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Partnership for the 21st Century A Preliminary Assessment of the EU-ACP Agreement

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After two years of tough talks, the 15-member European Union (EU) and 71 States in Africa, the Caribbean and the Pacific (ACP) have agreed in Brussels on 9 December 1999 on the shape of the future relationship between the two groups of countries. Most of the major stumbling blocs were cleared by the Joint Ministerial Conference. For Poul Nielson, EU Commissioner for Development and Humanitarian Aid, Europe showed that it is willing and able to support its partners in the developing countries. The central aim of the new agreement is poverty eradication.

Even in the absence of the finalised text of the new agreement and its various protocols, it is possible to give a first critical assessment of the broad consensus which emerged at the December meeting which brought the long awaited breakthrough. One cannot be enthusiastic about the Brussels consensus, but welcome many of the provisions known to the public.

The Lomé Convention, initially signed in Lomé in 1975 and renewed several times since then, is the most comprehensive agreement on trade, development and cooperation defining the relations between the EU and the ACP states. It combines a trade regime of preferential access to the European market for ACP products, together with a financial and technical aid package. The fourth Lomé Convention, revised in 1995 and expiring at the end of February 2000, will be replaced by the new agreement. This new accord had to be settled in a new international environment characterised by a dynamic economic globalisation, the end of the Cold War and the ideological block confrontation, more economic differentiation among countries and a wave of democratisation within the developing countries, and a changed European Union looking intensively at eastern Europe and the Mediterranean.

Against this background and remembering that some EU members wanted to split the ACP countries into three regional groupings, one can applaud both of the following statements: “The successor agreement has maintained the principle of partnership which the ACP felt was very much under challenge in the early EU proposals.” (ACP General Secretariat); and: “The EU members proved their willingness for a partnership cooperation and

demonstrated their ability to reach common positions with the developing countries.” (Heidemarie Wieczorek-Zeul, Germany's minister for economic cooperation and development)

A pluralist partnership for sustainable development?

The new agreement will be based, as its predecessor, on the principle of political equality between two groups of countries with unequal economic development level, and it will offer stability through the contractuality of rights and duties on each side. The new partnership idea was realised by defining the interests of both sides and reaching compromises, by strengthening the political dimension of cooperation including EU support for development objectives of the ACP side in international fora, and by turning ACP-EU cooperation from a relatively “closed shop” (widely reserved for central governments) into a pluralist partnership (open to more actors: states and markets, central and local governments, public and private actors, non-governmental organisations).

The ACP states and the EU agreed on new features of the partnership, namely on the participation of non-governmental, so-called “decentralised” actors. This participatory approach will be promoted in four ways: information and consultation of these actors on development strategies and policies, access to some of the financing, involvement in the implementation of development projects and programmes, and capacity building.

In this respect very important questions, raised by NGOs, are:

- How will decentralised actors be identified and selected? Unless ways are found to deal in a pragmatic way with complex issues regarding the representative nature or legitimacy of these actors, the fear of top-down, control-oriented selection processes is real.
- To what extent can the actors draw on Lomé resources? Presently, access to these funds is limited and requires approval by government officials.
- What capacity building is envisaged for the actors?

Common political institutions such as the Joint EU-ACP Assembly, which must be democratically legitimised on both sides, could also breathe life into the “new partnership”. The future will show if and how the pluralist partnership will function.

The United Nations Conference on Environment and Development in 1992 launched the concept of a new global partnership for sustainable development; as far as one can see, the new EU-ACP agreement fits quite well into this concept. I hope that the new EU-ACP agreement will help to realise the paradigm of sustainable development which ensures a life in dignity for all human beings. In particular, it should follow the guidelines set out in the “Programme for the Future Implementation of Agenda 21” and adopted by the Special Session of the General Assembly, 23-27 June 1997: Sustained economic growth is essential to the economic and social development of all countries, in particular in developing countries. Democracy, respect for all human rights and fundamental freedoms, including the right to development, transparent and accountable governance in all sectors of society, as well as effective participation by civil society, are also an essential part of the necessary foundations for the realisation of social and people-centered sustainable development.

Controversion over the principle of 'good governance'

One of the most controversial issues during the EU-ACP negotiations was the debate on "good governance". In Brussels, both sides agreed on a common approach aimed at promoting good governance and fighting corruption. They defined - Minister Wieczorek-Zeul belonged to those asking for clear criteria - good governance in the context of a political and institutional environment that upheld human rights, democratic principles and the rule of law, as the transparent and responsible management of public resources for the purposes of equitable and sustainable development. Foreseen is a new procedure for consultation and adoption of measures in cases where human rights, democratic principles and the rule of law were violated as well as a specific procedure for application in serious cases of corruption (including the suspension of aid), placing the emphasis on the primary responsibility of the state concerned to take measures to rectify the situation.

