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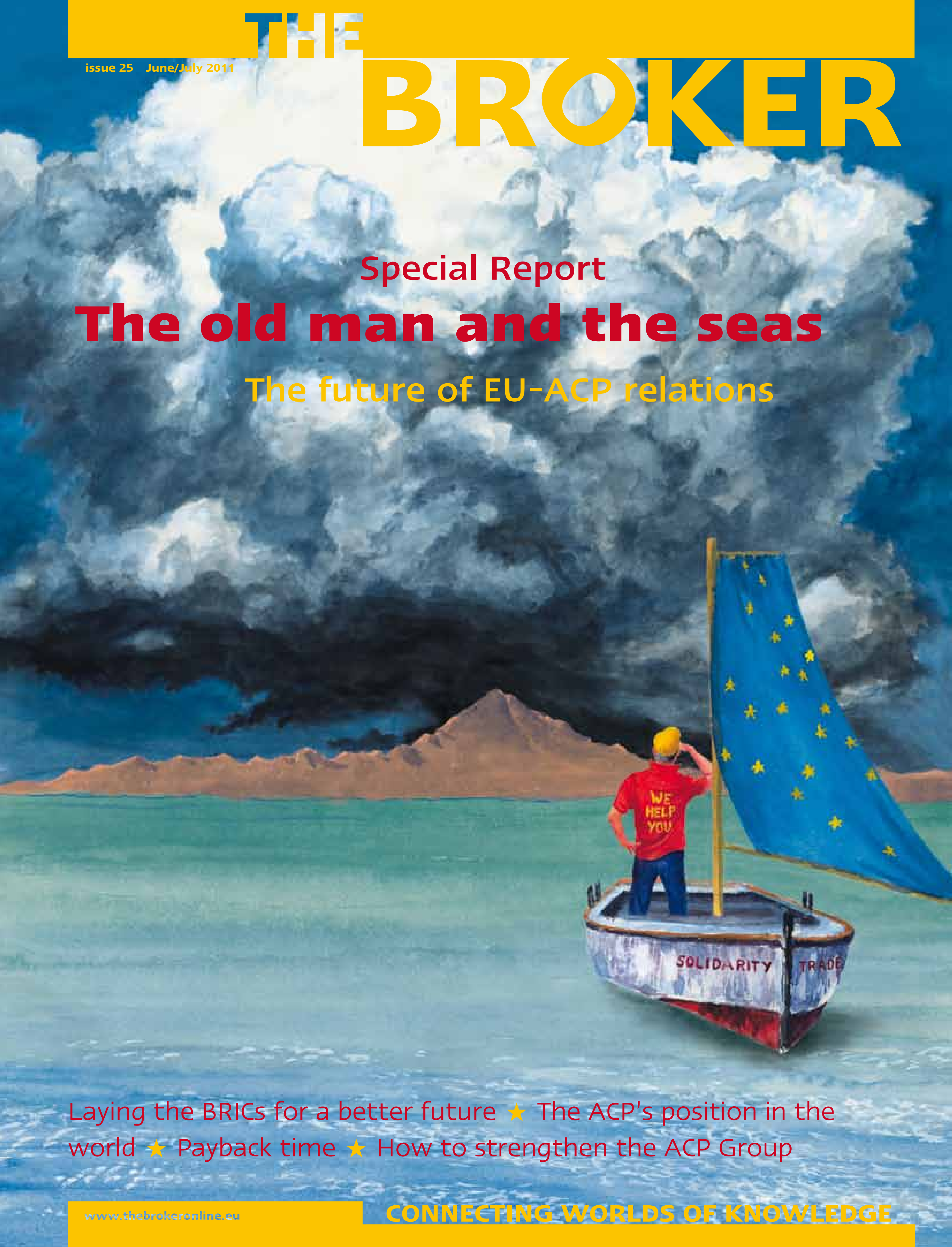

Special Report

The old man and the seas

The future of EU-ACP relations

Laying the BRICs for a better future ★ The ACP's position in the world ★ Payback time ★ How to strengthen the ACP Group

THE BROKER

***The Broker*, issue 25 June/July 2011**

The Broker offers knowledge of global development issues. *The Broker* contributes to evidence-based policy making and action by encouraging exchanges between knowledge producers and development professionals. *The Broker* is a reliable source of information for all those concerned with development and globalization, especially in the fields of inclusive economies, global food security, global development strategies, human security and social change.

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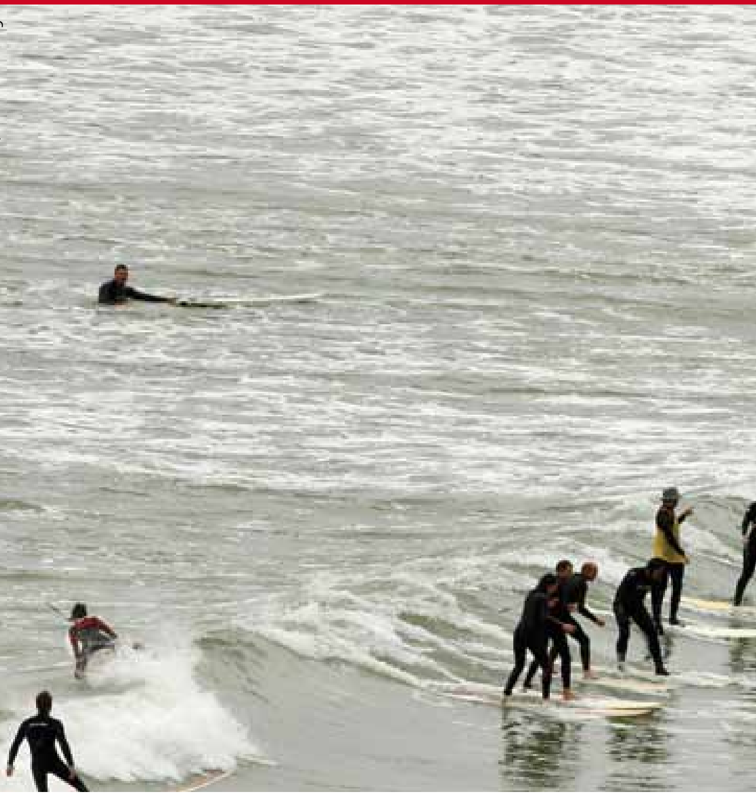

Old and new, oil

Can you think of a group of almost half of the countries in the world that delivers crucial commodities and does not have a real say in global governance? Well, it exists. And the group now wants to be heard.

The ACP, an alliance of 79 states from Africa, the Caribbean and the Pacific, was formed in 1975 to negotiate trade agreements with European institutions. The ACP-EU Cotonou Agreement, a partnership treaty between ACP countries and the 27 European Union (EU) member states, is the largest inter-regional cooperation in the world.

But its future is uncertain. The EU, like an old man sailing uncertain seas, is sending signals that it might not extend the treaty. The ACP, meanwhile, has a strong wind in it sails, encouraged by the demand for its commodities from countries such as China. Indeed, the question is not necessarily whether the EU wants to extend the treaty but whether the ACP really needs the EU. Trading with non-EU countries might prove more tempting than receiving aid from Europe. And being more independent, ACP countries feel, strengthens their presence in global governance.

Mirjam van Reisen discusses these issues in this special report's three articles. The first explores the future of the ACP-EU relationship in the context of the ACP's effort to establish a presence in global governance and become the spokesperson for poor, less powerful nations.

The second article asks what the ACP can do to become a stronger, more independent group. And the third article examines the new relationships the ACP is building with the BRICs and other

and water

emerging countries. What implications does this have for the future of the ACP-EU partnership, and will it help ACP claim a more significant position in world affairs?

This special report has benefitted from the views of the staff of the European Commission and European External Action Service, the staff and members of the European Parliament, as well as Lord Meghnad Desai of the London School of Economics, and executive director Patricia Francis of the International Trade Centre in Geneva.

