Squaring the EPA-circle: Will the EU’s trade and development policies ever meet?

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Abstract: The EU has many different 'faces' in international relations. It is not only an emerging diplomat, but also a fierce trade negotiator and one of the most important partners in international development cooperation. This diversity of roles makes for equally diverse and ambiguous external relations. The EPA negotiations and the emerging 'Aid for Trade' agenda, where the EU is both friend and foe of the developing countries provide particularly clear examples of the tensions in the EU's external policies. This diversity and the resultant ambiguity is difficult to model theoretically, and most theoretical approaches are consequently based on a simplified version of the EU as international actor. The proposed paper seeks to develop an alternative conceptualisation of the EU as an international actor based on foreign policy analysis and historical institutionalism. Specifically, Walter Carlsnaes’ integrative analytical framework for foreign policy analysis is adapted and applied to analyse the EPAs as an EU foreign policy initiative. The EU is analysed as a political system comprising several relatively independent policy sub-systems, in which different political coalitions compete for the right to define the specific policy objectives of the EU. In this conceptualisation, the EU is a compartmentalised and therefore contingent international actor.

The many faces of Europe

The European Union has many faces in international relations. It is not only the single most important provider of grant funding for developing countries; it is also a renowned and feared international trade negotiator, representing the world's largest trade block, and an emerging political heavyweight, with high-profiled political delegations in hot spots all over the world and an increasing number of military operations. The different faces of the EU are not always speaking the same language, which in turn makes the EU a relatively “ambiguous” international actor. The ongoing negotiations over Economic

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3 See e.g. Pilegaard & Rasmussen (2006).
Partnership Agreements (EPA) provide an interesting example of the different faces of Europe, and how they interact in practice.

The EPAs are in principle an integral part of the Cotonou Agreement and thus an important element in the EU’s development policy. However, as Regional Free Trade Agreements, the EPAs are also an integral part of the EU’s overall trade policy. Similarly, as the arguably most important vehicle for the EU’s partnership with the developing countries, the EPA negotiations also have a fairly substantial political content. The tensions between the different elements are apparent: In the EPA negotiations, the EU is pitched as both friend and foe of the ACP countries. On the one hand, the EU is presumably committed to boosting ACP exports to the rest of the world, including the European market (i.e. the development agenda); on the other, it is pursuing a mixture of defensive and offensive trade interests, with scant regard for the “development” impact this has in the ACP countries.

The EPA negotiations have provoked much criticism, with both developing countries and Western NGOs berating the EU for its aggressive approach to the trade negotiations with the ACP countries. In the eyes of some commentators, the EU is essentially trying to pry open the fragile markets of the ACP countries and reintroduce the shipwrecked WTO ‘Singapore issues’ through the regional EPAs. In the daily press of several ACP countries, the EU is thus portrayed as bull in a china shop, forcing defenceless ACP trade ministers to lower their tariffs. 4 Similar images are common in the Western NGO community. 5 The irony should be readily apparent: The flagship Cotonou Agreement that makes the EU the world’s most important and generous development partner is simultaneously

4 See e.g. “COMESA’s Dr. Tekere expresses concern over the EPAs”, The Post, 23rd January 2007.
showing the EU brutishly protecting and promoting narrow European trade and investment interests. What Europe gives with the one hand, it takes away with the other.\textsuperscript{6}

The present paper will attempt to shed some light on the apparent tensions by analysing the EPA negotiations as foreign policy action emanating from a highly compartmentalised and consequently contingent international actor. The following section discusses the strengths and weaknesses of a number of existing approaches to the study of EU external relations. On the basis of this discussion, the paper suggests an alternative approach inspired by Walter Carlsnæs’ integrative analytical framework for the study of foreign policy, and historical institutionalism. The rest of the paper presents an analysis of the development of the EPA proposal focusing on the tensions in the process. Finally, a few concluding reflections and observations are presented.

\textbf{Modeling the EU as an international actor}

A number of researchers have argued that the European Union can and should be studied as a relatively capable international actor.\textsuperscript{7} Where traditional intergovernmentalist theory would claim that the EU is – at best – a \textit{negotiated actor}, i.e. an entity whose external policies and actions reflect the different bargains of the largest member states, the EU-as-actor approach conceptualizes the Union as a (relatively) coherent actor, emphasizing that the external actions of the Union can not and should not be reduced to a mechanical summary of the national positions of the dominant member states. Charlotte Bretherton and John Vogler thus argue that the European Union is an actor \textit{sui generis} that should be studied in its own right.\textsuperscript{8} Hazel Smith makes an even bolder claim by arguing

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\textsuperscript{7} In addition to the authors discussed directly in the text, see also Rye Olsen (2005) and Ravenhill (1985), who views the EU as the patron vis-à-vis the ‘collective clientilism’ of the ACP countries. See also White (2003:7-8) for a discussion.
\textsuperscript{8} Bretherton & Vogler (1999:44).
\end{flushleft}
that 1) the EU does have a foreign policy, and 2) this policy can in principle be analysed using much the same analytical tools that one would employ in analysing French or British foreign policy. Hazel Smith thus start from the premise that the Union ‘...is an important actor in world affairs and that it makes and implements foreign policy and that it does this as a complex but relatively cohesive actor’. 

The external policies of the Union may reflect some degree of inconsistency or even incoherence, but the broader picture emerging is that of a capable and knowledgeable actor pursuing a number of relatively well-ordered and prioritized interests. For researchers working with EU-as-actor models, the interesting question is therefore not why coordination sometimes fails, but rather why it works so well most of the time. The external policies of the European Union are often short-sighted and rarely sufficiently co-ordinated internally or with the policies of the member states. However, in these respects the EU does not differ significantly from any other international actor. Even the most centralised government will experience occasional problems of co-ordination and have difficulties in reconciling conflicting objectives. If the sovereign member states are unable or unwilling to ensure coherence and consistency in their policies, one can hardly fault the European Union for failing to ensure coherence and consistency.

