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POLICY BRIEF



CAPE TOWN, SOUTH AFRICA

THE AFRICAN, CARIBBEAN, AND PACIFIC (ACP) GROUP AND THE EUROPEAN UNION (EU)

Cape Town, South Africa, 29 and 30 October 2012

Rapporteurs: Mark Paterson and Kudrat Virk, both of the Centre for Conflict Resolution (CCR), Cape Town

Editors: Adekeye Adebajo and Mark Paterson, both of CCR

2 DIXTON ROAD, OBSERVATORY 7925, CAPE TOWN, SOUTH AFRICA ■ TEL: +27 21 689 1005
FAX: +27 21 689 1003 ■ E-MAIL: mailbox@ccr.uct.ac.za ■ WEBSITE: www.ccr.org.za

Introduction

The Centre for Conflict Resolution (CCR), Cape Town, South Africa, hosted a policy research seminar in Cape Town, from 29 to 30 October 2012, on “The African, Caribbean, and Pacific (ACP) Group and the European Union (EU)”.

The Cape Town meeting focused on the potential for further strategic engagement between the 79-member ACP and the 27-member EU as the third five-year review of the Cotonou Agreement of 2000 on trade, aid, and political cooperation approaches in 2015, and as the end of the 20-year span of Cotonou in 2020 draws nearer. The seminar also considered the impact of the Economic Partnership Agreements (EPAs) between the ACP and the EU on the trade, development, and region building efforts of the Group’s member states; and crafted concrete recommendations in support of ACP institutional reform efforts and the broadening of future relations with new non-European partners.

1. The Past, Present, and Future of the ACP/EU Relationship

The ACP was established in 1975 with the aim of partnering the European Economic Community (EEC), now the EU, to promote the sustainable development of countries in sub-Saharan Africa, the Caribbean, and the Pacific, and to integrate them into the global economy. The ACP’s founding mandate further sought to foster unity among the Group’s members and to promote and consolidate their democratic governance. The Cotonou Agreement of 2000 between the ACP and the EU seemed to continue this pursuit of a fairer world order, although it proposed replacing the preferential non-reciprocal trade deals with ACP member states that had been previously implemented, with the free trade prescriptions of new Economic Partnership Agreements. The ACP and the EU account for 17 percent of the world’s population, creating a shared responsibility for global development. In addition, the diplomatic support offered by the ACP to the EU can provide political leverage in multilateral fora such as the United Nations (UN) General Assembly and the Non-Aligned Movement (NAM).

Since 2000, the EU has sought separate strategic partnerships for the three component regions of the ACP. The strategy for Africa was approved at the Africa-EU Summit in Lisbon in 2007, but it was perceived as having been drawn up unilaterally and presented as a *fait accompli* to the African states. Several new EU members from Eastern and Central Europe object to a too generous funding of the ACP, which they see as competing with their own development requirements. Furthermore, under the EU’s principle of “differentiation”, there are plans to exclude middle-income ACP countries from receiving aid despite their infrastructural deficits, widespread inequality, and large areas of poverty.

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DR MOHAMED IBN CHAMBAS, SECRETARY-GENERAL, THE AFRICAN, CARIBBEAN, AND PACIFIC GROUP, AT THE POLICY RESEARCH SEMINAR ON “THE AFRICAN, CARIBBEAN, AND PACIFIC GROUP AND THE EUROPEAN UNION” HELD BY THE CENTRE FOR CONFLICT RESOLUTION IN CAPE TOWN, SOUTH AFRICA ON 29 AND 30 OCTOBER 2012.

Image source - Centre for Conflict Resolution, Cape Town, South Africa
Photo - Fanie Jason

2. The ACP/EU Historical and Trade Relationship

After the 1957 Treaty of Rome, which created the EEC and the first European Development Fund (EDF), development cooperation between African and European countries was formalised through the Yaoundé I Convention, which was signed with 18 former francophone African colonies in 1963, and renewed as Yaoundé II in 1969, when a separate association was also negotiated with Kenya, Tanzania, and Uganda. With Britain's entry into the EEC in 1973, the association incorporated more members of the British Commonwealth in the African, Caribbean, and Pacific regions. The 1975 Lomé Convention was signed by nine EEC member states and 46 mostly former European colonies in the ACP regions, as well as Ethiopia and Liberia. However, after unilateral preferential market access – which had formed the basis of the Lomé Convention – became incompatible with the rules of the World Trade Organisation (WTO) created in 1995, a new trade and development regime based on reciprocity was proposed by Cotonou.

