

The Cotonou Agreement

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This paper reviews the process of negotiation that led to the recently signed Cotonou Agreement. It reviews the content of the Agreement and provides a short assessment.

This paper reviews the Cotonou Agreement, the latest Convention to define the relationship between the EU and the African , Caribbean and Pacific (ACP) group of developing countries. This relationship began in 1957, at the inception of the European Community, with the Yaoundé Conventions, and was followed by the Lomé Conventions at the accession of the United Kingdom. Although these form only part of the EU's development cooperation policy it is by far the most comprehensive, covering both trade and aid, and the oldest. Although the EU is devoting an increasing proportion of its aid to the former Soviet States of Central and Eastern Europe, the ACPs continue to receive a larger proportion of EU aid than Asia, Latin America and the Mediterranean. The relationship with the ACP countries has evolved from colonial special associate status (AAMS: Associated African States and Madagascar), to independent Associated States, to partners under Lomé. The Lomé Agreements were of five years, except Lomé IV, which was of ten years but with a mid-term review. This allowed them to adjust to the changing socio-economic conditions of the ACPs, the EU and the international environment. Lomé IV bis expired on 29 February 2000. Its Article 366(3) stated that negotiations leading to the renewal of the agreement should start “eighteen months before the end of the total period of the

convention”, that is, in September 1998. A number of changes in the international situation required a significant revision of the relationship.

The fall of the Communist bloc and the end of the Cold War brought fundamental changes in the international arena. Democracy and the market economy became the dominant ideology, with many ACPs embracing democracy. Another result of the fragmentation of the Communist block was the emergence of new states many of whom wished to join the EU. These countries confronted serious difficulties in their transitions to the market economy and to a democratic system and the EU considered it its duty to assist them in this sometimes painful process. New aid programs to foster Eastern and Central Europe States’ development have been created, such as PHARE and TACIS, and they also enjoy preferential access to the Community market according to the terms and conditions of their corresponding Europe Agreement¹.

Meanwhile the world was also becoming more globalised and interdependent but the developing countries appeared to be the main losers in this process, with a declining share of world trade, investment and production. Africa in particular has performed badly. Another important change has been the growing concern about human rights. Lomé IV and IV bis already introduced some provisions in this area, but there was a desire to develop the provisions, emphasising the principles of democracy and good governance. The new agreement was expected to seriously address this issue. Finally there has been the need to comply with the WTO rules. In 1997 the Dispute Settlement Panel of the WTO ruled that the banana regime was not compatible with the principles of the Most Favoured Nation and

¹ According to the words of Lord Plumb, European co-President (EPP) “Europe’s interest in the South is inversely proportional to its growing interest in Central and Eastern Europe. This link must be broken” (The Courier, No 167, January-February 1998).

reciprocity. After other problems that the Community had faced in the WTO it was clear that the new ACP-EU agreement had to be compatible with WTO's rules.

The poor outcome of the Lomé system had also underlined the need for reform. The funding under the successive EDFs and the STABEX scheme and the trade preferences did not prove to be sufficient to promote development in the ACPs. These unsatisfactory results had contributed to the creation of a crisis of legitimacy amongst the donors and "aid fatigue".

In response the EU is undertaking a reform process to improve the quality, impact and management of its development co-operation policy. The Treaty of Maastricht, in the new title of development co-operation, outlined the principles that this policy should follow, which are those of complementarity between the Member States and the EC development co-operation policies, co-ordination² and coherence, such that all the EC policies take into account the EU's development objectives. The Treaty of Amsterdam added the principle of consistency in all of the activities of the EU in the external relations field. To ensure compliance with these principles the Commission elaborated several Communications and the Development Council adopted resolutions³. Other possible reforms are being considered to try to improve the effectiveness of EC development aid. The EC delivers more than 10% of total ODA, and together with its member states it provides about 55% of total ODA, but this enormous increase in the amount of aid has not been accompanied by a similar increment in staff. Staff shortages, too rigid and centralised procedures, insufficient

² According to van Reisen (1999) about 3 billion euro is annually lost because of insufficient co-ordination EC-Member States.