The author interviewed the following people for this special report and wishes to thank them. These articles also benefitted from their views. Anil Sooklal, ambassador of South Africa, Daniel Evina Abe'e, ambassador of Cameroon, Mary Margaret Muchada, ambassador of Zimbabwe, Stephen Katenta-Apuli, ambassador of Uganda, Charles Todjinou, ambassador of Benin, Marcia Gilbert-Roberts, ambassador of Jamaica, Sutiawan Gunessee, ambassador of Mauritius, James Kembi-Gitura, ambassador of Kenya, Obadiah Mailafia, chef du cabinet of the ACP Secretariat, Klaus Rudischhauser, director of ACP General Affairs in the European Commission-Development and Cooperation and Ibn Chambas, secretary-general of the ACP in Brussels.

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The future of the ACP-EU relationship

The old man and the seas

The African, Caribbean and Pacific Group of States has emerged out of a unique relationship with the European Union. While the EU needs the ACP's raw materials and markets, and backing to get support in international governance, the EU is indecisive about continuing this special relationship. The ACP represents almost half the world's states but does not have a voice in global governance forums, such as the Group of Twenty (G-20), which exclude the poorest countries. The ACP is re-evaluating its partnership with the EU and exploring new opportunities with emerging countries. The EU must decide whether it wants to build a partnership with ACP countries on equal terms.

Globalization has made the world more interdependent than ever before. Problems are no longer the responsibility of the few. Whether the global financial crisis, climate change, human security or rising food prices, no country is exempt from the impact of these problems. But not all countries are equally influential in the global institutions that address these problems. Think of the Group of Twenty (G-20), the International Monetary Fund (IMF) and the United Nations (UN) Security Council. Each of these institutions dances to the tune of the major world powers. The African, Caribbean, Pacific Group of States (ACP), on the other hand – the obvious representative of the world's poor, marginalized countries – barely has a say in such global institutions and hence little influence in global governance.

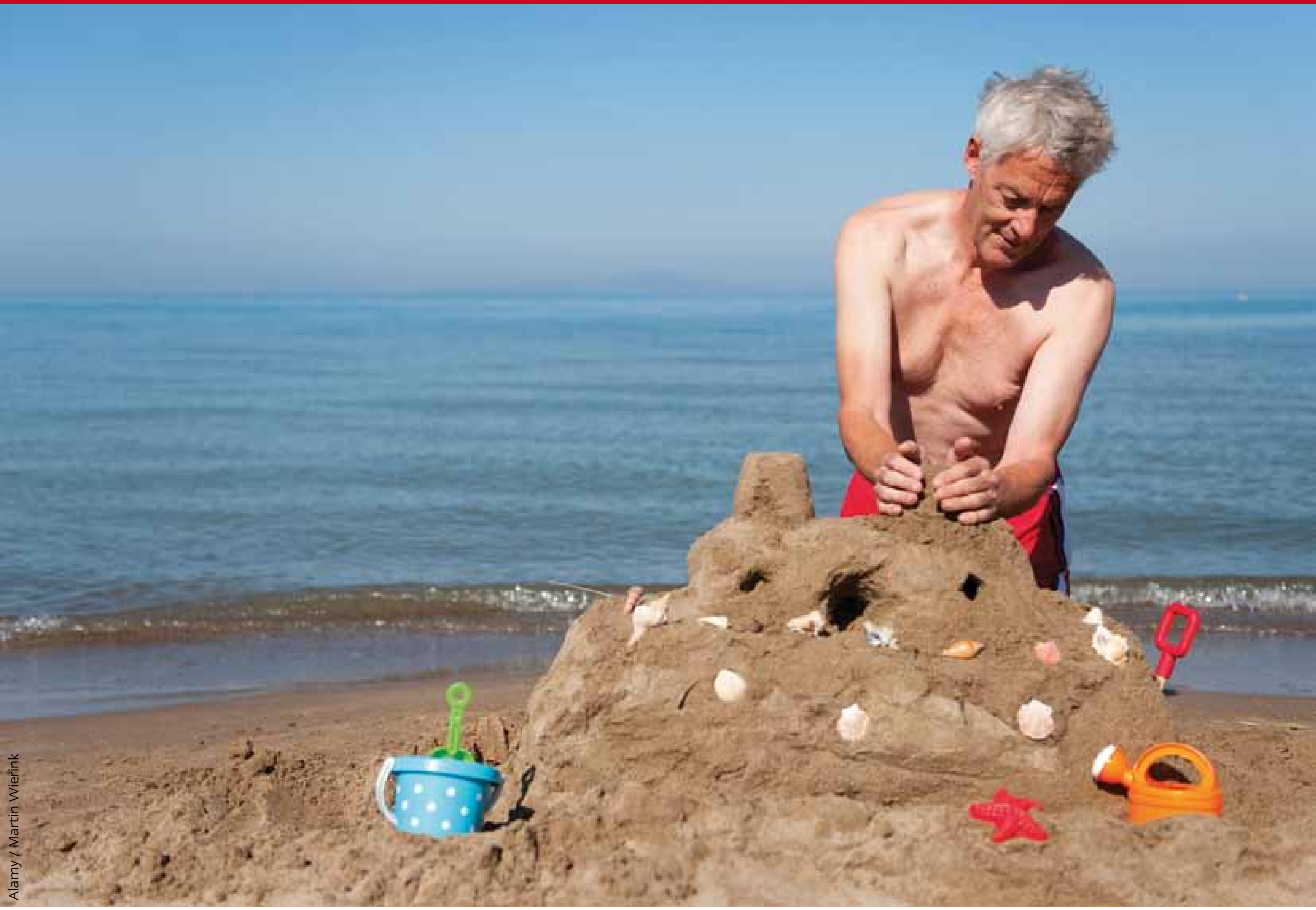
How, then, is the ACP going to claim the position it should rightly have in global governance, as a bloc representing almost half of the world's nations? This is not about border conflicts or military tensions. Those problems fall under the domain of the African Union and the Unions of Caribbean and Pacific States. The ACP is well placed to make its voice heard in international governance issues such as climate change, finance or trade. It can take advantage of its members' diversity and the clout of its larger ones, such as South Africa. The ACP could further strengthen itself as a group through South-South economic linking, investing in high-quality products and creating added value for its exports. The ACP supplies essential raw materials, not only to Europe but also to emerging economies. It therefore has the potential to become a bloc of countries that global institutions feel they must reckon with.

The first step towards securing a voice for itself as a group entails re-evaluating its partnerships. The ACP signed a treaty, the Cotonou Agreement, in Benin in 2000 with one of its traditional partners, the EU. This treaty is due to expire in 2020, however, and the EU has not yet confirmed it will renew the agreement. The ACP, meanwhile, has begun to

summary

- Poor, marginalized countries do not have a voice in global governance, nor does the group that should be their spokesperson, the African, Caribbean and Pacific Group of States (ACP).
- To establish a global presence for itself, the ACP must promote unity within the group, and make use of the diversity of its members and the strengths of the group's larger states.
- The ACP's development cooperation partnership with the European Union (EU) is due to expire in 2020. The EU might not extend it, but some commentators are asking whether the ACP really needs the EU.
- Indeed, the ACP has begun to do business with emerging countries, such as China and Brazil, giving it the opportunity to look beyond traditional ties and gain a voice in global governance.

By **Mirjam van Reisen**, professor Endowed Chair Marga Klompé, International Social Responsibility, at Tilburg University, the Netherlands. She is the founder and director of Europe External Policy Advisors (EEPA), a group of experts on Europe's relations with developing countries, based in Brussels, Belgium, and is a member of the coordinating committee of Social Watch.



Alamy / Martin Wierink

flirt with other potential partners, including China and the other BRIC countries (Brazil, Russia and India). Whichever partnerships the ACP considers, the ACP-EU relationship is at a crossroads. More than ever, the ACP seems to be in a position to choose a path that will strengthen it as a group and enable it to become an even more viable force in the global arena.

ACP, Europe and the new global order

In a seventies-style building in Brussels, just outside the neighbourhood where EU institutions are housed, dozens of colourfully dressed ambassadors meet regularly at a table some 30 metres long. The ACP diplomats discuss trade agreements with the EU. Some speak in English, some in French. Interpreters in soundproof boxes provide simultaneous translations.