9 Smith (2002:1ff). There are, according to Smith, ‘...no conceptual difficulties and few practical difficulties to the idea of the European Union possessing a foreign policy much the same as that of the nation state.’ (p.7). Similarly, Karen E. Smith defines foreign policy to mean ‘...the activity of developing and managing relations between the state (or, in our case, the EU) and other international actors, which promotes the domestic values and interests of the state or actor in questions’ (Smith 2003:2). Karen E. Smith thus basically imports the EU into a traditional mould for studying a state’s foreign policy.


11 Given their analytical focus, these researchers are obviously less concerned with the general coherence debate. The index in Bretherton & Vogler’s volume includes a number of references to coherence and especially consistency. In Hazel Smith’s work, however, neither coherence nor consistency figure in the index.
The most obvious limitation of the EU-as-actor approach is that fact that it operates at a general level of analysis, focusing on the longer-term macro-patterns of the EU’s external relations, while neglecting the details of policy analysis. This is obviously an informed choice, which authors like Bretherton and Vogler explicitly address. It is somewhat reminiscent of the debate between researchers using traditional realist/systemic (‘black-box’) models of state behaviour and foreign policy analysts, who place much greater emphasis on the domestic sources of external policies: What is the more important – the fact that an authoritative decision was ultimately made or how it was arrived at? This question can not be answered in the abstract but must be addressed by the researcher in connection with a specific research project. Still, by insisting on the appropriateness of treating the Union as a unitary actor, these approaches are open to the general criticism leveled against ‘black box’ models of foreign policy, such as the pronounced tendency to rationalize foreign policy behaviour ex post.

The theoretical assumptions informing the analysis of the EU as an international actor are not innocent choices. On the contrary, they have significant consequences for the manner in which the external behaviour of the Union is interpreted, and hence the moral and political value judgments we pass on the EU as an international actor. If the EU is modelled as a unitary actor, with the capacity for making informed choices in its external relations, then it may rightly be faulted for being hypocritical: Underneath the political rhetoric of sustainable development and partnership, it deliberately marginalises developing country exports in order to shelter its domestic agricultural producers. If, on the other

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12 White (2001); White (2003). See also Rosamond (2000). Bretherton & Vogler are obviously aware of this limitation, which reflects a clear and reasoned choice of analytical focus. They are not blind to the importance of policy analysis, but have chosen to emphasize the whole rather than the individual parts.

13 Basically reasoning that whatever the EU does, it must be a rational response to a clear objective. See also the discussion in Carlsnæs (2004) and Ginsberg (2001).
hand, the EU is modelled as perpetual deadlock of reciprocal veto-threats, the Union is perhaps better depicted as a tragedy: The actors involved in the system understand the negative consequences of the Common Agricultural Policy on third parties in the developing world, but they are unable to move from the present deadlock. These are not the only theoretical conceptualisations on offer, but the two extremes may serve to underline the importance of the theoretical agenda. The challenge in the present context is to find a theoretical model that can encompass both the notion of purposive, goal-oriented EU foreign policy actions, and the tensions and contradictions that exist within the Union as a foreign policy actor.

**An alternative theoretical framework: Foreign Policy Analysis**

As an alternative to the theoretical approaches discussed above, the present section outlines the contours of an alternative theoretical framework, inspired by Walter Carlsnæs’ work on Foreign Policy Analysis (FPA). For hardened EU scholars, it may seem heretical to import FPA models into the discussion of EU external relations, but to the extent that the EU may be analysed as a political system using the traditional tools of comparative government and policy-analysis, it would seem logical to extend the same reasoning to the realm of external relations and apply the tools of FPA.

The analytical framework developed by Carlsnæs consists of three dimensions: The structural, the dispositional and the intentional. Together, these three dimensions may be used to provide a comprehensive explanation of foreign policy actions. The intentional dimension basically explains ‘why’ a given actor chose a particular course of action; a specific foreign policy action. This dimension is clearly teleological: The intentions actors have are relevant when

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14 Scharpf (1988); Héritier (1999). See also Daugbjerg (1999) for an application.
16 See e.g. Richardson (2001); Hix (1994).
explaining their actions. This may seem banal, but given the widespread tendency to explain actions with direct reference to material constraints and opportunities, it is worth emphasising the importance of this dimension: Foreign policy actions presuppose agency. Structures may compel actors to act in a certain way, but they do not produce actions.\textsuperscript{17}

The \textit{dispositional} dimension opens up for a causal analysis of the intentions behind foreign policy actions. The goals and preferences informing a given actor’s course of action may be explained at a ‘deeper’ level, by investigating the factors that disposed the actor to hold the preferences that motivated her or his foreign policy actions.

The \textit{structural} dimension represents the ‘deepest’ level of analysis, opening up for a causal analysis of how structures both constrain and enable agency. This should not be taken to imply that any given foreign policy action may mechanically be reduced to a set of structural determinants. The structural dimension does not determine the dispositional dimension, nor does the latter mechanically control the intentions of the foreign policy actors. The relationship is both constraining and enabling. Drawing of critical realism, it may be argued that the structural dimension in some ways limits the possible systems of meaning (i.e. the dispositional dimension). This is the ‘materialist principle’ advocated by Andrew Sayer: ‘\textit{Whichever system of meanings societies adopt, they must satisfy certain basic material needs in order to survive}’.\textsuperscript{18}

The tripartite analytical framework proposed by Carlsnæs offers the possibility of working with several different ‘types’ of explanation within a common integrative model: A given foreign policy actions may be explained by invoking the motives of the decision-makers, which in turn may be explained causally by tracing their

\textsuperscript{17} Calsnæs (1992:253).
\textsuperscript{18} Sayer (1997:34), emphasis in original.
logical relationship to broader dispositions. The dispositions are not merely social constructions, however, and they may consequently be explained causally by analysing their relationship to the structural dimension.