Over half of the ACP countries still count among the world's poorest, and primary products constitute the majority of their exports to the EU – a pattern of trade that diminishes in value for exporting countries in the long term. The ACP should support the establishment of industrial platforms to increase the manufacture and export of non-primary products, while EU assistance should place greater emphasis on helping developing countries to diversify their productive capacity and strengthen their ability to trade more competitively. The ACP should continue to identify real complementarities between member states and opportunities for South-South pooling of expertise, such as the lessons that Trinidad and Tobago could share with Ghana and Uganda in oil extraction.

3. The EU and Africa: Trade and Regional Integration

The collective bargaining power of the ACP has been weakened by lengthy negotiations on the Economic Partnership Agreements. Critics have argued that the EPAs, though sold by the EU as development tools, will instead open important markets for Europe's goods and services and promote its competitiveness, while improving its access to energy sources and raw materials in ACP states. Although the EU accounts for about 40 percent of Africa's trade, the continent remains marginal for European imports and exports. To address such concerns, independent audits could be conducted on the EPAs to ensure their developmental content. The EU Commission often appears to predicate the terms of the EPAs on the outcomes of free trade negotiations being held at the World Trade Organisation, although there is little to indicate that the WTO itself is putting pressure on the EU on this matter. Furthermore, Brussels has often failed to align the comprehensive trade deals that it has sought with the integration efforts and development agendas of the Group's six regions – Central, West, East, and Southern Africa; the Caribbean; and the Pacific. By 2012, only two regional

“The ACP has identified real complementarities between member states and opportunities for South-South pooling of expertise, such as the lessons that Trinidad and Tobago could share with Ghana and Uganda in oil extraction”



FROM LEFT, AMBASSADOR PATRICK GOMES, AMBASSADOR OF GUYANA TO THE EUROPEAN UNION, BRUSSELS; AND AMBASSADOR MARGARET KING-ROUSSEAU, AMBASSADOR OF TRINIDAD AND TOBAGO TO THE EUROPEAN UNION, AT THE CCR MEETING ON “THE ACP AND THE EU” HELD IN CAPE TOWN IN OCTOBER 2012.

Image source – Centre for Conflict Resolution, Cape Town, South Africa
Photo – Fanie Jason

EPAs had been created – one for the Caribbean Forum (CARIFORUM) and one for the East African Community (EAC). Only 10 out of 48 sub-Saharan African countries had signed or initialled EPAs by October 2012. The European Parliament’s move to extend the deadline for these agreements to 2016 may allow ACP members and regions time to reach fairer agreements.

4. South Africa, the ACP, and the EU

South Africa joined the ACP in 1996, but only became a qualified member of Lomé in 1998 – able to participate fully in its institutions, but not in all its trade and aid benefits. Instead, Tshwane signed a stand-alone Trade, Development, and Cooperation Agreement (TDCA) with the EU in 1999. The EU has subsequently identified South Africa as one of ten strategic partners globally. The consequent duality of market access arrangements in Southern Africa has complicated region building efforts. Southern Africa’s fraught EPA negotiations have soured Tshwane’s relations with Europe, as well as with its smaller neighbours. In addition, South Africa and Namibia’s unwillingness to sign an interim regional EPA meant that it could not be implemented without breaking up the Southern African Customs Union (SACU) – although the experience has produced more concerted efforts for an inclusive final agreement.

“The EU has identified South Africa as a strategic partner although the consequent duality of market access arrangements in Southern Africa has complicated region building efforts”

While the EU remains South Africa’s largest trading partner, its share of the country’s trade declined from 50 percent in the mid-1990s to 26.5 percent in 2011, with China now the country’s largest bilateral commercial partner. South Africa’s inclusion in the BRICS (Brazil, Russia, India, China, South Africa) bloc in 2011 represents an opportunity to diversify trade and financial links, but also a challenge in terms of balancing old and new ACP partnerships.