The diplomats discuss commodities such as sugar, coffee, cotton and other goods, worth billions of euros in trade. Their talks affect the livelihoods of 1.3 billion people: 792 million in ACP countries and 501.1 million in the EU.

For years, Europe has regarded Africa as its back garden. Colonial powers went in and took Africa's resources. In postcolonial times, Europe and Africa negotiated trade deals for fuel, cotton, coffee and other goods. Now, Europe needs Africa more than ever, especially with a booming commodity market. But does Africa still need Europe?

Much less than previously, believes Lord Meghnad Desai, emeritus professor at the London School of Economics. He believes that the ACP needs to reduce its dependency. In light of ageing, strict immigration laws and a slow economic recovery in Europe, he points out that 'within 10 years the EU will need the ACP.'

Indeed, some argue that this time has already arrived. According to the Africa-Europe Faith and Justice Network, 'the EU has to rely on the import of several critical raw materials from third countries. In fact the EU is the world's largest importer of natural resources, accounting for 23% of the global imports of natural resources. The EU's import dependency rate for minerals ranges from 46% for chromium, 54% for copper ore, 95% for bauxite to 100% for materials such as cobalt, platinum, titanium and vanadium.'

The network also points out South Africa's highly sensitive position as 'the world's largest supplier of two of the raw materials which are considered by the EU as particularly critical – rhodium and platinum – and [South Africa] has already been identified by the EU as one of the countries >

which apply trade restrictions on raw materials. Were South Africa to sign an Economic Partnership Agreement (EPA) that includes a chapter on investments, it would no longer be able to give preference to historically disadvantaged people. As the former World Bank Chief Economist and Nobel laureate Joseph Stiglitz said "If you're from a developing country, try to make sure that your government doesn't sign a bilateral investment treaty."'

The growing competition over raw materials may open the door for the ACP to play a greater role in global governance one day. The EU has already tried to divide the ACP several times in the past, so the ACP might turn to other countries, such as China, for support. China is one of the main trading partners and largest investors in Africa now, and has been strengthening its relations with many of the continent's states. For now, the ACP still considers Europe family. 'But actions speak louder than words,' warns Anil Sooklal, South African ambassador to the EU. 'It is no use considering the EU as family, if we don't act as partners.'

For some, free trade is the answer to the ACP's problems. Indeed, it can eradicate poverty, according to Desai. He sees the WTO as the only global institution where all states are equal. 'No permanent members, no veto powers. And free trade is necessary for every country to develop,' he told ambassadors from ACP countries at a presentation in Brussels in June 2011.

'Development doesn't come from granting special status. It doesn't come from requesting your money back from former colonial powers. Development comes from hard work, high savings and free trade.' Desai favours realpolitik over idealism, and emphasizes that the participation of all countries in decision-making processes is an essential condition for global governance.

Free trade was the idea that underpinned the EU's proposal to the ACP in 1998 that eventually led to the agreement in the Cotonou Agreement to negotiate EPAs. Stiglitz warned against bilateral investment agreements, such as the EPAs; does this also warrant a closer look at the EPAs, and which countries or blocs benefited from these? And what is the EU's stance on the matter?

Flashback

The geopolitical notion of a 'Eurafrica' gained new credence after World War II. The negotiators of the Treaty of Rome, which gave birth to the European Economic Community (EEC), tried to reconcile the idea of a customs union with the historical preferential links that existed between European countries and their overseas territories.

France gave its approval to proceed with the establishment of the EEC, provided that a European Development Fund was created and an association was established between former French colonies and the EEC. Germany and the Netherlands were both opposed to this proposal, but reluctantly agreed.

The Treaty of Rome, signed on 25 March 1957, established a free-trade area between the six founder members of the EEC – Germany, Belgium, France, Italy, Luxembourg and the Netherlands – and their overseas territories. In 1963 in Yaoundé, Cameroon, the EU signed the first partnership agreement with 17 African states and Madagascar, which included preferential trade arrangements, such as duty-free access for specified African goods to the European market.

A larger group got a better deal when the United Kingdom joined the EEC in 1973 and the group of associated countries was enlarged to include some former British colonies. These wanted the same privileges as the Yaoundé countries. So a new convention was negotiated, which Nigeria brokered. The EEC was under pressure from the 1970s oil crisis, and developing countries were demanding a fair and equitable new world order. This enabled developing countries to secure major concessions from their European counterparts in the Lomé Convention, named after the city in Togo where negotiations took place.

Following the signing of the Lomé Convention, the group of 46 developing countries established the ACP as a separate group through the Georgetown Treaty, which was signed in February 1975 in Georgetown, Guyana. These 46 developing countries then became formally known as the ACP group of countries.

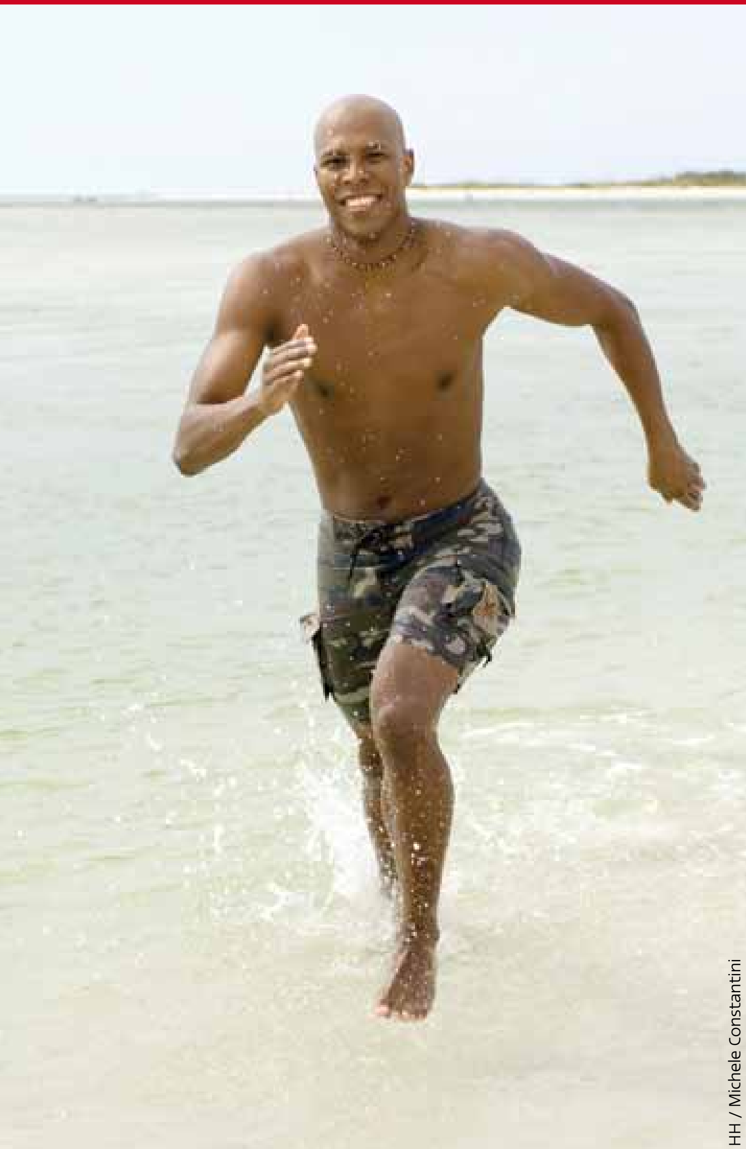
In 2000, the Cotonou ACP-EU Agreement was signed for a period of 20 years. It included a clause that brought the ACP countries into negotiations on Economic Partnership Agreements. However, at the time, the ACP agreed to this only because the EU had stipulated that should an ACP state not wish to enter into an EPA, an alternative would be available to retain the prevailing preferences. The EU never clarified what this alternative would be, and it was removed in the first review of the Continuo Agreement in 2005.