³ On co-ordination, there was a communication from the Commission of 3 May 1995 and initiatives launched by the Development Council (Development Co-operation Policy in the run-up to 2000); on coherence, Resolution 8631.

programming and lack of strong monitoring and evaluating procedures are among the reasons cited for this poor performance.

A Communication to the Commission on the Reform of the Management of External Assistance (Brussels, 16 May 2000) describes the major reforms to be undertaken. Important administrative changes are outlined, the project cycle is unified and responsibilities are distributed differently; its six stages (programming, identification of projects and actions, appraisal, financing decision, implementation, evaluation) which until now have been split between DG RELEX, DG DEV and the SCR⁴ will now be shared between the geographical Directorates-General and a new implementing body, which initially will be built on the SCR. A Quality Support Group will be created to evaluate and monitor the results of the projects. It is expected that through these reforms the quality and impact of EC aid would be improved.

The Negotiating Positions.

The European Community

The Commission published a discussion paper in 1996 -the Green Paper- to promote dialogue and discussion on the subject. A Commission Communication was issued in October 1997, in which the major policy guidelines for future EC-ACP relations were set:

- to provide the new partnership with a strong political dimension
- to make poverty reduction the main co-operation aim
- to open up co-operation to economic partnership

⁴ The SCR is the Joint Service for External Relations, established in 1998 to implement and evaluate the projects.

- to manage financial and technical co-operation more selectively and rigorously.
- to respect the unity of the ACP as a group but develop geographical differentiation.

The Council, after analysing the proposal of the Commission for the negotiating mandate in an ad-hoc post-Lomé group and COREPER, issued the negotiating directives on 29 June 1998, under the British presidency. Most Member States accepted this mandate⁵. The negotiating mandate was structured around three main subjects: a) political dialogue, b) development co-operation and c) trade and economic co-operation.

Concerning political dialogue, the EC insisted on strengthening dialogue in all matters of common interest, including human rights, democracy, the rule of law and good governance. Violations of these principles would lead to the suspension of co-operation (the non-execution clause). In the development co-operation field, the cornerstone of the proposal is the eradication of poverty.

With trade and economic co-operation, the EU recognises that the Lomé system of non-reciprocal preferences has not been as beneficial as expected. Therefore it proposed the negotiation of co-operation and regional economic partnership agreements (REPAs) with groups of the ACPs, establishing free trade areas⁶. These agreements would be negotiated and the necessary reforms in the ACPs undertaken in the five years following the signature of the new agreement, coming into force in 2005. In the meantime another five-years waiver would be negotiated in the WTO. Besides this main option the EU proposed to open its market, almost completely, to all low-income developing countries (39 of the 71 ACP

⁵ The UK and the Netherlands were not so convinced on one of the main points of the mandate, the establishment of Regional Economic Partnership Agreements (REPAs). A Community co-ordination meeting had to be held on 29 July 1999 to discuss the topic.

⁶ See n.5 above.

countries are considered LDCs) and to allow for different agreements with non-LDCs that consider they are not in a position to negotiate and implement a REPA.

The ACP States.

The first summit of ACP Heads of State and Government was held in Libreville, Gabon, in November 1997. The negotiating mandate of the ACP group is based upon the Libreville Declaration, and subsequently the Santo Domingo Declaration, adopted on the 26th November 1999. In regard to political co-operation the ACPs were willing to widen and strengthen the political dialogue, including themes of interest to the ACP such as conflict prevention, immigration of ACP nationals to the EU and the environment⁷, while stating their adherence to the principles of democracy, the rule of law, human rights and good governance. Nonetheless they opposed the use of these principles by the EU to suspend development assistance unilaterally or render it conditional. In terms of development, the need to eradicate poverty was accepted as the main aim of the convention.