5. The EU/Africa Security Relationship

The Cotonou Agreement recognises the interdependence between security and development. It provides for political dialogue which has helped efforts to resolve crises in Togo, Guinea, and Niger. Under the Joint Africa-EU Strategy of 2007, Brussels supports key African Union (AU) security organs and peacekeeping initiatives, and provided €550 million for the African Peace and Security Architecture (APSA) between 2008 and 2013. However, fewer resources have been devoted to addressing the root causes of conflicts. For example, while the EU contributes 40 percent of the \$1.7 billion budget of the AU/UN Hybrid Operation in Darfur (UNAMID), only \$4 million of this sum has been made available for “quick-impact” development projects. Meanwhile, although the EU’s military interventions in the Democratic Republic of the Congo (DRC) in 2003 and 2006, and in Chad/Central African Republic (CAR) between 2008 and 2009 contributed to improvements on the ground, they also revealed weak institutional coordination within the EU, and between European and UN forces. In Sudan, the EU played a supporting role to the UN and the AU in the peace process that led to South Sudan’s independence in 2011.



FROM LEFT, MR XAVIER CARIM, DEPUTY DIRECTOR-GENERAL, INTERNATIONAL TRADE AND ECONOMIC DEVELOPMENT DIVISION, SOUTH AFRICA’S DEPARTMENT OF TRADE AND INDUSTRY; AND AMBASSADOR ROELAND VAN DE GEER, HEAD OF THE EUROPEAN UNION DELEGATION TO SOUTH AFRICA, AT THE CCR MEETING ON “THE ACP AND THE EU” HELD IN CAPE TOWN IN OCTOBER 2012.

Image source - Centre for Conflict Resolution, Cape Town, South Africa
Photo - Fanie Jason

6. Comparative Regional Integration: Caribbean and Pacific Perspectives

The costs of addressing the lack of national capacity among the least developed island states of the Pacific and their fragmented geography have not been fully taken into account in assessing the region's development needs. Furthermore, the dominance of the wealthy economies of Australia and New Zealand has often distorted region building efforts. Better EDF targeting and deeper integration is needed in the Pacific, although 13 regional initiatives have already been identified in the areas of economic growth and democratic governance.

For the Caribbean, the trade aspect of Lomé was initially more important than aid flows in fostering development, because of the region's higher per capita income compared with the rest of the ACP. However, neo-liberal economic concerns such as reciprocal market access dominated the Caribbean's post-Cotonou negotiations of a regional EPA, at the expense of supply-side and broader development issues. The talks were further damaged by inadequate awareness of their scope (the Caribbean EPA of 2008 encompassed investment, competition, government procurement, and copyright issues that went beyond WTO compatibility); insufficient engagement with private-sector parties and civil society; and fears of repercussions if an agreement was not signed quickly. The EPA process also compromised the efforts of the Caribbean Community (CARICOM) to create a single market.

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AMBASSADOR PA'O LUTERU, AMBASSADOR OF SAMOA TO THE EUROPEAN UNION, AT THE CCR MEETING ON "THE ACP AND THE EU" HELD IN CAPE TOWN IN OCTOBER 2012.

Image source - Centre for Conflict Resolution, Cape Town, South Africa
Photo - Fanie Jason

7. Geo-Politics and Migration

The rise of China, Brazil, and India, and their voracious appetite for raw materials has led to increased investment and trade with the ACP, challenging the primacy of American and European economic ties to the developing world. The ACP needs to formulate an effective strategy on access to, and the development of, its raw materials by old and new trading partners. Although six of the ten fastest-growing economies in the world are now in Africa, patterns of trade have changed little. Ninety percent of the continent's exports to non-African developing countries consist of primary products - compared with 92 percent of exports to the US and 75 percent to the EU. Differences between the economic strategies of the BRICS members - particularly between China's statist focus on extractive industries and infrastructure and India's more commercially driven, private sector-led approach - could be leveraged by the ACP to enhance the developmental content of new trade deals.

The EU has tended to treat migration as a security issue, often complaining about the "threat" that it poses, while ACP governments have often advocated focusing on the root causes of migration. Remittances sent home by migrants to developing countries are three times the size of official development assistance, and are expected to exceed \$441 billion by 2014. The African Union has recognised the critical role that migrant communities play in their countries of origin, branding the African Diaspora as the continent's "sixth region".