**Transferring the model to the study of EU foreign policy actions**

Carlsnæs’ integrative framework was developed for the study of single unit foreign policy actions, but this should not necessarily preclude its application to the study of EU foreign policy actions. In a recent conference paper, Carlsnæs thus proposed a four-step recipe for transferring the model to the study of the EU:

1. Determine the foreign policy action (i.e. the *explanandum*). In this case, the explanandum are the proposed Economic Partnership Agreements: an explicit EU undertaking that clearly targets a group of identified countries.
2. The logical starting point must be a ‘specification of the intention(s) behind the undertaking in question’, the rationale being that it is impossible to ‘describe purposive actions without invoking the reason(s) for them’.  


3. The next step advocated by Carlsnæs is a causal analysis to ‘determine why certain purposes, goals, preferences or choices have been invoked, but not others’.
4. Finally, the analysis must invoke structural factors as constraining and enabling characteristics that to some degree determine the dispositions of decision-makers.

Carlsnæs thus assumes that the analytical approach can be applied to the study of a collective actor such as the EU without major problems. The following section will attempt to use Carlsnæs’ integrative framework along the lines delineated above in an analysis of the developments and decisions leading to the EPA negotiations.

The Economic Partnership Agreements

Having defined the foreign policy action to be explained, the following sections go through the three steps suggested by Carlsnæs in an analysis of the proposed EPAs.

Step two: Establishing motive

In order to establish the motive behind the EPA proposal, it may be instructive to survey the discussions leading to the development of what would eventually become the Cotonou Agreement.

The 1995 Mid-Term Review of Lomé IV demonstrated that the majority of the EU member states were highly critical of the results achieved by 2 decades of preferential ACP access to the EU market. The MTR was thus conducted in an atmosphere of growing disillusionment and mounting dissatisfaction with the Lomé regime.\(^{20}\) Echoing these concerns, the Commission’s 1996 Green Paper on the future of EU development assistance offered a strikingly grim assessment of the Lomé Conventions.\(^{21}\) Nearly everyone could agree that the system had been a disappointment.\(^{22}\) The dismal record of the preference regime had an obvious impact on the discussions. No matter how the data was presented or interpreted,

\(^{20}\) Pilegaard (2006: 152ff.)

\(^{21}\) European Commission (1996). The Green Paper was prepared by DG Development, who at this point in time had responsibility for all aspects of EU-ACP relations, including trade. See also McQueen (1998:671); Raffer (2001:10). Even the traditional pillars of support, i.e. the French Government, seemed unwilling to expend much further capital in defence of the policy; suggesting that the MTR had dispelled any French illusions that the policy could somehow be kept on track. See McQueen (1998: 673); Ravenhill (2002:14); Dickson (2004:51). See also, more generally, Panagariya (2002a); Salama & Dearden (2001:26); Yu & Vig Jensen (2005:378); Forwood (2001). There are, however, important dissenting voices in the debate, including Dickson (2004), who argues that the case against trade preferences has been overstated. See Dickson (2004:47).

\(^{22}\) Yu & Vig Jensen (2005:378). However, the causes offered as explanations of the unimpressive record of the Lomé’s trade provisions were varied, as were the lessons extracted from the experience. The point deserves emphasis, for the statistical evidence of the poor trade performance of the ACP countries could in principle have been used in other agendas than the dismantlement of the Lomé regime.
it was difficult to avoid the conclusion that the trade provisions of the successive Lomé Conventions had failed to deliver the promised benefits.\textsuperscript{23} As argued by Anna Dickson, ‘[t]hese generally pessimistic results [were] seen to confirm ‘the unimportance of being preferred’ and […] led to disenchantment with trade preferences as a means of assisting developing countries.’\textsuperscript{24} Against this background, it is hardly surprising that the general thrust of the Green paper was ‘…to dismiss the idea of renewing the Lomé Convention.’\textsuperscript{25} Still, the Green Paper was officially supposed to stimulate a wider debate on the different options available for the future of the EU-ACP relationship, and the Commission consequently drew up a number of different scenarios.\textsuperscript{26} From the Commission’s perspective, Lomé IV could in principle be followed by any one of the following arrangements:

1. Simple renewal (i.e. status quo with a few adjustments).
2. Abolition (i.e. making Lomé an umbrella Convention, devoid of actual content, which would subsequently be negotiated bilaterally).
3. Splitting the Lomé regime into smaller Free Trade Agreements (FTAs) with regional groupings of ACP countries;
4. \textit{Ad hoc} arrangements with different groups of countries of individual countries (including, for example, special preferential arrangements with the LDCs).

According to ODI Senior Researcher Sheila Page, who followed the process quite closely, it was ‘…clear that the Commission had decided that the first was to be

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\item \textsuperscript{23} Dickson (2004:46). Judging from the raw data alone, they would actually seem to have had a detrimental impact on the competitiveness of the ACP economies. Data thus suggests that countries that have benefited from non-reciprocal preferences (market access without having to open own market) have fared substantially worse than countries that have simultaneously opened their domestic markets to foreign competition. See Brenton (2000:16).
\item \textsuperscript{24} Dickson (2004:46). The general disenchantment with the Lomé Convention was arguably part of a broader feeling of fatigue in the international development cooperation community.
\item \textsuperscript{25} McQueen (1998:672).
\item \textsuperscript{26} European Commission (1996). See also Forwood (2001:427).
\end{itemize}
rejected as not acceptable to the WTO.\textsuperscript{27} A continuation would have required a waiver from the WTO rules, and the Commission had apparently decided ‘...not to make the negotiation effort and concessions which would have been necessary to continue.’\textsuperscript{28} As such, the Green Paper was clearly inspired by the parallel negotiations in the WTO. The member states agreed that any future arrangements would eventually have to be made compatible with the WTO rules (i.e. be non-discriminatory or transformed into Regional Free Trade Agreements). However, significant differences emerged over the length of the transition periods that were deemed necessary. The second option, simply discontinuing the special relationship, was never seriously considered, and in the immediate situation the Union and the ACP states agreed to join efforts in obtaining a new waiver from the WTO.\textsuperscript{29}