With regard to trade, while recognising that non-reciprocal preferences could not be permanently maintained, the ACP asked for a transitional period of ten years before they had to face the challenge of free trade with the EU. After this period the ACP suggested the maintenance of non-reciprocal preferences for all the low income ACPs. It remained to be seen what kind of arrangements would be made for the non-LDC's during the transitional period. The option of free trade arrangements would be considered, but the GSP

⁷ Para. 14 of the ACP Group Negotiating Mandate, Brussels, 30 September 1998, gives a longer enumeration of these areas, including EU-third country relations which adversely affect the interests of the ACP, greater participation of the civil society and private sector, humanitarian aid and food policies, arms trade, nuclear testing, drug-trafficking, money laundering, corruption, ethnic discrimination.

is regarded as “unattractive to the ACP” (para. 44). They also proposed the maintenance of commodity protocols and an improved STABEX and SYSMIN.

Both parties wanted a convention which was clearer and more flexible. As can be seen from both parties’ negotiating positions there was also considerable agreement on the development strategies, on the objective of poverty eradication and also on the enhancement of the political dialogue. Differences arose in the context of trade co-operation and the introduction of good governance as an essential element which could lead to the suspension of the assistance.

I. The Negotiating Process.

The negotiations were formally launched on 30th September 1998, in accordance with article 366(3) of Lomé IV bis. During the negotiations the ACP showed strong solidarity, despite its internal differences. Four negotiating groups were established; the Central Group, in charge of Political and Institutional Matters and co-ordination; Group 2 Private Sector, Investment and other Development Strategies; Group 3 Economic and Trade Co-operation and Group 4 considering Financial Co-operation. Three Ministerial Negotiation Conferences were held in Brussels on 29-30 July 1999, 7-8 December 1999 and 2-3 February 2000.

The fundamental principles of the EC-ACP partnership, such as equality between the parties, respect for sovereignty, ownership of the strategies by the countries concerned and differentiation, were relative uncontroversial issues. However other topics proved more contentious.

Both parties agreed to intensify the political dialogue so as to cover all areas of concern for the parties. In this context the essential elements of the partnership had to be agreed. Human rights, democracy and the rule of law were accepted, but the EU insisted on the inclusion of good governance which the ACP rejected because of its links with the non-execution clause⁸; for the EU the violation of one of the fundamental principles could entail the suspension of assistance. For the ACP it was necessary to ensure that no unilateral measures were undertaken by the EU under this clause without a consultation procedure in which political dialogue would be respected and the principles and procedures for these consultations clearly defined. They also considered that democracy and the rule of law already constituted good governance and that therefore there was no need to add a fourth essential element. It was not until the 7-8 December 1999 Brussels Ministerial Conference that agreement was reached. In this session “good governance” was defined as the transparent and responsible management of public resources for the purposes of equitable and sustainable development (this is now Article 9(3) of the new agreement). Good governance will not be considered an “essential” element but a “fundamental” which does not trigger the non-execution clause in itself, only in “serious cases of active and passive corruption”. Thus two procedures were adopted, one for consultation and adoption of measures in case of a violation of one of the essential elements (human rights, democracy and rule of law) and another for the violation of the good governance fundamental element.

The different positions concerning trade were probably the main difficulty to reconcile in the negotiations. Both parties agreed that the existing situation could not be sustained and

⁸ Mr. Adamou Salao, Minister in charge of the development, from Niger, told The Courier: “Neither the ACP nor EU states are against good governance. The main contention concerns its inclusion as an essential element in the future agreement (...) none of the ACP countries want to see good governance become an essential element, which if violated would trigger the non-execution clause and potentially lead to sanctions”. The Courier, No. 177, October-November 1999.

that it was necessary to bring the system into line with WTO requirements. But from the very beginning controversy about the transitional period arose; while the EC suggested a five-year period the ACP argued that they needed ten; the EU-ACP Joint Assembly supporting the ACP position⁹. Both parties decided to work together in the WTO to obtain a new waiver since the current one was due to expire with Lomé IVbis, in February 2000. The Dakar ministerial conference confirmed the need to reform the system and encouraged the negotiators to consider all the possible alternatives, such as regional economic partnership agreements (proposed by the EU) and GSP. Studies showed that the natural regions to establish the REPAs would be the Caribbean (based upon the existing CARICOM), the south of Africa (based on SACD), Occidental Africa (ECOWAS), Oriental Africa (COMESA) and maybe the Pacific. Individual agreements could probably be made with countries such as Nigeria, besides the already existing free trade area with South Africa. Negotiations will start in 2002 and the new agreements completed by 2008 at the latest, with a review of the situation in 2004 and in 2006. A further transitional period for the implementation of the agreement can run for up to twelve years. The content of the Agreements and their geographical coverage is not defined, although REPAs are the principal option. The EU is prepared to consider different alternatives for those non-LDCs who consider that they are not in a situation to implement a partnership agreement. Holtz (2000) has argued that the failure of the WTO conference in Seattle made the EU more receptive to the consideration of other options. The EU will grant free access to its market to all LDCs by 2005, while both parties will try to obtain a waiver from the WTO to cover the preparatory period.

