration processes among the ACP should be supported, and EPAs should be introduced after that period has lapsed. The implicit conclusion of the EU is that after 2007, regional integration and EPAs should develop in parallel. This is a more promising strategy than waiting for the introduction of EPAs until effective ACP integration bodies have arisen, as the ACP prefer (Faber, 2003 forthcoming). Adjustment costs are a related issue. The ACP mandate argues that “The positive impact of EPAs needs to be maximized and their adjustment costs minimized so that their implementation is sustainable. In addition, EPAs should result in trade creation and not in trade diversion so as to avoid any welfare loss.” This is in contradiction to the theory and practice of economic integration. The positive welfare effect of trade creation is produced by a better allocation of factors of production, which means a restructuring of economic activities. Trade creation and adjustment are two sides of the same coin. In addition, the ACP mandate calls for “the provision of additional resources, with rapid and flexible disbursement procedures.” The EU mandate does not mention additional resources and instruments for adjustment. Instead, it contains a plea to use the period up to 2008 to strengthen the ACP capacity to define and implement appropriate trade strategies and policies in order to enhance competitiveness, to strengthen regional organizations and integration “where appropriate with assistance to budgetary adjustment and fiscal reform ...” This seems to imply that the EU wants to use existing EDF funds for adjustment. A third important issue will be market access. The ACP want a guarantee that they will not be worse off after 2007 in their trade

relations with the EU compared to their present position. Given the interdependent nature of trade policies, this guarantee is difficult to imagine. On the other hand, improved market access for ACP-sensitive products in agriculture, clothing and other sectors would be helpful to create quick results from EPAs. The EU is reluctant to offer this. After repeating that at present 93 per cent of ACP exports enter the EU duty and quota free, the EU promises that “The EU will further abolish remaining tariffs, focus on cooperation with the ACP countries to remove non-tariff barriers and assess technical hurdles (such as rules of origin), with a view to facilitating market access for the ACP.”²⁴

Given these starting positions, it is doubtful at least whether viable EPAs will come out of the negotiations. Both sides are reluctant to invest large amounts of political capital in EPAs. The ACP states are afraid of restructuring and adjustment and for that reason “cannot *a priori* accept to provide reciprocity in EPAs with the EU” according to the ACP mandate. This is a denial of the basic presumption of the EPA concept. The EU is expecting very much of the dynamic and non-traditional effects of FTAs. The problem is that these effects, if they materialize, will do so only in the long run, while successes in the short run are vital to keep the integration going. These could be produced by improving market access for the ACP in the EPA framework and by creating funds to cushion external shocks on ACP RIAs that are implementing EPAs with the EU.

A period of six years has been reserved for the EPA negotiations. This is not too long, as it is clear that both sides will have to move considerably closer before these negotiations can give rise to EPAs that will boost development in ACP countries.

Political dialogue

The EU and the ACP are conducting political dialogues both collectively during negotiations and between the EU and individual ACP countries. Some cases in the latter category will be briefly analyzed, in order to show that the opportunities of article 96 of the Cotonou Agreement

are used.²⁵ The first three cases concern the formal human rights-related consultation procedures (Arts, 2003, forthcoming).

1. In 2000, a consultation meeting was initiated by the EU, in reaction to irregularities during the elections in Haiti earlier in the year. There appeared to be a relatively sharp ACP-EU difference of opinion on the importance significance of the irregularities involved, and more generally on the reading of the situation in Haiti and the necessity for and the appropriateness of sanctions. The EU suspended its discussions with Haiti and imposed sanctions. The second tranche of the financial resources available for Haiti under the eighth EDF (Lomé IV-bis) was blocked and direct budget aid was stopped. The remaining aid funds were redirected, and the procedure for allocating resources under the ninth EDF was halted. The ACP General Secretariat ventilated in protest that earnest consultations had not taken place, and the imposition of sanctions had been rather hasty. Arts draws the conclusion that “All in all, the Haiti consultations under review seem to have been a textbook example of failure to implement the Cotonou Article 96 consultation procedure in a constructive and meaningful way.”
2. In the same year, consultations were held with Fiji in mid-October 2000 in response to a military coup in the country. It was reported that Fiji came forth with sufficient information on the measures it had adopted for a return to constitutional rule. In response, the EU took note of Fiji’s plans and made a number of suggestions for concrete measures, such as restoring the Constitution and bringing the planners of the coup to justice. The EU also took Fiji’s request for additional aid into consideration. The consultation process ended the following year, and the EU’s Council of Ministers took relatively mild countermeasures in the case. Specifically, the financing and implementation of new projects under the Lomé EDF funds was postponed until elections were held. It can be concluded from the foregoing that the Fiji consultation process was conducted in a much more

constructive atmosphere than was the case in the Haiti consultations. The outcome of the Fiji consultations was supported by both parties.