Interest centred on the third option, which would satisfy the criterion of WTO compatibility. However, it was clear from the discussions that none of the delegations were particularly keen on the idea. The UK and the Netherlands had the most serious reservations, arguing that the proposal was logically flawed and impracticable.\textsuperscript{30} The Nordic countries were equally unenthusiastic, and kept trying to extend the discussions from the ACP grouping to the broader group of Least Developed Countries (LDCs). France accepted the EPA idea as a poor ‘second best’, and was generally supported on this by the Southern member

\textsuperscript{27}Page (2000).
\textsuperscript{28}Page (2000). See also McQueen (1998:670). Whether the EU actually could have negotiated a more permanent solution to the compatibility issue is debatable. Dickson (2004:57) puts the point succinctly: ‘As the world’s largest trading bloc, it seems unlikely that the EU did not have the capacity to alter or adjust the interpretation of WTO rules to benefit more developing countries. It seems that political will was lacking’. See also Ravenhill (2003) for a similar assessment. See also Hewitt & Whiteman (2004:146); Page (2000). Stevens, McQueen, & Kennan (1998:viii) offer a more pessimistic assessment, stressing the difficulties in obtaining a waiver.

\textsuperscript{29}The existing waiver obtained for Lomé IV bis in 1995 would expire in February 2000 (Salama & Dearden (2001:9)).
\textsuperscript{30}Forwood (2001:428-429; 435). Impact assessments of the proposed EPAs had been commissioned, but it was apparent that they would not be finalised in time. The decision would consequently have to be taken without detailed impact studies. See also Patrick A. Messerlin ‘L’Afrique et l’Union européenne renégocient le cadre de leurs échanges’, Le Monde, 8th September 1998.
states. As holder of the Presidency, the United Kingdom was keen on obtaining an agreement, lest negotiations with the ACP states be postponed. The EPAs were arguably the only element the different parties could agree to, the remaining differences centring on the length of the transition phases and the future of the agricultural commodity protocols. On the former, there was general agreement that the concerns of the ACP should be allowed to set the pace. The EU was thus prepared to accept the longest possible transition phase before moving to full reciprocity.

In summary, Lomé IV was coming to an end, and a new framework for development and trade cooperation with the ACP countries had to be developed. The objective or motive behind the development of the proposals that would eventually constitute the trade chapter of the Cotonou Agreement was to find a workable alternative to the Lomé regime and the system of discriminatory trade preferences it embodied. The Economic Partnership Agreements were unenthusiastically accepted as a supposedly viable compromise solution to the different demands that were being voiced at the time.

**Step three: Explaining preferences through dispositions**

The third step is to explain the preferences of the EU as a collective actor by analysing the dispositions of the actors involved: Why were certain goals invoked and not others? Why was the issue of WTO compatibility allowed to overshadow all other concerns? Again, the analysis of the EU differs from the analysis of a

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31 According to Solignac Lecompte (1999) the EPAs were probably the best chance the French government had of rescuing the basic contours of the privileged relationship with Africa (‘…la solution qui sert le mieux le projet politique de l’Europe pour ses relations avec les ACP, lui-même indissociable du projet de la France pour ses relations avec l’Afrique.’ (p.2)).


single foreign policy unit, and it is consequently necessary to make a few theoretical observations about the character of the EU as a foreign policy unit.

The EPAs straddle a number of distinct EU policy areas, including trade, development and agriculture. These policy fields were developed under different circumstances and the basic organising principles and political objectives of the EU’s sector policies reflect different historically contingent compromises.34 The Common Commercial Policy (CCP) was essentially part and parcel of the decision to establish a common market within a single customs union.35 The European Community was to a large extent based on a vision of a ‘Europe without borders’, where people, goods, and capital could move freely. In the Treaty of Rome, multilateral trade liberalisation was seen not only as being instrumental in promoting trade-led economic growth in the EC, but as a value in itself.36 The Commission was given exclusive competence to negotiate on behalf of the member states, and the CCP had its baptism by fire in the midst of a multilateral round of trade talks under the General Agreement on Tariffs and Trade (GATT).37 The following round of GATT talks (the Kennedy Round) saw the European Commission in a much more prominent role, where the President of The Commission, Jean Rey, was ‘able to negotiate as if he were the representative of a single state’.38

The establishment of the EC development policy was a much more haphazard affair. Indeed, there was no logical reason for the EC being engaged in international development cooperation. However, during the negotiations over the Treaty of Rome, the French government insisted on including some element

35 See Bretherton & Vogler (1999: 47).
36 Hoeller, Girouard & Colecchia (1998:§2)
of common solidarity vis-à-vis its colonies and territorial possessions.\textsuperscript{39} The colonial bias thus inscribed was widened with the Accession of the UK in 1973, but not seriously challenged. For historical reasons, the African, Caribbean, and Pacific (ACP) states came to enjoy privileged relationship with the EU, with special trade arrangements and commodity protocols ensuring these countries a preferential access to the EU market.

The establishment of the agricultural policy was the result of a much more strategic series of decisions. Following the ravages of the Second World War, hunger and malnutrition were widespread in many parts of Europe\textsuperscript{40}, prompting governments to maintain or further develop national agricultural policies designed to boost production.\textsuperscript{41} The national foundations of the future CAP were thus laid well in advance of the Treaty of Rome\textsuperscript{42}, which in Art. 38 (now art. 33) delineated the five key objectives of the new common policy: \textsuperscript{43} 1) to increase agricultural productivity; 2) to ensure a fair standard of living for farmers; 3) to stabilize markets; 4) to assure the availability of supplies; 5) to ensure that supplies reach consumer at reasonable prices. The CAP rested on three principles: A single market, community preference, and financial solidarity.\textsuperscript{44} The instruments of the CAP reflected the reigning economic orthodoxy of the time: Target prices to boost agricultural production, intervention prices to secure a price floor, and export refunds to regulate the amount of eventual surplus