⁹ In its Nassau (Bahamas) meeting of 11-14 October 1999 it stated that the EU's offer is "impractical, inequitable and will lead to increased poverty and social tension" (para. 4 of the ACP-

Both parties agreed that there is a need to achieve a more flexible and rational system. To this end they favoured decentralised decision-making and local ownership of the projects. But the EU considered that the number of instruments should be reduced and a new rolling system of programming established. This rolling programming system allows for the periodical revision of the allocations and strategies. The EU argued that resources should be allocated according to needs and performance. The ACP was concerned about the performance criteria, considering that if political performance was included as a resource-allocation criteria, and also to set in motion the non-execution clause, this would entail conditionality. At the same time they expressed the views that this system would undermine the predictability principle which is one of the basis of the Lomé acquis. A compromise solution was reached; there would be an initial resource allocation according to a joint assessment of needs and performance and this figure would be reviewed jointly every two years, on the basis of these results the allocations could be changed

The maintenance of STABEX and SYSMIN, as the ACP requested, was another focus of debate, with agreement only reached in December 1999. STABEX and SYSMIN were relinquished by the ACP group, but arrangements were made to provide for additional resources in case of short-term fluctuations in export earnings followed by the worsening of public finances.

Six new members from the Pacific have joined the partnership: The Federated States of Micronesia, The Republic of Marshall Islands, Palau, Nauru, Cook Islands and Niue. Cuba was expected to become the seventh new member, but her position is more complicated. Since 1997 voices in the Caribbean started suggesting the accession of Cuba to the Lomé Agreements. In May 1998 Cuba received observer status in the ACP Group and the same

EU Joint Assembly. Motion for a Resolution).

status was granted for the negotiations leading to a new EC-ACP Agreement by the EU Council, at the insistence of Spain, on 29 June 1998. At the conclusion of the negotiations the Cuban authorities made an application to sign the Convention by a Verbal Note (2nd February 2000). But before the decision was to be taken on the 26th April 2000, Cuba formally withdrew her petition. In the words of the Granma Cuban newspaper this was a consequence of the discriminatory treatment that it was suffering from the EU, which had sent the 'troika' to visit the country on a fact-finding mission before making a decision. This procedure had never been used before, argued the Cuban authorities, whom believed that the EU was trying to set conditions on the Cuban accession to the Convention. Other commentators believe that the cause of the withdrawal was the need to avoid a rejection of the application. Although apparently the end of the process, in August a delegation of the ACP countries headed by the President-in-Office of the ACP Council of Ministers, visited Cuba¹⁰. This mission showed the solidarity of the ACP group towards the island and stated that she would become a full member of the ACP group after the necessary modifications to the Georgetown Agreement. The Cuban authorities informed the ACP mission that they were still willing to sign the Cotonou Agreement provided that the EU does not impose any prerequisite conditions on the island. Membership would offer Cuba considerable benefits and mark the beginning of a new era in her bilateral relationships with the EU, with the social, economic and political advantages that can derive from it.

The convention was to have been signed in Fiji, on June 8th 2000, but because of the political situation in the country it had to be moved to Benin, being signed in Cotonou on

¹⁰ The mission spent three days in Cuba (3 to 5 of August 2000) and amongst its members were the former ACP Council President, Mr. John Horne, Minister of Trade of St. Vincent and the Grenadines; the Chairman of the Committee of Ambassadors, Mr. Almand Guy Zounguer-Sokambi (Central Africa); the former Chairperson of the Committee of Ambassadors Mrs Yvette

the 23rd June 2000. The abandonment of the Lomé title, after twenty five years, reflected the desire to indicate the fundamental nature of the changes in the relationship between the EU and the ACP states that the new agreement represented.