3. A consultation procedure with Côte d'Ivoire was started in 2001, because of human rights violations, irregularities, and violence during presidential and legislative elections. Côte d'Ivoire reportedly answered EU questions adequately. Both sides stressed that the consultations were held to remedy problems, and not to apply sanctions. Several months of intensive dialogue ensued, after which the EU Council of Ministers ended the consultation process. As a result of the measures taken by Côte d'Ivoire, the Council decided gradually to resume cooperation, including the allocation of EDF 9 resources. The Côte d'Ivoire consultations also seemed a positive experience, given that it led to a mutually acceptable outcome.
4. Consultations were held with Zimbabwe as the situation with respect to democracy and human rights deteriorated in 2001.²⁶ In the run up to the presidential election— slated for March 2002— the frictions in the country escalated. The EU Council of Ministers expressed its concerns in January 2002, despite the promises of the Zimbabwean government that the elections would be free and fair. The Council threatened to terminate consultations if Zimbabwe prevented the deployment of an EU delegation of observers. One month later, the Council decided to withdraw the observers and to introduce 'smart sanctions' against the president of the country and 19 of his associates. The coverage was expanded to a larger number of officials and the wife of the president in the summer of the same year. The sanctions include a ban on travel in the EU, a freezing of the assets of the individuals concerned and a ban on arms sales to Zimbabwe. Humanitarian aid and support for the population in social sectors was not affected. In this case neither the consultations nor the imposed sanctions have had the desired result. Notwithstanding, sanctions have remained in place, but the democratic and human rights situation have not improved.²⁷

These four cases show that the EU is prepared to use the enlarged opportunities for political dialogue under Cotonou. The introduction of sanctions against ACP countries is practiced as well. The EU is monitoring the ACP much more closely than before, and starts consultations in the relatively early stages of deteriorating situations.

7. Summary and Conclusions

This paper argues that the 'Lomé model' could no longer be maintained, because many aspects of its provisions had become outdated. A fundamental change was thus inevitable. The Cotonou Agreement introduces a new approach that is characterized by reciprocity, albeit that is still to be worked out. The old model had become untenable for several reasons. First, we reviewed some of the compelling forces for the transformation of the age-old ACP-EU relations. Second, we discussed some of the disappointing results of Lomé. Third, the EU is becoming more dependent on the world economy. Trade with third countries is growing at a quicker rate than internal trade. The EU has a growing interest in gaining access to the emerging markets of Asia and Latin America, while the North American market has become even more important than it was before 1990. The EU needs the multilateral trade system and regional agreements to realize this access. The non-reciprocal preferences of Lomé became too much of a liability for the EU in the WTO and in its diplomatic and economic relations with its trading partners.

The Cotonou Agreement has introduced some major changes into the ACP-EU relationship. A few catchwords may summarize the new agreement:

- *mutual obligations*, that is, the time when ACP countries enjoyed unquestioned entitlements for aid and non-reciprocal trade preferences is over;
- *dialogue and reviews* in order to keep the partners accountable and eventually to redistribute the benefits of co-operation to those countries that perform better;

- *participation* of non-state organizations in order to increase ownership and improve the distribution of the benefits of the co-operation;
- *private sector development*; the emphasis of this sector has been translated into a program of action and in facilities for support.

The practical consequences have been analyzed in more detail for the new trade regime. Although the ACP countries have different options (EPA with reciprocal free trade or GSP treatment), the GSP option is not attractive for the non-LDC ACP countries as a result of its relatively limited coverage, smaller and eroding preferential margins and absence of contractuality. For the LDCs under the ACP countries the EBA option sounds attractive, but suffers from the same non-contractuality, and offers preferences with fast eroding benefits as a result of trade liberalization and CAP reform. Thus, most ACP countries will opt for the conclusion of EPAs, and will have to offer the EU free access to their markets. This is a time consuming process, to start only in 2008 and not being concluded before 2020. But the fundamental change is there, and has been set in with the Cotonou Agreement.

The idea that human rights, the rule of law, and democracy are parts of, or closely linked with development has become operational in the Cotonou Agreement. Although no conclusion can be drawn as to the effectiveness of political dialogue in realizing these objectives, the EU has, however, left no doubt that it is prepared to effectively demand a minimum application of these essential elements.