\textsuperscript{39} Hewitt & Whiterman (2004); Bretherton & Vogler (1999).
\textsuperscript{40} Lind (2004:15)
\textsuperscript{41} The widespread malnutrition was certainly not the only (or even the main) motive for developing national agricultural policies. Agricultural production has a number of specificities that have made it politically convenient to manage the development of the sector politically. See Nugent (2003:388ff) for a discussion.
\textsuperscript{42} While the CAP has be the object of increasingly harsh criticism in recent years, it is worth recalling that it was originally developed as a replacement for the equally distorting and protective agricultural policies of the member states. See Rieger (2000) for an analysis.
\textsuperscript{43} Peterson & Bomberg (1999:121).
\textsuperscript{44} Nugent (2003:393-398); Kay (2003).
The different policy fields are highly compartmentalised: They have their own Treaty provisions, their own Commissioners and Directorat Générales, their own working groups and their own functional Council of Ministers. They are in principle on a par: Trade is not superior to agriculture and development is not necessarily more important than trade. The institutional compartmentalisation and the fact that the different policies are pursuing different and partly conflicting goals, makes it difficult to ensure the overall coherence of EU external relations. The trade policy of the Union is focused on bringing down trade barriers and creating global rules and institutions that will facilitate the operations of the global economy. The agricultural policy, on the other hand, is designed to negate the logic of the market economy; it is a political enclave in a free-market system. Similarly, the development policy of the Union is supposed to promote poverty-reduction in the developing countries by, *inter alia*, furthering the integration into the international trade system. The trade and agricultural policies, on the other hand, serve to exclude competitive developing country exports (i.e. agricultural and labour-intensive products). These contradictions are not necessarily inherent and immutable. Nor are they necessarily particular to the EU. However, given the complexity of the EU as a political system, the absence of a central decision-maker, and the highly compartmentalized character of the sub-policy systems, these contradictions are

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45 As the market prices in Europe are higher than on the world market, agricultural produce can only be exported from Europe by artificially bringing the selling price down through subsidies. Uncompetitive European producers are thus made competitive through public subsidies. In some cases, European exporters have been able to sell at prices below production costs in the developing countries (a practice normally referred to as dumping).


immensely more difficult to tackle at the European level as opposed to the national level.\textsuperscript{48}

This characterisation of the EU means that there are in fact several different – and equally legitimate – dispositions inside the EU. As an actor, the EU is fundamentally ambiguous: Its trade policy is a mixture of protectionism and principled liberalism; its development policy a mixture of historical discrimination (the ACP preferences) and an increasingly poverty focused rhetoric; its agricultural policy a mixture of production support, cultural policy, social and regional policy, and increasingly agro-industrial policy. In a foreign policy action such as the development of the EPA proposal, this implies that the EU has to go through a process of \textit{prioritization} between legally equal goals and objectives: As a collective actor, it has to decide which dispositions are the more legitimate, and which dispositions should be allowed to inform the formulation of specific foreign policy actions.

In the EPA case, three different sets of dispositions clashed.\textsuperscript{49} The trade policy sub-system was predominantly liberal in its orientation, and focussed almost exclusively on the issue of WTO compatibility. This group was not intent on wasting valuable WTO bargaining chips on obtaining a new waiver. The agricultural policy sub-system had a traditional/conservative outlook, advising against rapid liberalisation of trade in agricultural products, and arguing in favour of a phased approach to market opening. The message emanating from the development policy sub-system was less clear: A majority was clearly in favour of

\textsuperscript{48} See Nugent (2003:438-440) for a discussion. See also the discussion in “What future for development assistance”, Action Aid (2004). Again, this should not be taken to imply that the external relations of national governments are free from contradictions, which they most evidently are not. However, in a national political context, it is in principle possible for the majority to prioritize between the policy objectives, e.g. compensating agricultural producers. In the EU this process of prioritization is more complicated: Why should British interests in a free-trade agreement, or Scandinavian notions of “Fair Trade” be given pre-eminence over Portuguese agricultural interests?

\textsuperscript{49} See Pilegaard (2006) for a more detailed analysis.
safeguarding the special relationship with the ACPs, but an increasingly vocal group was beginning to question the membership logic, arguing that EU development policy would be better served with a clear poverty orientation (i.e. focussing on the worlds Least Developed Countries, LDCs) instead of the ACPs. The internal negotiations saw the re-emergence of traditional cleavages between the regionalist, who favoured a continuation of the privileged relationship with the ACP countries, and globalists, who were more inclined to target trade preferences on the basis of a country’s level of development. 

The final negotiation mandate of June 1998 reflected a broader political compromise between the different factions: On the surface, the privileged position of the ACP countries would be maintained, but on a regional basis through the creation of regional free trade agreements (based on reciprocity so as to ensure WTO compliance). At the same time, however, the poverty-oriented member states managed to have a special provision inserted, specifying that all LDC’s would be given unlimited market access for essentially all products by 2005 at the latest.

Given the power differential between the EU and the ACP countries, the final Cotonou Agreement of 2000 is by and large a reflection of the EU negotiation mandate. In the present context, the Cotonou Agreement has three important implications: 1) It gives pre-eminence to WTO compatibility; 2) It erodes the special status of the ACP group by a) splitting the group on a regional basis, and b) moving from non-reciprocity to reciprocity; and 3) It establishes in article 37(9) the political objective of granting the worlds LDCs unlimited market access.

50 See Posthumus (1998) for an overview. See also Forwood (2001).
The Cotonou Agreement is probably best understood as a compromise text; not so much between the EU and the ACP, but internally, between different political coalitions in the Union and thus between different dispositions.\textsuperscript{51} It is basically an agreement to defer substantial disagreements to a later date (just as the June 1998 negotiation mandate had failed to present a clear and coherent vision for the future EU-ACP partnership). Cotonou is a framework agreement under which the details of the partnership have yet to be defined and agreed upon.\textsuperscript{52} The Agreement represents a clear departure from the Lomé regime, but the ACP grouping is maintained as ‘partner’ and the transition phases offered will extend the remnants of the Lomé system well into the 21\textsuperscript{st} century. The trade provisions of the Cotonou Agreement are clearly influenced by the WTO agenda, and include what amounts to a ‘conformity clause’: Art.34.4 of the Cotonou Agreement thus stipulates that ‘Economic and trade co-operation shall be implemented in full conformity with WTO provisions’.\textsuperscript{53}

\textit{Step four: Structural factors constraining and enabling various dispositions}

As argued in the preceding section, the EPAs represent a compromise between different political objectives that are important in the EU political system. However, as compared to the Lomé regime, it is apparent that reciprocal trade liberalisation had gained prominence, while the development agenda seemed to been relegated to a less prominent position. This observation in turn prompts the following question: What structural factors enabled the dominance of the trade agenda, while weakening the influence of the development agenda?