II. The Cotonou Agreement

The Agreement signed in Benin, the 23rd of June 2000, is structured in six parts, preceded by a Preamble and followed by six Annexes, three Protocols and a Final Act. These parts are the following: Part 1: General Provisions; Part 2: Institutional Provisions; Part 3: Co-operation Strategies; Part 4: Development Finance Co-operation; Part 5: General Provisions for the Least-Developed, Landlocked and Island ACP States; Part 6: Final Provisions. The Agreement will enter into force two months after the deposit of the ratifications of all EC Member States and at least two-thirds of the ACP states and of the instrument of approval by the Community (Article 93). It will cover a twenty years period, commencing on 1 March 2000 with financial protocols of five years of duration. Every five years it will be possible to review the provisions of the Agreement if requested by the Community and Member States or the ACP states (Article 95).

The objectives of the agreement are stated in Article 1, the principal one being the reduction and eventual eradication of poverty. In addition “the gradual integration of the ACP countries into the world economy” and “sustainable development” are also to be pursued, while it will “take account at the same time of the political, economic, social, cultural and environmental aspects of development”. Other objectives are mentioned in this

Azor Charles (Haiti) and the Secretary General of the ACP Group, Mr. Jean Robert Goulongana (Gabon).

opening Article which are developed further in the agreement (i.e. promotion of economic, social and cultural development, regional and sub-regional integration processes, gender issues, democracy and functioning of the market.

The fundamental principles of the Agreement are stated in Article 2; they are the equality of the partners, ownership of the projects by the actors concerned and definition by the ACP of their development strategies, participation of non-state actors, the pivotal role of dialogue and differentiation and regionalisation.

The Agreement introduces as an important innovation a chapter about the actors in the partnership¹¹. Apart from the central government this includes the local and regional authorities and civil society “in all its forms” (Article 6(1)b) and the private sector. According to Article 4 non-State actors will be involved in the development process, “where appropriate”, through information and consultation on co-operation policies, strategies, priorities and political dialogue; they would be provided with financial resources and capacity-building to reinforce their capabilities, and encourage and support their creation; they will also be involved in the implementation of the projects.

Political dialogue is emphasised in the Agreement. According to Article 8 “The Parties shall regularly engage in a comprehensive, balanced and deep political dialogue leading to commitments on both sides” (8(1)). Through this mechanism the parties will exchange information and discuss the objectives of the Agreement and any other matter of mutual or general concern; mentioning as examples the arms trade, excessive military expenditure, drugs and organised crime, ethnic, religious or racial discrimination, the promotion of peace and prevention of violent conflicts and the respect of human rights, democratic principles, the rule of law and good governance. As the topics show, the material scope of

the political dialogue is very broad. To expand even more its operational field, Article 8(6) states that it will be conducted flexibly, formally or informally, in the institutional framework but also outside, allowing for the participation of regional, sub-regional organisations and representatives of the civil society (Article 8(7)).

The essential elements of the Agreement are mentioned in Article 9; human rights, democracy and the rule of law will be promoted and supported. If one of these essential elements is violated this may trigger a consultation mechanism established in Article 96. According to this scheme the Party who considers that the other one has failed to fulfil an obligation on these topics shall provide that Party and the Council of Ministers with information and invite the Party to participate in consultations. The consultation process is not defined (“at the level and in the form considered most appropriate”) in contrast to Lomé IV, (Article 366a of Lomé IV bis). Only a temporal limit is set: consultations have to start within 15 days after the invitation and finish within the following 60 days. Experience showed that the previous 30 day period was too short. The rest of the Article defines what could be done in cases of special urgency, if consultation is refused and if a solution is not achieved. The ACPs fought hard against the clause allowing for unilateral action in cases of special urgency, but without success. What they have achieved is the introduction of detailed definitions of “cases of special urgency” (“exceptional cases of particularly serious and flagrant violation of one of the essential elements ...that require an immediate reaction”) and of “appropriate measures”, stating that these measures should be undertaken in accordance with international law, be proportional to the violation and “priority must be given to those which least disrupt the application of this agreement”. Aid suspension is considered a measure of last resort, as already stated in Lomé IV bis (Article 366a). If a

¹¹ Chapter 2, Title I Part 1, Articles 4 to 7.