Shaky ground

The EU has been negotiating trade deals with the ACP since it was founded in 1975. In 2000, the parties even agreed to abolish non-reciprocal trade preferences after a transition period of ACP-EU trade cooperation. The Cotonou Agreement is a unique partnership, legally binding and based on equality and mutual respect. However, this form of cooperation between the EU and the ACP is now on shaky ground. ACP diplomats are rightly concerned. The EU's interest in cooperating with the ACP seems to be waning, and the question is whether the EU intends to prolong it after 2020.

The European External Action Service (EEAS), launched in December 2010 and headed by Baroness Catherine Ashton, does not have an ACP division. To make things worse, the ACP is not mentioned any more in the EU Lisbon Treaty (see box, page 9)), which was meant to herald a new era in external relations and development cooperation in the EU. The EEAS's administrative set-up does not recognize the special status of the European Development Fund (EDF), which funds ACP-EU cooperation.

The negotiations on EPAs, moreover, have been cumbersome since the Cotonou Agreement was signed. The EU and the ACP had agreed in 2000 to discuss more free trade. The idea was to conclude bilateral agreements between the EU and ACP countries. But the expected effects of the proposed liberalization on ACP countries appeared negative for many of the developing countries. Moreover, the architecture of the negotiations was also too difficult: the EU


HH / Michele Constantini

chose to negotiate with regional groups of ACP states, but these groups differed internally. The EPA negotiations came to a slow-down in 2009.

'Some of the most important issues that concern the ACP group,' according to ambassador Sooklal, 'are the EDF process and EEAS' new structure. These are signals to the group saying that Europe is not giving them the same level of attention as previously.' The EU's problem is that it feels locked in its historic relations with the ACP, whereas what it really wants is to remodel its international cooperation framework so that it is pertinent to today's problems. The EU lacks the imagination needed to recognize the potential its partnership with the ACP has in today's world.

It is no surprise, then, that ACP diplomats are puzzled that their group is not mentioned in the Lisbon Treaty. Zimbabwe's new ambassador to the EU, Mary Margaret Muchada, compares the situation to a personal relationship. 'If your boyfriend keeps mum about the relationship after 2020 and doesn't mention us in the treaty, no wonder we are looking for new boyfriends,' she says, explicitly naming China as Europe's competitor.

The ACP countries, meanwhile, are warning the EU that negotiating and ratifying new agreements are likely to take years. It is therefore essential that a swift decision is made on when to start negotiations. In addition, the ACP will not, and should not, depend on the EU to take the initiative to decide where the partnership will go next.

Breaking up is hard to do

The secretary-general of the ACP secretariat in Brussels, Mohamed Ibn Chambas, does not foresee a breakup with Europe, however. 'It's more like a traditional relationship,' he says. 'We make new friends, while keeping the old. That is what it is. Value in diversity.' Chambas says the relationship with Europe needs to be reoriented, and stresses the importance of 'aid by trade'. 'Look at Africa not as charity,' he advises, 'but as an investment. We can grow with more infrastructure, better port facilities. Not just aid.'

One must not rule out the possibility that major multinationals will relocate their production facilities to Africa in the future, says Chambas. 'Why not attract industry from China? There are some jobs nobody wants to do. If China moves up, Africa will be the new frontier.'

In the meantime, more and more African producers are trying to export finished goods instead of commodities. There is more profit selling high-fashion designer dresses made of cotton, than just selling bales of cotton. But some EU rules bar these finished products. 'Europe is making it difficult for us to export,' says Muchada. 'That is certainly a problem for some of our organic farming products, like fruit pulp for ice cream.'

So, what is the future, if any, of ACP-EU cooperation? ACP ministers have been deliberating on how to strengthen the group's unity and solidarity. In 2014, the presidents and other rulers of ACP countries will meet and decide on their future position. After that, they propose to meet jointly with the heads of the EU member states at a summit to agree on the shape of the ACP-EU partnership.

A crucial decision will need to be taken on the future of the Cotonou Agreement now that the EU is preparing to negotiate the union's budget for the next seven years (the next Multiannual Financing Framework). This budget concerns hundreds of billions of euros. If the agreement is not continued, the EDF's financial support would eventually be integrated into the EU's overall budget (see box, page 10).

So far, the EU has not indicated what will happen when the ACP-EU partnership formally ends in 2020. This is something that makes ACP countries nervous. Ambassador Sooklal suggests that the ACP looks beyond Europe. 'The ACP is trying to be proactive in this situation, trying to make the group more relevant. It is thinking as well how to strengthen its relations with its new partners because the ACP should not just see itself in the context of post-2020. There is a very large world that needs to interact with the group and a lot of other players to make and keep good relations with.'

The ACP-EU partnership has hardly helped developing countries to grow over the past two decades. The ACP's >

share in world trade even diminished during this period, says Patricia Francis, executive director of the International Trade Centre (ITC). Every day, people worldwide use sugar, drink coffee, buy cotton clothes or even fill their tanks with fuel originating in Africa, the Caribbean or the Pacific. But producers in ACP countries have hardly added value to the products they sell in the last few decades.

Strained relationship

The EU used to be able to count on the ACP vote in international negotiations, but no longer. Why is this the case? Did negotiations between the ACP and the EU on the EPAs mortgage the relationship that once used to be so evident?

The Cotonou Agreement was meant to help trade between the EU and the ACP. The two blocs decided to conclude a new trade regime, the EPAs, intended to establish reciprocal free-trade agreements between the EU and ACP sub-regions. The EU emphasized the need for compliance with the WTO, requiring the liberalization of at least 80% of ACP trade (by tariff lines and trade volume) in order to be 'WTO-compatible'.

The EPA negotiations turned out to be very difficult. In fact, they alienated some ACP countries from the EU, while the intention had been to strengthen the relationship. In the end, the ACP remained a substantially united bloc of countries – out of the group's 79 countries only 25 signed the agreements, mostly small Caribbean states.

From the beginning the tone of the negotiations was difficult, and the EU was perceived as trying to bully the ACP into agreement. Former EU development commissioner Louis Michel bluntly told the ACP countries: 'When you open the market, you will benefit unless you think that global self-sufficiency allows you to survive. If this challenge isn't met then perhaps one should continue to be involved in charity work ... There is no plan B.'

In May 2010 Hage Geingob, minister of trade and industry made an appeal in Namibia's National Assembly, 'I call on our friends in Europe not to abandon us and to work with us towards a lasting solution. After all, the EPA is about partnership towards the shared goals of poverty alleviation and economic development. Let's not use bully tactics or old colonial arrogance. Let's be partners who are equal in sovereignty.'

In the negotiations with Namibia, the commissioner of trade, De Gulch, subsequently promised 'to back off on EPAs' after the concerns that had been raised. Nevertheless, in January 2011, the ACP Council of Ministers still complained that 'EC negotiators have continued to exert severe pressure on ACP States to sign up to agreements that do not fully reflect their concerns.'

Many commentators and researchers have argued that the EU had emphasized free trade more than necessary in order to gain greater access to ACP markets, including in the areas of investment, services and government procurement – areas of considerable interest to European companies. Critics have claimed that the vulnerable ACP economies have been asked to liberalize much more than the EU, and that this contradicts the WTO regime, which is based on the principle of preferential treatment for weaker economies. In 2001, the ACP opened an office in Geneva, illustrating the relevance of defending the interests of the group in the WTO.

The European Commission has always defended the EPAs for their 'development 'orientation. European trade commissioner, Karel De Gucht, pointed out that 'EPAs will help make ACP countries more competitive by lowering import costs and providing access to affordable quality services. They will help create a transparent and predictable business environment and help ACP countries to attract the investment they so desperately need. And they will promote regional integration and create bigger markets – we in Europe know how important that is!'

Difficult EPA negotiations

ACP countries have doubted whether the EPAs would serve their interests. The problems raised repeatedly throughout the last decade concern three main areas: preferential access, trade liberalization and the implications of the Lisbon Treaty for EU foreign policy.

First, the accessibility of European products in ACP countries would harm domestic producers in a range of sectors. With regard to exports to the EU, the ACP would have few direct and immediate gains: most ACP countries export mainly minerals and natural resources (petroleum, gold, diamonds and copper) and unprocessed agricultural commodities (coffee and cotton).