Policy Recommendations

The following 10 key policy recommendations emerged from the Cape Town seminar:

“ ACP members must share best practices and lessons from the EPA negotiations. The most beneficial provisions agreed in talks in one region may be adopted by other ACP regions ”



AMBASSADOR SHIRLEY SKERRITT-ANDREW, HEAD OF MISSION, EMBASSIES OF THE EASTERN CARIBBEAN STATES AND MISSIONS TO THE EUROPEAN UNION, AT THE CCR MEETING ON “THE ACP AND THE EU” HELD IN CAPE TOWN IN OCTOBER 2012.

Image source - Centre for Conflict Resolution, Cape Town, South Africa
Photo - Fanie Jason

1. South-South and triangular cooperation could enable the promotion of development and trade relationships based on comparative advantages. The ACP should leverage South Africa's inclusion in the BRICS to connect to emerging patterns of trade and financial flows – although, given the BRICS' lack of an institutional framework and the lack of cohesion among its members, the onus rests with the ACP to develop and implement a strategy of engagement with the bloc;
2. The profile of ACP reform efforts can be enhanced by linking them to implementation of the UN Millennium Development Goals (MDGs) and the aspirations of the 2012 Rio+20 sustainable development agenda. The discussions about the ACP's future should be deepened by fully engaging the private sector, civil society, and academia in all its regions;
3. The ACP should be using more think-tanks and experts from its own countries to generate new knowledge and policies. The Group should leverage its role as a centre of knowledge to inform EU strategies and support member states that have performed relatively well economically and can promote regional development;
4. ACP members must share best practices and lessons from the EPA negotiations. The most beneficial provisions agreed in talks in one region may be adopted by other ACP regions. Lessons from the complex and extensive TDCA between South Africa and the EU could also inform such negotiations;
5. Clear agendas and integrated plans need to be developed and led by strong ACP regional leaders and national champions in order to achieve fairer EPAs. Greater solidarity should be fostered among the Group's governments, and they must pay their dues regularly to offset the body's dependence on the EU;
6. The work of the ACP's Inter-Regional Organisations Coordination Committee (IROCC) needs to be better supported by member states to ensure the effective sharing of experiences and lessons learned. In addition, greater public education on the EPAs and their impacts is needed to ensure proper civil society and private sector participation in the negotiation of these instruments;
7. All parties in EPA processes should pay greater attention to how these can be reviewed to support regional integration efforts. In the Caribbean, CARICOM summit decisions are often not implemented,

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“The EU’s security efforts in Africa are more effective when it plays a supporting role to African actors, such as the AU and sub-regional organisations, as well as the UN”



PROFESSOR IBRAHIM GAMBARI, FORMER JOINT SPECIAL REPRESENTATIVE FOR THE AFRICAN UNION/UNITED NATIONS HYBRID OPERATION IN DARFUR (UNAMID) AND FORMER FOREIGN MINISTER OF NIGERIA, AT THE CCR MEETING ON “THE ACP AND THE EU” HELD IN CAPE TOWN IN OCTOBER 2012.

Image source - Centre for Conflict Resolution, Cape Town, South Africa
Photo - Fanie Jason

underlining the need for the creation of more effective strategies to support regional integration and development. The Pacific region should opt for a policy of “damage control” in relation to EPAs: those which have signed interim agreements can join Fiji and Papua New Guinea, while others could take up one of the alternative trading arrangements offered by the EU, although they should be offered compensatory funding in such cases as necessary;

8. The €50 billion of EU subsidies to European farmers restricts the market for African agricultural products, and Brussels should consider making compensatory payments to Africa accordingly. Pending final agreement at the WTO on free trade issues, which may take a long time to reach, the EU should look at abandoning all export subsidies as a condition for finalising EPAs;
9. The EU’s security efforts in Africa are more effective when it plays a supporting role to African actors, such as the AU and sub-regional organisations, as well as the UN. The EU should strengthen UN peacekeeping missions in Africa by participating directly in these under the world body’s command. Hybrid peacekeeping missions, modelled on UNAMID and under African leadership, should also be supported; and
10. The ACP needs to prepare comprehensive positions on peace and security, and engage the EU increasingly on these and related issues of governance through political dialogue. The Group should also engage on these concerns multilaterally – raising its profile at the UN in New York and Geneva, including at the Group of 77 (G-77), and at key global conferences.