Our final conclusion is that the Cotonou Agreement should not be considered as just a new version of the Lomé Conventions. The new agreement introduces more reciprocity, more mutual obligations and more liberalization in ACP economies and the instruments to carry the new approach into effect. What is perhaps the most revolutionary change is that the EU has never before been so determined to put the new approach into practice.

The traditional approach of development through state-to-state relations and government interventions that characterized Lomé has given way to a more mixed approach in which the participation of civil society and the private sector in the formulation and implementation of development strategies is actively supported. Furthermore, the EU seems determined to put more obligations on the ACP group in return for trade and aid benefits through the political dialogue and reviews of aid implementation. Does this mean that the EU is finally taking the ACP countries seriously? Or should it be seen as the eventual translation of the decreased strategic weight of the ACP for the EU compared to the 1970s? Whatever the answer to these questions, one might argue that the ACP-EU relationship has now been shaped along the same lines as the other contractual relationship between the EU and developing countries. The concessions bestowed upon ACP countries in terms of trade and aid regimes are disappearing as is the uncritical attitude towards the ACP as a result of “automatic entitlements”.

Notes

- ¹ See, among others, *Eurecom*, October 1995: 2, October 1997: 1, and November 1998: 2.
- ² The Central American countries were Ecuador, Guatemala, Honduras, and Mexico.
- ³ The ACP group and the EU indeed requested such a waiver from the WTO after the midterm review as a transitional measure to help mitigate the impact of the cessation of non-reciprocity in EU-ACP relations. The waiver was granted in 1997 and expired in February 2000.
- ⁴ For a trenchant discourse of both partners' negotiating mandates, see, "Comparing the ACP and the EU negotiating mandates," *The Courier*, No. 173, January-February 1999: 72-74 and "After Lomé, What Next?" *West Africa*, 9-22 November, 1998: 798-802. See also, *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* (1996).
- ⁵ At its December 12-13 2001 summit in Copenhagen (Denmark), the European Council completed accession negotiations with ten countries, only eight of which were from Eastern Europe—the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic and Slovenia. Cyprus and Malta were the other two welcomed to join the EU in 2004. (*Eurecom*, December 2002, <http://www.eurunion.org/News/eurecom/2002/eurecom1202.htm>).
- ⁶ For a trenchant discussion, see, for example, Cosgrove (1993: 63-74).
- ⁷ Sweden, however, has a credible history of generously assisting LDCs, especially SSA financially.
- ⁸ A Commissioner with the Enlargement portfolio was created under the Prodi presidency to underscore the seriousness with which the EU treat the issue.
- ⁹ Treaty on European Union, http://europa.eu.int/eur-lex/en/treaties/dat/eu_cons_treaty_en.pdf
- ¹⁰ Treaty of Amsterdam, http://europa.eu.int/eur-lex/en/treaties/dat/ec_cons_treaty_en.pdf
- ¹¹ Trade data for this inquiry were obtained from a variety of sources, including the *Direction of Trade Statistics* (various years) The International Monetary Fund, Washington, D.C. and *International Trade Statistics Yearbook* (various years) The United Nations, Geneva.
- ¹² *2000 World Development Indicators*, 2000, The World Bank, Washington, D.C.
- ¹³ World Bank (2001: 4).
- ¹⁴ *2000 World Development Indicators*, 2000, The World Bank, Washington, D.C.
- ¹⁵ The Cotonou Agreement, *The Courier*, September 2000.
- ¹⁶ One might add: to create some leeway in the negotiations on agriculture.
- ¹⁷ One might argue that poverty reduction has a higher priority in the Cotonou Agreement compared with the EC Treaty.
- ¹⁸ Exceptions are arms and, temporarily, some temperate zone agricultural products (sugar). This system has been dubbed the "Everything But Arms" (EBA) initiative by the EU.
- ¹⁹ Although the agreement only went into force in February 2003, as a sufficient number of parties (including all EU member states) had ratified by that date.
- ²⁰ Interview with Pascal Lamy, in: *The Courier ACP-EU*, No. 193, July-august 2002.
- ²¹ European Commission, 1996.
- ²² ECDPM, 1998
- ²³ EPAwatch, 2002.
- ²⁴ EU Press release, 2002
- ²⁵ Arts (2003, forthcoming) gives a more elaborate discussion of the three first cases.
- ²⁶ This case is based on summaries of the debates in the General Affairs and External Relations Council of the EU (EU Council, 2002).
- ²⁷ The lifting of the travel ban by France to enable Mugabe to participate in the French African Conference in Paris in February 2003 will not have reinforced the effectiveness of the ban.

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