So while some conclude, therefore, that EU imports would not compete with domestic products, others argue that the resulting EU domination of ACP markets would diminish opportunities for the development of ACP domestic industries in these areas. Marc Maes of the Belgian development organization 11.11.11 agrees with the concerns raised by the ACP countries: 'We disagree strongly that ACP countries have to open their markets to European products as a condition for regional integration.'

A second concern the ACP has regarding trade liberalization is the cutting of import tariffs on EU products. ACP countries would lose a huge amount of tariff revenue, which would undermine ACP public budgets. In response, the European Commission tried to propose measures to address the concerns of ACP countries. Europe promised to grant additional finance for 'aid for trade'. However, this idea has not really been put into practice. EU and ACP countries were unable to agree on the kind of partners to be supported through aid for trade.

The negotiations were also difficult for another reason. The EU required the ACP group to negotiate in regional groupings. This undermined the negotiation capacity of the group as a whole. The proposed regions were cutting across existing attempts to promote regionalization with a view to promote trade. Therefore many of the groups lacked the institutions to effectively handle such negotiations. These countries do not always share the same interests either. Some are competitors in terms of their access to the EU, and some even have border conflicts.

To complicate matters, the regional groups included both Least Developed Countries (LDCs) and non-LDCs, each of which had different interests. The LDCs enjoy a preferential

The Lisbon Treaty

The Lisbon Treaty has strengthened the EU's resolve to eradicate poverty. Article 208 states that the primary objective of development cooperation is to eradicate poverty. It also states that all EU policies that impact developing countries should take the objective of development cooperation into account.

The Lisbon Treaty also calls on its members to follow a principle of 'consistency'. EU policies should be aligned with each other and pursue the same policy goals. The increased scope of the EU in the Common Foreign Security and Defence Policy makes a more political approach to external EU relations possible. A common policy on diplomacy has been added to the functions of the EU's common external policy.

The Lisbon Treaty puts the responsibility of the EU's entire foreign policy in the hands of a High Representative of the Union for Foreign Affairs and Security Policy (EUHR). This powerful representative, currently Baroness Catherine Ashton, heads the diplomatic staff and the European External Action Service (EEAS). She coordinates the interplay between the intergovernmental EU Common Foreign and Security Policy and the European Security and Defence Policy with the European Commission's external action areas to address the global challenges using an increasingly common EU approach.

These changes will allow delegations to play a more influential role in representing the EU in the full range of its competencies. They will also bolster the role of EU ambassadors in political dialogue.

Responsibilities have been divvied up between the EUHR and the four commissioners traditionally responsible for relations with developing countries: the development commissioner (Andris Piebalgs), the enlargement and European neighbourhood policy commissioner (Štefan Füle), the commissioner for international cooperation, humanitarian aid and crisis response (Kristalina Georgieva) and the trade commissioner (Karel De Gucht). Negotiations between the high representative, the council, the commission and the parliament in June 2010 agreed on the wording in key documents that recognized the 'responsibility' of the development and humanitarian commissioners for aid instruments, even though proposals for any change will be submitted jointly with the EEAS.

The relationship between the ACP and the EU is under pressure, however, not only from the cumbersome EPA negotiations and the one-sidedness of the political dialogue and human rights, but also because of the Lisbon Treaty – or rather what's not in the Lisbon Treaty.

The Lisbon Treaty no longer mentions the ACP or the European Development Fund. The EU intended to present a new external policy that breaks from history and recognizes the new global realities. But this has puzzled the ACP, which became apparent at the event celebrating the 36th anniversary of the Georgetown Agreement.

scheme with special benefits (the so-called 'Everything but Arms' initiative, a 2001 EU Council of Ministers regulation that granted duty-free access to imports of all products from LDCs, except arms and ammunitions), while non-LDCs states do not. This has not facilitated a common approach among the regional groups.

So the aim of the EPAs – to foster regional integration – may in actual fact complicate matters. The EPAs have highlighted the complexities of regional trade integration and created tensions within potential regional trading groups, making it difficult to move forward. It is no wonder, then, that negotiations were not successful. In fact, they dragged on and on, and the timetable for the negotiations turned out to be too tight.

In 2007, a solution was provided in the form of interim EPAs, which were signed by a number of countries. To date, only 36 ACP countries have concluded an interim or alternative arrangement, and only 25 have confirmed their commitment by signing the agreement. Of these 36 countries, 15 are in the Caribbean. This region concluded a trade agreement containing a number of positive elements for the region as well as for the EU. The agreement was important to the EU as it demonstrated that the EPAs were feasible. Moreover, as the first region to sign the agreement, the Caribbean received concessions. This resulted in an acceptable agreement for the 15 Caribbean countries.

The negotiation process has essentially been slowed down since 2009, and little progress has been made since. Although meetings are still taking place, a positive outcome is not generally expected. The EPAs seem to have failed in Africa and the Pacific because there is little if any incentive to sign full EPAs. Some ACP countries are now opting for the 'Everything but Arms' preferences available for the poorest LDCs, while others are opting for general preference arrangements. The EPA negotiations, seen as being driven by EU interests, have strained the relationship between the EU and the ACP.

EU self-interest

The new organization of EU institutions also puzzled ACP diplomats. The newly established EEAS no longer includes a department that liaises with the ACP. This is the third problem, namely that a number of changes introduced in the Lisbon Treaty will lead to an external EU policy centred around the EU's interests or those of individual member states.

Before 2010, EU officials dealing with ACP countries reported only to their bosses responsible for development or trade. Today, the policies are far broader and also much more politically motivated. Diplomats with other interests are now looking over the shoulder of EU officials dealing with ACP countries, or are even telling them what to do. The policy plans for developing countries are now drawn up by the EEAS, the EU's new coordinating foreign service.

It may well be that the diplomats talking in the ear of an EU negotiator for the ACP-EU partnership are mainly serving the interest of their own member states instead of the EU. France, the United Kingdom and a few other large member states in the EU supply a substantial number of the diplomats in the EEAS.

Given the member states' involvement in EU external policy, there has been a lot of wheeling and dealing to negotiate which EU member state 'gets which country' in the ACP and other regions. It follows that the EU's external relations will become more politicized and increasingly influenced by the politics in and between member states, especially the largest ones. The EU might, therefore, send French ambassadors to former French colonies, where France still has significant economic interests, or British ambassadors to former British colonies.

The European negotiators also have to defend outcomes more often in European Parliament. The entire Common Commercial Policy – comprising trade in services, foreign direct investment and intellectual property rights – which is under exclusive EU competence, is mostly subject to what is called a co-decision procedure between the European Parliament and EU member states. Both have to agree with the proposed policies. This means that more political actors are involved in making deals, so that negotiations become more complex and political, and more democratic scrutiny can be exercised. All of this means that the ACPs engagement with the EU will therefore also require a more explicit political strategy.

So like it or not, the new European political position on the ACP will be highly focused on more trade liberalization. The negotiators have no choice, because this new Lisbon Treaty, previously referred to as the European Constitution, explicitly promotes free trade. It states that the aim of the EU's external action is to 'encourage the integration of all countries into the