These innovative steps can indeed be considered as proof of the vitality of the political dialogue between the ACP states and the European Union and their shared determination to tackle these problems frankly and find effective solutions. However, the consensus on "good governance" is interpreted by the ACP Secretariat in a quite different way: "On the political and institutional issues in particular, the ACP has managed to ensure the wider political preoccupations of the EU do not lead to unmanageable, though fashionable, conditionalities being imposed on the 71 states of the Group."

It is irritating that the ACP side is using the word "fashionable" in this important context. For years, it has been the common understanding in EU national parliaments as well as in the broad public and in the international community that it cannot be tolerated that official development assistance - tax payers money - should be used to keep undemocratic governments or dictators in power and to give them respectability. In this connection, it is interesting to note that many ACP countries are represented in the Inter-Parliamentary Union where - in 1997 - a "Universal Declaration on Democracy" was unanimously adopted; this Declaration could serve as an excellent frame of reference for defining democracy and democratic principles.

Trade issues: globalisation with a human face?

It is a difficult task to assess the new trade arrangements. We know very well that many parts of the old Lomé package favouring ACP trade were not realised and counterbalanced by the EC/EU policy, in particular by its common agricultural policy and its export subsidies. The EU is under strong pressure, not only to achieve the Treaty of Amsterdam's objective to ease the integration of developing countries into the world economy, but also to maintain the principle of specific trade relations with the ACP. It must also comply with WTO rules (particularly on non-discrimination) and preserve the EU's own political and economic interests.

According to information now available, both parties reached the following agreement on the future trade arrangements: The trade negotiators managed to clear the most important

hurdles and to find a common position on principles and objectives. The two parties will conclude new WTO-compatible regional free trade arrangements by phasing out barriers to trade between themselves and stepping up cooperation in all areas important for trade. The negotiations will start no later than 2002 and the new arrangements will enter into force no later than 2008 (but allowing in specific areas a further transition period of twelve years). In 2004 the EU will assess the situation of the non-Least Developed Countries (LDCs) which, after consultations between the parties, have decided that they are not in a position to negotiate partnership agreements. The EU will study possible alternatives in order to provide these countries a new WTO-compliant trade framework equivalent to their present situation. In 2006 the parties will undertake a comprehensive review of the agreements planned for all the countries to ensure that no extra time is needed for the preparations or negotiations. Concerning the free trade agreements it is understood that the EU states have to open their markets faster than the ACP countries. In 2000 the EU will embark on a process that will give free access to the bulk of products from all LDCs by 2005 at the latest.

The ACP states and the EU will ask the WTO for a waiver that will allow them to keep the present preferential arrangements during the preparatory period. The EU has expressed willingness to look into the impact of liberalisation on the competitive position of the ACP states during this preparatory period. The failure of the WTO conference in Seattle removed the excuse that the EU had been using for pushing the ACP to accept near full liberalisation or free trade areas as the only real options.

With respect to Sysmin and Stabex (stabilisation of export earnings in the field of minerals and other commodities), the ACP states relinquished these instruments but it was finally agreed that additional resources would be provided in the framework of country allocations so that countries dependent on mining might benefit and those suffering export earnings losses might be compensated.

It is still much too early to say to what extent the proposed solutions would promote greater ACP trade performance, for much will depend on greater coherence of the general EU policy, on greater efforts by the ACP countries themselves, and on the results of the new multilateral trade round.

EU/ACP and globalisation

The EU's efforts to contribute to the reduction of poverty and economic inequalities in ACP countries are also linked to the quest for peace, the need for better global governance, and the promotion of a kind of world development that is more compatible with European political and social values. The EU Commission's Green Paper on the future relations between Europe and the ACP states published at the end of November 1996 rightly pointed out that the European Union is the biggest trading power in the world and one of the main sources of development aid and that it is called to play a significant role in international relations. It has the power to influence the direction of globalisation.

There are two ways to exercise that power:

- the ultra-liberal way, without social and environmental concerns, which will marginalise many developing countries and globalise poverty; as a result, the world market economy

could degenerate into predatory capitalism. Much of the protest against the beginning of new WTO negotiations in Seattle was directed against a new round of more deregulation and neo-liberalism.

- The responsible way, taking into consideration diverse regional realities, and the social cohesion of different societies, thereby contributing to the global improvement of economic and social well-being, preserving the environment and ensuring gender equity.

Many elements of the second approach could be seen in the EU-ACP agreement. Due to the Amsterdam Treaty the EU has the intention to promote “the smooth and gradual integration of the developing countries into the world economy”. But I miss a clear plea for an international socially just and environmentally sound market economy which could be an appropriate instrument to provide globalisation with a human face. ACP-EU relations must be part of the international community's overall strategy to minimise the negative effects of globalisation and to maximise the positive ones.