A tentative answer to this question is suggested by an analysis of structural changes in the trade and development policies of the EU. In the following it will

\textsuperscript{51} McQueen (1998:692).
\textsuperscript{52} Bilal & van Hove (2002: 8); Babarinde & Faber (2004:35); Yu & Vig Jensen (2005:379); Bjørnskov & Krivonos (2001:2).
\textsuperscript{53} Cotonou Agreement, Part 3, Title II, Article 34.4. See also Salama & Dearden (2001:19); Raffer (2001:7).
be argued that the prioritization embodied in the EPA proposal reflects a changing balance between the trade and the development policy of the EU.

The European Union – and the European Community before it – has been a fairly committed advocate of global free trade,\textsuperscript{54} and the EU’s stakes in the multilateral trade system have only become more important over the past decades. The Common Commercial Policy (CCP) has thus always had a prominent role in the EU, and the Uruguay Round, which resulted in the agreement to establish the WTO, broached a number of new policy fields that significantly strengthened the importance of the CCP. Where previous rounds of trade talks had focused mainly on lowering tariffs and reducing quantitative restrictions to trade, Uruguay significantly broadened the agenda to include trade in services, intellectual property rights, investments, and the extremely sensitive issues of agriculture and textiles.\textsuperscript{55} Issues related to consumer welfare, environmental protection, and cross-border harmonisation became increasingly salient in multilateral trade diplomacy, which in turn made the content and conduct of the CCP all the more important.

The EU has a strong interest in the so-called ‘Singapore issues’, which include issues like investment, transparency in government procurement, competition policy, and trade facilitation. These are the typical issues of the emerging trade agenda, which obviously differs markedly from the classical tariff and quota talks.\textsuperscript{56} The EU is not alone in moving this agenda forward, but there are few natural allies.\textsuperscript{57}

\textsuperscript{54} Dickson (2004:52); Young (2004:211-212); Hoeller, Girouard & Colecchia (1998).
\textsuperscript{55} Jackson (1998:1-6); Young (2004:212); Stevens, McQueen, & Kennan (1998:35-38).
\textsuperscript{56} Skjal (2000:17ff).
\textsuperscript{57} The agenda of the United States is narrower than the EU’s catalogue of demands, focussing mostly on trade liberalization in especially services and agriculture. Newly industrialised countries and developing countries with high levels of exports (i.e. Brazil, Thailand) are still predominantly occupied with traditional merchandise trade, and generally opposed to the development of common standards on e.g. labour rights.
During the same period, the EC/EU was embroiled in a number of GATT/WTO disputes, which clearly exposed some of the contradictions in the EC/EU’s trade policy. The discriminatory banana policy agreed to by the Council of Ministers in 1993\(^{58}\) was brought before a GATT panel at the behest of five Latin American banana exporting countries and the United States (which has significant economic interests in export of Latin American bananas)\(^{59}\) in 1994, but the weak enforcement rules of the GATT system meant that the EU could in fact choose to disregard the verdict, which came out in favour of the plaintiffs.\(^{60}\) The new banana case initiated in 1996 under the WTO was pursued much more ruthlessly and determinedly on the part of the plaintiffs, and with the WTO’s new Dispute Settlement Understanding, the EU had to take the rulings more seriously.\(^{61}\)

The increasing legalisation of international trade also increased pressure on the EU to revisit its discriminatory trade preferences. The Lomé Conventions had operated in a legal grey zone for several years. They were ipso facto a contravention of the GATT/WTO principles, in that they discriminated between developing countries.\(^{62}\) According to Stevens, McQueen, and Kennan, the

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\(^{58}\) Before the completion of the Internal Market, the different member states had entertained different national policies on trade in bananas, France, the UK, and Italy giving preference to ACP suppliers, Spain, Portugal and Greece protecting their limited national production, while other member states operated a mixed system of variable tariffs, which gave Latin American exporters a significant market share. In 1993, the Council of Ministers agreed to a compromise policy on bananas, which clearly discriminated in favour of the traditional ACP suppliers. See Stevens, McQueen, & Kennan (1998:16ff.) for an excellent overview. See also Stevens (2000a:408ff.).


\(^{60}\) The EU basically made a deal with the plaintiffs offering them slightly higher quotas in return for which they abandoned the case. See Stevens, McQueen, & Kennan (1998). See also Read (2001).

\(^{61}\) Raffer (2001:11ff.); Wolf, J. (2000:40); Stevens, McQueen, & Kennan (1998:22). See also Cunningham & Lichtenbaum (2000:18) arguing that ‘while the WTO rules are still not enforceable in the sense of domestic court decisions... the new rules greatly increase the likelihood that a country will have to comply with an adverse decision.’

\(^{62}\) The non-reciprocal trade preferences were only made available to the ACP countries, and could thus not be covered by the 1971 Enabling Clause, which only allows for preferential treatment in favour of all developing countries. See McQueen (1998:669); Bilal & van Hove (2002:7). Because Lomé was based on non-reciprocity, it could not be covered by
banana dispute had two major impacts: It made it abundantly clear that the EU’s trade agreements would henceforth have to be justified in the WTO, and ‘...it demonstrated that the WTO’s new, more muscular dispute settlement procedures could throw unwanted light into murky corners of EU policy and bring into question arrangements and understandings not directly related to the point at issue.’