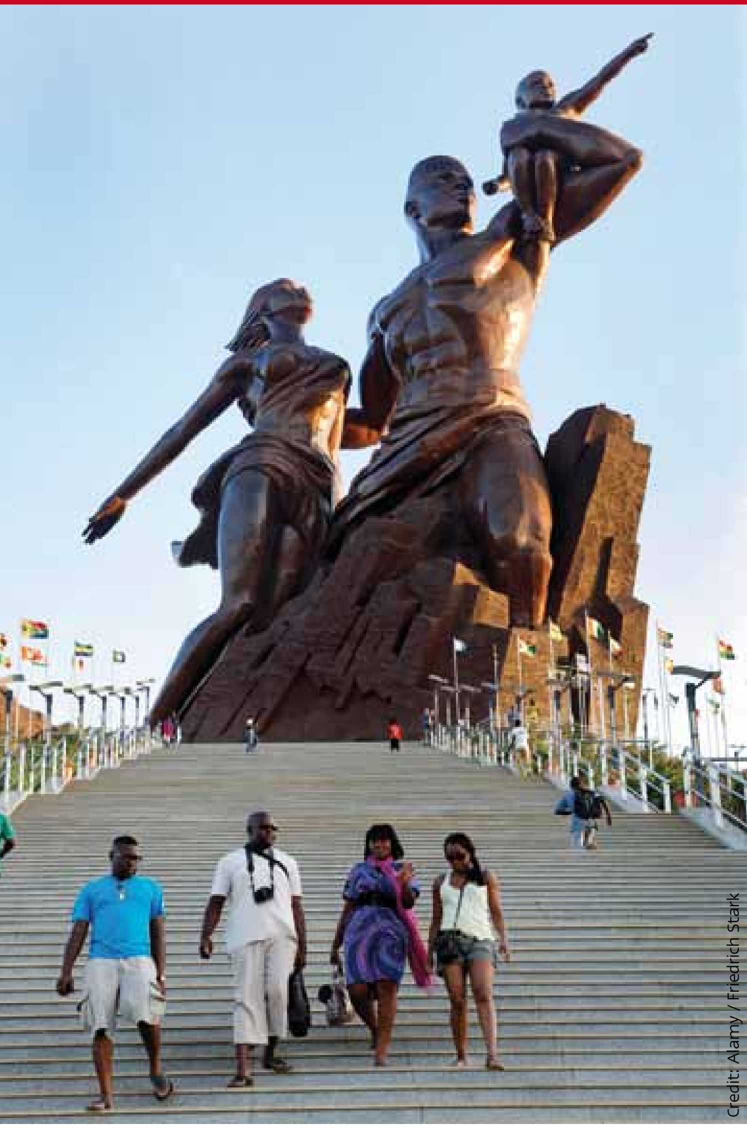
Separate or integrate?

The European Development Fund (EDF) has always remained outside the European Union's regular budget. In 2003, the European Parliament wanted to integrate the EDF into the new Multiannual Financial Perspectives, now called the Multiannual Financial Framework. This framework is the EU's budget, agreed upon for a period of seven years.

The European Commission supported the proposal to include the EDF in the EU's long-term budget in 2003. France, the EDF's original main architect, supported the proposal. A report presenting the French government's change of position described a separate arrangement as being outdated.

But then the United Kingdom presented its case for retaining the status quo, arguing that the EDF was more oriented towards poverty eradication. At the time the UK further argued that the EU's legal framework should guarantee that the entire EU development budget focus on poverty. This condition set by the UK was satisfied with the Lisbon Treaty clarification on the scope of EU development cooperation.

New negotiations are now underway about the next Multiannual Financial Framework, and the UK's original concerns have been addressed. However, European institutions are not expected to propose incorporating the EDF into the regular budget. And so the EDF is likely to remain a separate fund at least until 2020.


Credit: Alamy / Friedrich Stark

Africa Renaissance Monument in Dakar, Senegal

world economy, including through the progressive abolition of restrictions on international trade'. Considering that the EU already had a hard time agreeing on rather liberal EPAs with ACP countries, further liberalization may give negotiators on both sides of the table headaches again.

Future scenarios

If no action is taken to prevent it, the ACP-EU Cotonou agreement will end in 2020. Then what? There are several potential scenarios or combinations of scenarios.

First, the agreement could be extended. ACP states would keep their preferential status in EU trade in this scenario. One could argue that the ACP-EU Cotonou Agreement is still the best example of a comprehensive approach to cooperation. It is consistent and fully in compliance with the international normative framework, set out by the international human rights treaties on development that promote partnership with and ownership of developing countries. Moreover, it consciously seeks to implement this framework and is fully in compliance with the aid effectiveness agenda . It provides a model that underpins governance, cooperation and accountability. It provides an overarching legal framework that defines and informs all the cooperation, actions and agreements of the group and its members.

Second, the ACP forms an alliance with BRIC countries. The ACP could look beyond Europe and link up with other regions in the world, such as the BRIC countries. In this scenario, the ACP and BRICs follow a strategy that would amplify the North-South divide and create an economic power group based on the G-77 – a group of 'developing' nations at the United Nations – with the BRICs as economic and financial motor. This scenario depends heavily on South-South cooperation and the EU's disengagement with the ACP group.

Third, the ACP Group goes global. The increasing impact of globalization and interconnectedness requires new and stronger forms of global governance, in which the ACP group can play an important role. This requires the group to expand its orientation, which would link the new forms of global governance to their citizens' interests, based on the group's defining principles and values. As a group of countries that have worked together for a long time within a defined framework, the ACP countries can legitimately represent the interests of a sizeable proportion of the world's smallest, less powerful and least developed countries.

Fourth, the Cotonou Agreement ends, but EU-ACP cooperation continues under a different guise. In this scenario, development cooperation between EU and ACP countries will probably continue despite the fact that the agreement is not renewed. Were the agreement to end, then this kind of aid would no longer be based on a comprehensive and mutually agreed framework. This would potentially undermine the 'ownership' of aid programmes in ACP countries and therefore undermine EU 'aid effectiveness' as stipulated in the Accra Agenda for Action. The next conference on aid effectiveness will take place in Busan in South Korea in 2011.

And finally, the Cotonou Agreement ends, but South-South cooperation is maintained. If the agreement were to end, the 79 ACP countries might encounter problems exporting to the EU. The EU, on the other hand, would stand to lose their access to raw materials and easy access to the growing markets of the APC bloc.

The ACP might then evolve into an organization that supports South-South cooperation, and negotiates trade agreements, organizes investments and builds relationships between the group's own member states. This will help solidify the group's power base, which will ultimately enable it to represent the world's marginalized countries and give them a voice in global governance.

The ACP has a range of options in terms of future scenarios. And the EU, meanwhile, is facing a choice. Even if it is no longer interested in the ACP (which is already an unlikely assumption), the ACP has a range of possibilities to strengthen its position as a bloc, based on its own internal strengths. Specifically, the ACP Group could claim the position it should rightly have in global governance, as a bloc representing almost half of the world's nations. ■

The ACP's position in the world

Laying the BRICs for a better future

The African, Caribbean and Pacific Group of States is exploring new relationships in order to claim its rightful position in global institutions and represent the world's poor and less powerful nations.

Global governance is needed more than ever now that the world's problems – higher food prices, climate change and the financial crisis – are increasingly travelling across borders. The real problem, however, is an unrepresentative global governance system. Small, marginalized countries affected by these problems are excluded from governing. The ACP, which represents almost half of the world's states, should by default speak for the world's poor, less powerful nations. Yet the group barely has a say in global governance. The question is, what can the ACP do to change that?

The ACP is under-represented in global institutions. Global governance through the Group of Twenty (G-20), the International Monetary Fund (IMF) and the United Nations (UN) Security Council is driven by the major industrialized powers. Some regional representative groups function in the World Bank, for instance, but even there the interests of smaller economies are represented by the bigger states.

The G-20 has taken on board some emerging countries since it announced in 2009 that it would replace the G-8 as the world's main economic council. But marginalized countries, such as Least Developed Countries (LDCs), small island states or countries without ports, have no place in it. Most of these are ACP members, which has huge potential in trade and investment. But as it stands, the ACP's share in global trade and investment does not do justice to its potential.

The ACP discovers the BRICs

The ACP could gain more independence by seeking cooperation outside the traditional scope of partners, of which the European Union (EU) is one. Here, too, the group has potential. It is diverse and has several large, emerging members that could take the lead in building new partnerships. The South African ambassador to the EU, Anil Sooklal, has suggested that South Africa become a channel for ACP concerns in the G-20. Moreover, in the new global balance of power, China and other emerging countries in the G-20 could benefit from giving ACP states a stronger say in global institutions.

But the most significant recent development is the ACP's exploration of potential partnerships with China, other Asian Tigers and the BRIC countries (Brazil, Russia, India and China). The BRICs are an example of what ACP countries can achieve, says Lord Meghnad Desai, emeritus professor at the London School of Economics. 'Look at the last five years. The centre of gravity in the world has shifted sharply to the east, and if you like, to the south. The so-called developing countries were capable of rapid growth. The G-8 is now the G-20, not because of the good heart of the G-8, but because of the achievements of the emerging countries.'