Party is going to use this procedure then it has a duty to inform the other and the Council of Ministers “unless it does not have the time to do so” and if measures are adopted they have to be notified immediately to the other Party and the Council of Ministers. The Agreement allows the ACP to comment on the measures imposed on them, although a posteriori.

Good governance is considered a fundamental element -not an essential one- as a compromise solution after tough discussions. It has been defined as “the transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development” (Article 9(3)) and the non-execution clause will be set in motion only in “serious cases of corruption, including acts of bribery”. Article 97 establishes a procedure to deal with these violations which differs from that established for violations of the essential elements: consultations would be held in a time limit of 21 days after the invitation to hold them and a maximum of 60 days, but sanctions can be imposed only in very serious cases affecting the management of significant funds provided by the Community.

Importantly Article 12 states that the Community should inform the ACP Secretariat of any intended action that might “affect the interests of the ACP States, as far as this Agreement’s objectives are concerned” and that consultations may be held to ensure the coherence of Community policies and analyse the impact they may have on the Agreement. The parties also agreed to co-operate in peace-building policies, conflict prevention and resolution (support for mediation, negotiation, reconciliation efforts) in Article 11.

The polemic issue of migration is addressed in Article 13. The first paragraphs of the article deal with legal migration, reaffirming the right of fair treatment that legal migrants enjoy and the equal treatment of ACP workers in a EU Member State and vice versa. The

EU has committed itself to supporting the training of ACP nationals, supporting the economic and social development of the regions from which migrants originate and facilitate access to education for ACP students. The issue of illegal immigration was more delicate and controversial. There is a commitment from both parties to accept the re-admission of any of its nationals residing illegally in the other party's territory, but the EU did not succeed in introducing the same provisions about stateless persons or third country nationals. Bilateral agreements will be negotiated governing this specific topic at the request of any Party; ie. the Community, any of its Member States or any ACP State.

As far as the institutional structure is concerned, the three main institutions - the Council of Ministers, the Committee of Ambassadors and the Joint Parliamentary Assembly – are maintained. The Council of Ministers (members of the Council of the European Union, of the Commission and a member of the government of each ACP State) is responsible for policy guidelines, it is also responsible for the political dialogue and the consultation mechanisms. The Committee of Ambassadors is given specific powers for the first time: besides its task to assist the Council of Ministers it will also prepare for the Council sessions (Article 16). The Joint Assembly is now called the Joint Parliamentary Assembly to emphasise the parliamentary origin of its members, although its composition has not changed: members of the European Parliament and members of the Parliament of the ACP states or their delegates. It remains a consultative body, having amongst its functions the adoption of resolutions and recommendations to the Council of Ministers (Article 17).

Part 3 of the Agreement addresses the “Co-operation strategies” including Development strategies (Title I) and Economic and Trade Cooperation (Title II) , which are considered “interlinked and complementary”(Article 18).

In development the main objective of the Agreement is poverty reduction and ultimately its eradication. This aim will be pursued according to the individual circumstances of each ACP country, promoting local ownership of the reforms and the involvement of the private sector and civil society in the development process. Non-state actors and the Government should initiate consultations to establish country development strategies. The targets and conclusions of the UN Conferences and other international level commitments will be respected (Article 19).

To achieve the central aim of the Agreement an integrated approach will be set in motion; with strategies including economic, social, cultural, environmental and institutional elements. Specific strategies and programmes are not outlined in the Agreement: they will be identified in “a compendium providing policy guidelines in specific areas or sectors of co-operation”. These texts may be modified and adapted to the changing circumstances by the Council of Ministers (Article 20). This innovation is aimed at introducing flexibility in the management of development co-operation. Therefore the articles of the Agreement about development simply state the specific fields of co-operation and establish some means of co-operation and support structured around four areas: economic development, social and human development, regional co-operation and integration and thematic and cross-cutting issues.