In a 1997 Commission Communication entitled *WTO Aspects of EU Preferential Trade Agreements with Third Countries*, then Trade Commissioner Leon Brittan tried to address some of the salient issues raised by the interface between EU trade policy and the WTO. While the GATT Enabling Clause permits derogations from the common, non-discriminatory rules of the multilateral trade system, there are a number of conditions that have to be met: The state or group of states offering the concessions must either extend them to all developing countries or to all Least Developed Countries. This principle may be overruled, however, if the preferential trade agreements are part of a Free Trade Agreement (FTA). In order to count as a FTA, the agreement has to be reciprocal and must cover ‘substantially all trade’. The Lomé Conventions satisfied neither requirement, which is why the EU and the ACP countries...
eventually applied for a waiver from the GATT.\textsuperscript{67} The waiver was seen as a temporary solution and Brittan’s Communication left no doubts as to the potential problems facing the EU in this regard: ‘There is also the question whether EU agreements face a risk of challenge within the WTO Dispute Settlement System and (if they were successfully challenged) what the consequences would be for the agreement in question... The new WTO Dispute Settlement System involves a binding process which may lead to both unwelcome and unavoidable results. In the circumstances of a successful challenge, the Community may have to act in order to ensure compliance with its international obligations.’\textsuperscript{68}

These tensions accentuated the dilemmas of EU trade policy. Under the leadership of DG Trade, the EU’s trade policy sub-system had positioned the EU as a champion of the GATT/WTO, but the EU could hardly assume a leading role in the new organisation by disregarding the rulings of the DSU or by perpetuating a waiver from the core principles of the trade system.\textsuperscript{69} The operation of the new multilateral trade system was an important vehicle for the promotion and pursuit of key EU trade interests, but it was simultaneously challenging the traditional trade preferences of EU development policy.\textsuperscript{70}

Turning to the development policy of the EU, important changes had also been underway for some years. As argued above, the Mid-Term Review of the

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  \item [67] Technically speaking, an exemption from compliance with Art. I.1 of GATT. A waiver requires a 75 per cent majority of all contracting parties being in favour, and the waiver must be of fixed duration, subject to annual review.
  \item [68] ‘WTO Aspects of EU Preferential Trade Agreements with Third Countries’, Reprinted in Agence Europe: Europe Documents no. 2025, 27th February 1997.
  \item [69] See e.g. Bilal & van Hoven (2002:7); Ravenhill (2002:2). See also Dickson (2004:47) arguing that ‘...the transatlantic Banana dispute embodied the EU’s core dilemma of wanting to meet obligations towards the ACP countries while simultaneously satisfying a commitment to economic liberalism.’
  \item [70] As argued by John Ravenhill: ‘[t]he precipitant for the demise of the Lomé arrangements was a challenge to their legality within the WTO in the context of complaints from Central American Countries and the United States about the Conventions banana protocol.’ Ravenhill (2002:11)
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Lomé Convention in 1995 and the subsequent Green Paper tabled by the European Commission in 1996 suggested the need for a thorough reform of the existing policy. The non-reciprocal trade preferences of the Lomé Conventions had failed to create trade diversification and economic growth in the ACP countries, and were generally believed to be incompatible with the WTO’s principle of non-discrimination.  

National differences notwithstanding, ‘...the need to redesign substantial parts of the Lomé Convention [was] not fundamentally disputed.’  

Lomé was basically seen as a ‘product of the Seventies’, a relic from a world long gone.

In addition, few European commercial interests were actively speaking out in defence of the preferential relationship and those that did ‘...were decidedly ‘old economy’ and in many instances non-competitive enterprises dependent on the protection offered by Convention for their survival.’  

Much stronger and more important trading interests had been threatened by the Lomé Convention and the criticism it had attracted from other trading partners. Ravenhill makes the point succinctly: ‘For leading European Companies and indeed most officials in European governments and the EU Commission itself, the idea that the WTO should come close to being wrecked and Europe engage in a trade war with the US over a dispute over banana imports was more than slightly ludicrous.’

The Lomé Conventions had been the flagship of EU development cooperation. By the mid-1990’es, this partnership had lost momentum: The trade provisions of Lomé would appear to have done more harm than good, the ACP countries falling ever further behind in international trade. Disagreements emerged as to what would eventually succeed the Lomé Convention, and while the CCP was

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72 Posthumus (1998:2). See also Stevens, McQueen, & Kennan (1998).
74 Ravenhill (2002:13).
75 Ravenhill (2002:14). See also Stevens, McQueen, Kennan (1998:v-vi)
becoming increasingly important in the external relations of the EU, the existing development policy was gradually falling apart, with no clear alternative in sight. The development policy was hardly in a position to set the EU’s external relations agenda.

**Summary: Policy fragmentation and policy (in)coherence**

In the preceding analysis, the development of the Economic Partnership Agreements was analyzed by focusing on the motives and dispositions of the EU and the structural background. Starting from the structural changes, it was argued that the increasing saliency of the WTO agenda and the simultaneous break-down of the Lomé regime was a structural development that significantly strengthened the influence of the EU’s trade policy sub-system at the expense of the development policy sub-system. This in turn led to a changing balance between the different dispositions inside the EU: The dispositions of the trade policy sub-system had a stronger bearing on the development of the negotiating mandate than the dispositions of the either the agricultural or the development policy sub-systems. Ensuring WTO compatibility was consequently an important objective in launching the EPA proposal. Still, the other concerns and interests of the Union were articulated and did impact on the EU’s agenda, leading to a rather broad and potentially conflicting negotiation mandate. These lines of conflict – or tensions – are readily apparent in the current political debate over the EPA negotiations, where questions pertaining to the balance between the trade and development aspects continue to dominate the agenda.

In this conceptualization of the EU as a political system, the lack of coherence between EU external policies is not just a technical detail or marginal error: It is a fundamental aspect of the system as such. Contradictions are built into the political system. They are not logical or necessary contradictions, but the product
of specific historical contingencies. However, according to Simon Nuttall, achieving greater consistency between the different policy fields is a daunting challenge in that ‘...solutions can only be found after a thorough and uncomfortable debate about the nature of foreign policy and the quality of the EU as an international actor.’ The coherence debate is not just a technical dossier; institutional engineering may strengthen co-operation and help identify conflicting interests, but it will not in itself resolve the political conflicts over prioritization. As argued by Neill Nugent: ‘[t]he fact is that the consensual nature and the political differences that exist in the EU make it difficult to develop coordinated and coherent policies based on shared principles and agreed objectives.