ACP countries are already building economic alliances with the new players on the global economic stage, at a time when the relationship between the ACP and its traditional partner, the EU, has become strained. The ACP stands to

G-20 legitimacy questioned

The G-20 has incorporated emerging economies, and now better reflects the new world order. But the poorest countries have no voice in the G-20, so it is not representative and lacks legitimacy. Andrew Cooper and Eric Helleiner of the Canadian Centre for International Governance Innovation note that 'The 21st century is marked by a new multilateralism, with a growing number of global actors increasingly influencing the global economy. The G-20 is assuming the role of the G-8 but it is still not clear what it can actually achieve.'

This is all the more worrying because G-20 decisions on international financial issues and the world economy affect small countries just as much as they do G-20 countries.

Smaller countries do not trust the G-20, say Cooper and Helleiner. 'Another main source of opposition to the G-20 from outside the forum has been animated by concerns that the G-20 is a "concert" of big countries that can dictate the new rules to all the others … This attitude was vehemently expressed in the UN General Assembly by Venezuela, Bolivia, Cuba and Nicaragua during the June 2009 G-192 Summit on the financial crisis and international development.'

Henning Melber of the Dag Hammerskjold Foundation warns that 'If the G-20 seeks to be a kind of global economic government, it will soon discover its limitations. Its legitimacy derives solely from its economic power, which is no basis for efficiently regulating global affairs – certainly no more efficiently than the 193 members of the United Nations.'

Reuters / Jason Lee

benefit a great deal from partnerships with BRIC countries, but it also needs to protect its own interests. Africa has been particularly active in cooperative ventures with China.

China in Africa

Chinese companies seem to be everywhere in Africa these day. Chinese purchasing managers buy considerable volumes of oil from Sudan and Angola. They import a great deal of cacao from Côte D'Ivoire (US$39.7 million in 2001 rising to US$113.5 million in 2005), have bought a US$5.5 billion stake in South Africa's Standard Bank and made a US$14 million investment in a mobile phone company in Somalia.

There are about 800 Chinese corporations operating in Africa, mostly private companies investing in the energy, infrastructure and banking sectors. There are about half a million Chinese workers in Africa. To give an impression: when fighting broke out in Libya, China evacuated 33,000 of its workers, more than any EU member state. China is now the leading trade partner in Africa, having surpassed former colonial powers such as France and the United Kingdom. Sino-African trade hit the US$90 billion mark in 2009, more than the US$86 billion trade with the United States.

The BRIC countries have intensified their relationship with African countries, investing in mining, infrastructure, telecommunications and agriculture. China's Africa Policy for 2006 aimed to step up diplomatic relations with Africa, and it was followed by the establishment of the China-Africa Development Fund to provide capital for investments in Africa by Chinese companies.

Around that time, Brazil and the four main Africa cotton-producing countries (Mali, Benin, Chad and Burkina Faso) started to fight in the World Trade Organization (WTO) about EU and US farm subsidies. At the same time, Brazil vexed some ACP countries that were exporting sugar to Europe. Brazil lodged a successful complaint to the WTO against the EU's highly protective sugar market. The EU was forced to open up the market, which reduced sugar prices. Some ACP countries saw their revenues from the European market drop. The EU, incidentally, to soften the effects, helped ACP countries invest in their sugar industry.

India's investment in Africa has focused on information technology and on higher education to build ICT capacities in Africa. The historical and cultural ties between BRIC and African countries appear to be playing a key role in investment as well. Brazil is investing in Portuguese-speaking countries in Southern Africa, and India is targeting Mauritius and Ethiopia.

Fair play

More than China, India and Brazil are investing in their public image with capacity building and poverty eradication programmes. In this spirit of South-South cooperation, former Brazilian president Lula da Silva visited the World Social Forum in Senegal, an international forum focusing on social issues.

India has also put the relationship between trade-for-profit and social responsibility on its agenda. Globalization is affecting the service sector, which is struggling to find a balance between fairness in the labour market and maintaining India's competitiveness.

New investments by BRIC countries in Africa, however, are also being criticized for the land-grabbing from indigenous communities that is occurring for mining, and food and biofuel production. China is also being criticized for causing environmental damage, for unacceptable work and safety conditions, and bad trade union practices, which have caused tensions in Southern Africa. The main difference between trade with BRIC countries and trade with Western countries is that states such as China do not ask questions about politics and human rights. The Chinese simply strike a business deal: no charity, no conditions.

The ACP is opening up more options for South-South cooperation through trade, investment and social policy with the BRICs. The ACP could expand its influence at the international level by demanding a political voice in the G-20, where the BRICs have secured a privileged position of decision making on finance and economic policy with the G-8, which also affects the poorest countries. The ACP provides a potential channel for smaller countries to have a voice in these meetings. This would be a more inclusive policy in the new forums of global governance, such as the G-20, which at present exclude the poorest and smallest countries. ■

How to strengthen the ACP Group

Payback time

If the ACP, the African, Caribbean and Pacific Group of States, is to have a stronger voice in international institutions, then it needs to strengthen itself as a political and economic bloc.

'If the ACP didn't exist, it would have to be invented,' remarked Mohamed Ibn Chambas, secretary-general of the African, Caribbean and Pacific Group of States, at a recent event in Brussels celebrating 36 years of the Treaty of Georgetown. 'We must take the future in our own hands by embracing South-South cooperation and using the opportunities from China and other emerging nations.' Chambas reiterated the ACP's need to strengthen itself as a group if it is to gain more influence in global institutions. A first step could be to invite more nations to join, including Least Developed Countries (LDCs) such as Nepal, so that it includes all the poorest countries.

Meanwhile, it is important that the group of 79 ACP countries does not become internally divided or even split. In fact, the European Union (EU), a partner of the ACP in development cooperation, has tried to cause rifts in the ACP on several occasions by playing to individual countries' interests. When the United Kingdom joined the European Economic Community in 1973, the group of former colonies was expected to fall apart. But instead they responded by signing the Georgetown Agreement establishing the ACP Group in 1975. The EU again attempted to instigate a split in 2000 during the Economic Partnership Agreement (EPA) negotiations.

Of course, the ACP represents many different interests and is by no means a homogeneous bloc. But this only adds depth to its potential as a voice for countries excluded from or on the margins of decision-making processes.

Unique selling points

Each ACP country needs to discover its own unique selling point, says Patricia Francis, executive director of the International Trade Centre (ITC). 'Most people in apartments in Brussels would love to lie down under a coconut tree in Tonga. So how come most people in Tonga want to live in an apartment in Brussels?' Francis, a Jamaican, smiles when talking about her country's Rastafarian colours, red, green and gold. 'Rasta used to stand for second or third class people. Others showed us its value, like Dior selling Rasta socks for $60. Do you think Jamaica received even one dollar for this? Discover your value while you can!' The lesson here is that ACP countries need to identify and value their own unique attributes before it's too late.

Francis is convinced that there is a great deal of potential for producers to make more money by developing more valuable products. The ITC is just one of many organizations that have helped coffee producers in Ethiopia, cotton producers in Africa, and others, to make higher-quality products that can be sold at higher prices.

Stephen Katenta-Apuli, Uganda's ambassador in Brussels, is optimistic that exports to the EU can be further increased. 'Uganda,' he says, 'has seen its export volume to the EU go up from 38% to 42% in five years – mostly tea, coffee and cotton, but also more and more cut flowers and fish. There is still room for improvement. The country is still focused on [building] more roads and railways to benefit traders, as well as on generating more energy for its producers.'

But on the whole, the African ACP countries' share in world trade almost halved from 3.8% in 1980 to 2.0% in 2009. Caribbean countries fared even worse. Their share dropped from 1.1% to 0.3% in the same period. The Pacific countries went down from 0.1% to 0.0%. According to Francis, most ACP countries do not benefit from European Union trade preferences, with the exception of 11 mainly sugar-producing countries. 'The preferences were shackles instead of help,' she concludes. Most ACP states export only to fellow ACP states.