Article 21 states the need to support and improve the environment to promote private investment and the development of the private sector through the promotion of public-private sector, development of entrepreneurial skills, support of financial and non-financial services to enterprises, of microenterprise development and technical support. Article 22 is concerned with macroeconomic and structural reforms and policies, stating that to achieve macroeconomic growth and stability the ACPs will work towards “disciplined fiscal and

monetary policies” and an improvement in the external and fiscal balances, managing the budget more transparently and efficiently. It remains the responsibility of the ACPs to determine the direction of their development and the design of the necessary reforms. Assistance will also be provided in a number of areas, such as agricultural production, water resources and fisheries, rural strategies, infrastructure and services (transport, telecommunication systems, communication services and information society), mining and energy, trade, finance and banking, scientific, technological and research infrastructure and services, and tourism. Concerning the latter, Article (24) develops it further, emphasising the growing importance of tourism in the economic development of the ACPs and the need to cooperate in the support and improvement of the sector. It was only after tough negotiations that the ACPs, at the very end of the negotiating process, succeeded in the inclusion of such a clause, tourism being “the largest industry in the region and the second largest in the world”, according to the Executive Director of the Caribbean Council for Europe, David Jessop¹².

Social and human development includes co-operation in social sector policies (Article 25) in an effort to ensure “access to basic social infrastructure and services” and mentions explicitly education and training, health systems, nutrition, family planning, prevention of female genital mutilation, fight against HIV/AIDS, access to safe water, shelter, respect for basic social rights and social dialogue; youth issues and childrens’ rights (Article 26) and culture (Article 27).

Regional Co-operation and Integration is strongly supported and promoted in the Agreement. Co-operation in this field will be aimed at fostering the gradual integration of the ACPs into the world economy, accelerating co-operation amongst regions, promoting

¹² “This Week in Europe, 18 February 2000”, by David Jessop.

free movement of persons, goods, services, capital, labour and technology and the diversification and promotion of trade.

The thematic and cross-cutting issues refer to three main topics -gender equality, environmental sustainability, institutional development and capacity building- into which the principle of mainstreaming is introduced (Article 20(2)). Under the Agreement every single development programme or strategy will have to consider its effects upon these objectives.

The Trade Co-operation Title introduces significant changes in the trade relations between the EU and the ACP. The Agreement itself that it creates “a new trading dynamic between the Parties”, and that the new system is to be implemented “in full conformity with the provisions of the WTO” (Article 34(4)). The main objective of co-operation in this field is to foster “the smooth and gradual integration of the ACP States into the world economy” (Article 34(1)) and to make it easier for them to “manage the challenges of globalisation” and to facilitate “their transition to the liberalised global economy” (Article 34(2)). The detailed regime has not been outlined; the new Agreement establishes only an ‘agreement to agree’ at a later stage on the future arrangements.

Economic partnership agreements, consisting mainly of the reciprocal removal of barriers to trade between the parties, will be negotiated between the EU and the ACP regions or countries who consider themselves in a position to do so. South Africa is excluded from these provisions because it has its own trading regime (a Free Trade Agreement approved in March 1999). Negotiations will start in September 2002, progress reviewed in 2006 and completed in December 2007 at the latest. The trade measures of the agreement applied from the 1st March 2000 according to the transitional measures adopted on 29 February 2000 by the Committee of Ambassadors. The preparatory period, during

which negotiations would be conducted will be governed by the same rules contained in Lomé IV bis: Annex V (“Trade regime applicable during the preparatory period referred to in Article 37(1)”) states that ACP’s products will enter the Community market free of customs duties, charges having equivalent effect, quantitative restrictions or measures having equivalent effect. A new waiver to cover this period has been requested from the WTO (April 2000) to obtain an exemption from compliance with Art.I.1 of GATT. It would be a general waiver under Article IX:3 of the Marrakesh Agreement establishing the World Trade Organisation, requiring a 75% majority of the members to be granted, although in practice these kind of decisions are taken by consensus. The new Regional Economic Partnership Agreements (REPAs) shall enter into force in January 2008, although they can establish a transitional period which may last 12 years, that is, 2020. The negotiations will be flexible and entail the review of the rules of origin and the asymmetrical dismantlement of the tariffs (Article 37(7)).