The EPAs were supposed to be a key development instrument in the Cotonou Agreement, helping the ACP countries achieve stronger economic growth through a mixture of development assistance, regional integration, and trade expansion. In that sense, they could be portrayed as an explicit effort to create a coherent and holistic approach to the development challenges facing the ACP countries. In practice, however, the EU does not have the political uniformity of purpose or the institutional strength to ensure this level of policy coherence. At the end of the day, the people and the institutions tasked with the administration of the EU’s development policy do not have a mandate to make decisions that impinge on EU trade policy or the Common Agricultural Policy. Conversely, the

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76 See Giddens (1995:310-319) on structural contradiction. See also Olsen (2000:21) arguing that in a political system as complex as the EU, institutional ‘...imbalances, collisions, and dynamics...’ are only to be expected. See also Schmieg (1997:36); Holland (2002:166) and Van Reisen (1999).
77 Nuttall (2001:10).
80 See also Salama & Dearden (2001).
people that administer the EU's trade policy have scant regard for the impact on third parties of the EU Common Commercial Policy. Political declarations on Policy Coherence for Development notwithstanding, the bottom line is that there is no clear hierarchy of priorities; only a continuous process of piecemeal prioritization, driven by the need to make decisions. There is, in other words, a danger that the EPAs will degenerate into ‘more of the same’: Some form of (temporary) trade preferences which do not include the most sensitive products coupled with a pot of money that is somehow additional to the European Development Fund.

Interestingly, the like-minded EU countries have recently attempted to prevent this compartmentalisation by getting the EPA dossier up to a higher and more political level. By forcing through Council Conclusions that explicitly stress the importance of the development aspects (while downplaying the offensive trade interests of the Union), this grouping is attempting to encourage the process of prioritization, which had not been completed in the June 1998 negotiation mandate or in the subsequent Cotonou Agreement. It remains to be seen whether this strategy will prove successful. However, if it works this way (pushing the matter upwards), experience certainly shows that it works the other way too: The technical working groups of the EU that will have to flash out the practical operationalisation and implementation of the provisions of the EPAs have been known to water down the development aspects of other trade initiatives, and to some member states, they may well represent an additional line of defence.

**Reflections: The merits and limits of FPA in the study of EU external relations**

The present paper has tried to employ the integrative framework proposed by Walter Carlsnæs in order to develop an analysis of a specific EU foreign policy action. The EPA negotiations are a difficult challenge, in that they straddle a
number of different policy sectors that have direct or indirect consequences for the EU’s external relations. On the other hand, the EPAs being more complex than a pure ‘CFSP’ decision, they may arguably provide more interesting insights as to the merits and limits of applying FPA in the analysis of EU external relations.

Seen from one perspective, the FPA framework provides a reasonable explanation of the EPA initiative. Regardless of the fact that the EU is a collective actor – a consensual political decision-making system – authoritative decisions are ultimately made. The objectives motivating the development and adoption of the EPAs may have been varied, but the analysis nonetheless suggests that there was an overarching objective or motive, namely to get the EU’s relationship with the ACP countries back on a more solid platform.

The second part of the analysis, the investigation of the causal relationships between dispositions and motives was somewhat more complicated, because the EU includes a number of different and partly conflicting dispositions. Still, it was possible to argue that the motives behind the specific foreign policy action reflected a dominant configuration of dispositions: Namely the importance of the multilateral trade system and the trade and development agenda. Irrespective of the partly conflicting dispositions inside the EU, certain dispositions were given preeminence over others: The EU essentially placed the WTO obligations over and above the traditional system of trade preferences.

The final part of the analysis, the investigation of structural factors as constraining and enabling the dispositions of decision-makers, suggested that the specific prioritization embodied in the EPA initiative was in fact a reflection of structural changes in the different policies of the EU. The EU being a relatively open and competitive economy, it has a tremendous stake in the multilateral trade negotiations, and given the changing character of multilateral trade
diplomacy, the EU was determined to shed the political liabilities of the “unlawful” Lomé regime, and bring the relations with the ACP countries into compliance with the WTO. The collapse of the traditional policy of ACP preferentialism, as embodied in the Lomé Conventions, opened the way for the introduction of Regional Free Trade Agreements.

The main drawback of the preceding analysis is arguably the fact that it merely suggests relations of causation without substantiating these. This flaw probably reflects the shortcomings of the present author (rather than an inherent limitation of the integrative framework), but it does nonetheless raise a number of pertinent questions as to the adequacy of the proposed explanation. The three dimensions of analysis are logical categories and as such clearly related. However, the relationship between the different dimensions is perhaps more contingent than the preceding analysis would suggest.

Starting from the structural dimension, the changes in the EU’s different policies could arguably have ‘constrained and enabled’ other dispositions. A new waiver could arguably have been obtained, the EU and the ACP countries representing a sizeable grouping the WTO.

Turning to the dispositional level and the intentional level, it would seem possible to argue that other foreign policy actions could have been developed on the basis of the dispositions that were identified. The relationship between the three levels is arguably more contingent than suggested by the preceding analysis. Again, this does not necessarily imply that Carlsnæs’ integrative framework is unsuitable for studying EU foreign policy actions, but it might suggest the need for even greater emphasis on the details of the policy process. 81 The structural and the dispositional levels clearly suggested some ‘fundamental tendencies’, but

within this historically contingent space of structural determinism, actors do have substantial leeway to maneuver between the constraints and opportunities that are manifest at any given point in time. This is not necessarily unique for the EU, but given the complexity of the EU political system and the fact that there is no overarching, authoritative decision-maker, the process-level is arguably all the more important.

Adding a richer conceptualization of the policy process to the three analytical dimensions suggested by Carlsnæs might improve the explanatory relevance of the framework, without significantly weakening its conceptual clarity.
Literature