In a presentation to the United Nations conference on the LDCs in Istanbul in May 2011, European trade commissioner Karel De Gucht admitted that African exports to Europe have not increased. 'Its share in world trade and investment is still too low: just around 3%, and not progressing. The bulk of its trade is still in the commodity sectors: fuels, minerals, agricultural products.'

De Gucht uses export as an example. 'Above 70% of Africa's exports to Europe in 2010 was still in [the commodity sector]. The increased trade with the emerging countries has not substantially changed these traditional patterns, born in the colonial times and consolidated during decades of unilateral trade preferences from developed countries ... However, particularly in African Least Developed Countries, there is the

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urgent need to move further up the manufacturing chain and develop a competitive services sector in order to become an active part of the world trade networks and supply chains, and not to get definitively stuck in a resource curse.'

Prioritizing intra-ACP trade

Benin's ambassador in Brussels, Charles B. Todjinou, agrees: 'The last 36 years haven't shown much change. We thought we would move away from marginalization by linking up with the EU. We need to open markets in the South. For a win-win partnership we in the South also need each other. It is time to move from dependency to a win-win situation, with more South-South cooperation.'

More ACP countries also need to establish trade agreements with each other. Uganda, for example, has benefited from a free-trade agreement with its neighbours Kenya and Tanzania. According to ambassador Katenta-Apuli, 'Within five to seven years it even wants a federation with these countries, together with Burundi and Rwanda.'

But this kind of cooperation among ACP countries is not necessarily the norm yet. Cameroon and Nigeria, for example, are evidence that exporting to neighbouring countries does not always come naturally. 'The two countries don't have strong relations, at government or other levels. Nigeria has big cement businesses, but Cameroon has to import cement from other states,' mentions a civil servant, who wishes to remain anonymous, emphasizing that the countries need to strengthen their political relations in the interest of greater economic cooperation.

There is consensus among diplomats that political cooperation to facilitate trade is an area where the ACP can play an important role. The ACP would be stronger as a bloc if it promoted its members' common interests in the World Trade Organization (WTO), for example. A stronger bloc could influence commodity prices and food prices, secure the protection of important markets and demand measures against European and US subsidies. It could also support sub-groups of ACP countries when their common interests are threatened.

Of course, the ACP is already doing this, for instance with cotton. It is protecting the interests of four of its members against the cotton subsidies of the United States and the EU to its farmers. This case has been brought to the WTO and is a litmus test of the WTO's ability to protect the interests of its smaller members.

Green lungs

Some believe that the ACP can play a role in addressing climate change as well. Most of the countries that will be adversely affected by climate change are ACP countries. 'The ACP should be at the forefront of raising these topics in international forums,' says Lord Meghnad Desai, emeritus professor at the London School of Economics. Referring to island states, such as Tonga, which is threatened by rising sea levels, , Desai warns that 'we cannot live in denial: a lot of people have to be moved. It is a question of survival for many people. The ACP should put this on its agenda.'

Other African diplomats agree that the ACP can greatly contribute to climate negotiations. Katenta-Apuli points out that 'ACP countries happen to be mainly in the tropics. That is a good place for planting more trees, which will consume CO_2. Why aren't we working together on this?' These interests go across continents and across regional groupings.

The need to protect rainforests provides another argument for strengthening the ACP Group. Commentators have long warned that tropical forests would come under pressure if EPAs were signed between the EU and the ACP. For example, Thomas Lazzeri of the Africa-Europe Faith and Justice Network, warns that Africa's forests, particularly in the Congo basin and in West Africa, would 'come under threat if EPAs were implemented and export restrictions removed, as this would open [them] up to unrestricted

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logging … These ecosystems are not only vital for the local population, but are relevant globally as they are some of the world's most significant green lungs and important for climate regulation.'

Not the only group on the bloc

The ACP as a group should set priorities and consolidate its expertise to make use of the diversity of its members, which include LDCs as well larger economies such as South Africa and Nigeria. Countries like Ethiopia also have some leverage in international relations, as was shown in the 2010 climate negotiations in Copenhagen, when US President Barack Obama consulted with Brazil, China, India, South Africa and Ethiopia before talking to the EU.

'To ensure the success of such joint initiatives', says Simon Stocker of Eurostep, a network of European NGOs, 'it is important that some relatively large nations act as brokers.' He adds that 'climate change is another example of an issue with a common agenda for the ACP. It might also consider lobbying so that LDCs are not too narrowly defined. And it could up the ante and submit a joint request for more concessions from the rich countries.'

Neglecting the interests of Africa – a continent forecast to have a population of two billion by the 2050s, half a billion more than India or China – in global negotiations could have serious consequences, warns Henning Melber, executive director of the Dag Hammarskjöld Foundation. 'African countries are virtually unrepresented in many processes,' he says. 'The continent is excluded. But payback time is coming as international interest in and dependency upon Africa's natural resources is growing. Geostrategic considerations, such as securing shipping routes around the Horn of Africa, are also important.'

Indeed, the ACP countries are increasingly aware that they need to organize themselves as an independent bloc. They recently demonstrated their ability to act as a group by delaying a decision on whether the EU should have the right to speak as a group in the UN General Assembly. The EU assumed that it had such a right, following the adoption of the Lisbon Treaty. But the UN said that the General Assembly would have to decide on the matter.

Much to the irritation of the EU, the ACP countries did not support the proposal at first. Their rationale was that all regional blocs, and not just the EU, should have the advantage of representation. The ACP countries stood their ground and presented a new proposal that gave the same right to all regional blocs, including the African Union. The General Assembly unanimously adopted their proposal in May 2011.

Political cooperation is increasingly relevant and has clearly benefited the EU. The latest revision of the Cotonou Agreement includes agreements supporting the International Criminal Court in The Hague and cooperation in fights against the proliferation of weapons of mass destruction and terrorism.

Clearly, the ACP does not owe its existence only to trade and cooperation agreements with the EU. The group also exists in its own right. It was established in 1975 when the Georgetown Agreement was signed. This agreement gives the ACP group a mandate to build relations with other international actors or groups of countries.

In 1997, the ACP met independently of the EU for the first time, underscoring its relevance not just in relation to the EU, but in its own right. Also at this meeting, in Libreville, Gabon, delegates adopted guidelines to strengthen the group and extend consultations in other forums, including the UN.

During a second summit, in the Dominican Republic in 1999, the ACP decided to enter into dialogue with other blocs, which led to the presence of the ACP at the ministerial conferences of the WTO in Doha, Qatar, in 2001 and Cancún, Mexico, in 2003. Later, at a third summit in Fiji in 2002, ACP heads of state and government agreed on a set of guidelines for the EPA negotiations with the EU.

Go South-South

Is South-South cooperation a way to strengthen the ACP? Well, yes. Developing countries can help each other by sharing their specific expertise and experiences. It does not always take experts from rich countries in the northern hemisphere to boost development.

If the ACP were to initiate projects for South-South cooperation, it could identify opportunities for countries to help each other. Such mutual assistance could also be extended to include investment, for example, through an ACP investment facility that is governed by the group.

To become a stronger bloc, the ACP must emphasize its unique selling points and take advantage of them. The group offers unparalleled opportunities for political cooperation. The ACP still has vast potential to expand trade as well, both South-South and with Europe.

Were the ACP to safeguard unity within the group and promote common interests, make use of the diversity of its members and the strengths of the group's larger states, it could realize its potential power in the international arena and shrug off its dependence on Europe, gain influence in international institutions and defend its interests even more effectively. ■

South-South cooperation

An innovative project between Costa Rica, Benin and Bhutan provides an example of South-South cooperation that Benin is keen to introduce in the ACP. Farmers from three continents were encouraged to exchange information – Costa Rica taught Benin how to grow organic pineapples, for example, while Bhutan showed Costa Rica how to grow red rice.

By 2011, the initiative had led to 36 projects, around 5000 new jobs and hundreds of new companies and products, and it received the UNDP's South-South Cooperation Excellence Award in 2010. The project was extremely cost-effective and created new economic ventures that were viable through the sharing of knowledge relevant to farmers in remote rural areas.