Through its own history and know-how, the EU has a comparative advantage in the promotion of regional integration. Regional integration should not be seen as a substitute for globalisation, but as a complimentary process. One lesson from the European model is that regional integration may create and maintain peace.

The EU members have to participate more actively as a political entity in the multilateral system involved in development issues (World Trade Organisation, International Monetary Fund, World Bank, regional development banks, etc.). The Union has the political clout needed to influence the powerful international organisations, to back an equitable and sustainable development model, and to underpin the further liberalisation of trade with carefully designed structural policies. (cf. Green Paper)

Financial agreements and development cooperation

On financial matters the following points of agreement were reached:

Debt: in addition to the decision of the joint Council on the margins of the conference to allocate 1 billion EURO to the Highly Indebted Poor Countries (HIPC) Initiative and top up the current EDF structural adjustment facility with 250 million EURO, the negotiators adopted important provisions on debt relief for the ACP countries. Taken together with the joint ACP-EU approval of the Commission's proposal to provide debt relief to the Highly Indebted Poor Countries to the tune of more than 1,2 billion EURO, Europe is showing that it is willing and able to support its partners in the developing countries.

The EU also made its financial offer to the ACP States for the next five years period: the 9th European Development Fund (EDF) will be endowed with 13.5 billion EURO, of which 10 billion EURO for the long-term development allocation, 1.3 billion EURO for regional cooperation and 2.2 billion EURO for the investment facility (Germany's share of the total volume is 23,36 %). In real terms, the next EDF will be smaller than the last one. On top of this there is 1.7 billion EURO in European Investment Bank loans. Total funding is thus 15.2 billion EURO. The new system of aid programming will be based on an assessment of each country's needs and performance and the possibility of regularly adjusting financial resources in the light of this assessment. The investment facility is

designed to promote private-sector development. The parties agreed that there should be a significant degree of concessionality for operations relating to infrastructure projects in LDCs and post-conflict countries, privatisation operations or having a major social and economic dimension.

Administrative, and in some cases financial, responsibilities will be decentralised and devolved to the local level in ACP countries with the aim of making cooperation more effective.

Before students of the university of Bonn Ms. Wieczorek-Zeul emphasised the importance of a more efficient, sustainable development cooperation and much better coordination by, for example, designing joint country programmes. In the light of the strengthened competence of the EU development commissioner, who is now responsible for nearly the whole area of development cooperation and humanitarian aid, she expects a better administration and a higher quality of the EU aid. However, I think that a rigid application of the lessons drawn from the recent evaluation of European aid to ACP is a prerequisite for the practical, dynamic and proactive implementation of its "Guidelines on the Strengthening of Operational Co-ordination" approved in 1998.

It is encouraging that the new agreement reflects a really holistic approach to development covering political, economic, social, ecological, and cultural aspects. On cultural cooperation, the parties agreed to step up their dialogue concerning the cultural heritage of the ACP states, above all with a view to conservation and exploitation of this cultural heritage, development of information exchanges by giving researchers and historians of the ACP countries access to the archives on their cultural heritage, and assistance for training in the conservation, protection and exhibition of cultural goods. I highly welcome these objectives which should not be underestimated for the self-esteem and self-reliance of every nation.

The negotiators can now proceed to the finalisation of the provisions of the future partnership agreement. A thorny issue still has to be settled, however: in the context of migration, the clause on the readmission or return of illegal immigrants is still under discussion.

Considering the volume and scope of the EU relations with the South, I join the Society for International Development (SID) in asking the following questions:

- Can the European Union and its member states lead the best practices in terms of cooperation, coherence and complementarity in the field of development aid and other policies and to set the example for others in the North?
- Can the EU and its member states promote more effective uses of aid in bilateral as well as regional arrangements through different ways of management support and recognition of women's work in the developing countries?
- Can the EU lead the way towards respect of international commitments: e.g. on social development (20/20 initiative allocating 20 % of the national budgets and ODA respectively to basic social services), gender justice (Beijing Declaration and the Platform for Action), or on the level of development aid (0,7% of the gross national product)?
- Can the EU lead the way in ensuring that development aid is used for poverty alleviation, promotion of sustainable economic and social development, gradual integration of the developing countries into the world economy and to strengthening the democracy,

the rule of law and human rights, as inscribed in the Amsterdam Treaty (European Community Treaty, art. 177)?

To give satisfactory answers to these questions the EU and its member states must make use of the new EU-ACP agreement in an innovative, responsible way and in the spirit of solidarity with the global society.

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