The ACP countries who are low income developing countries (LDCs) - currently 39 more than a half of the ACP group and two thirds of ACP sub-Saharan African countries (ECDPM, 2000) - will receive a different treatment. The Community will provide duty free access for almost all products coming from all LDCs through a process that will start in year 2000 and completed by 2005 at the latest (Article 37(9)).

For the remaining countries who, after consultations with the Community, do not consider themselves in a position to negotiate REPAs, the Community will review their situations in 2004 and an undefined alternative WTO compatible solution will be provided (Article 37(6)).

A new body, the Joint Ministerial Trade Committee, has been established by Article 38, composed of representatives of both parties and in charge of following the multilateral

trade negotiations, examining their impact on ACP-EC trade and development and making recommendations.

The likely impact of the establishment of REPAs remains uncertain. The Commission funded a number of independent impact studies of REPAs, particularly on six regional grouping – CARICOM (Caribbean), EAC (East Africa), the Pacific, SADC (South Africa), UDEAC-CEMAC (Central Africa) and UEMOA (West Africa)). The results were rather inconclusive because of the varying assumptions of the studies, the different methodologies employed and the poor quality of the ACP data, but they did suggest that trade diversion would occur, mainly in SADC¹³. For the Pacific region a REPA does not seem to be beneficial, while the EAC could obtain some gains in exports but experience some losses in terms of producer costs and tariff revenues.

Another fact that has to be born in mind in regard to REPAs is that for a Free Trade Area (FTA) to be compatible with the WTO it has to cover “substantially all the trade” between the parties. The precise meaning of this expression has been a matter of dispute, but it is considered that a whole sector should not be excluded¹⁴, although others have talked about 90% of trade being included. This poses the problem of the agricultural sector, protected under the CAP. Would agriculture have to be included to achieve a WTO-compatible FTA? Would the EU accept the opening to competition of the agricultural sector, and, if so, under which conditions? The EU has in its own agenda for the reform of the CAP and the outcome of this process will be of fundamental importance for the ACPs and the negotiations of the REPAs.

¹³ The loss in tariff revenues is estimated to be of around \$7.5 billion for the ACP group. This amount of money would have to be provided in some way to the ACPs if REPAs are to succeed (Van Reisen, 1999).

The results of the Millennium Round of the WTO could also be crucial for the future of the REPAs. The fact that negotiations of REPAs will probably coincide with WTO negotiations for the new trade round is considered a problem for some, who argue that most ACPs “do not have the capacity to engage simultaneously in the two sets of negotiations” (Eurostep, 2000). However the ACP and EU have made a commitment to work together to protect their interests in the international fora, such as the WTO (Article 39).

Trade in services is also considered, mentioning specifically Maritime Transport (article 42) , Information and Communication Technologies, and Information Society (article 43). A chapter on “Trade-related areas” states the need to promote co-operation in the establishment and implementation of competition policy, protection of Intellectual Property Rights, Sanitary and Phytosanitary Measures, Consumer Policy and Protection of Consumer Health, Standardisation and Certification, and to achieve a balance between trade and environment protection and trade and labour standards. In regard to labour standards, both parties recognise the authority of the International Labour Organisation (ILO) and mention particularly the right to collective bargaining, the abolition of forced labour, the elimination of the worst forms of child labour and non-discrimination in employment (Article 50(1)). A brief chapter (“Co-operation in other areas”) closes this trade title, stating the willingness of the parties to negotiate fishery agreements and the importance of food security (Articles 53 and 54).

The commodity protocols were also a matter of concern because of their incompatibility with WTO rules. As a result of the disputes about the Banana Protocol before the WTO the new agreement does not establish a new banana regime, but only recognises the importance

¹⁴ In the Uruguay Round Understanding on the Interpretation of Article XXIV, the Preamble states that the contribution of regional arrangements to world trade is “diminished if any major sector of

of bananas for many ACP countries and that its production and marketing will be improved through “all the means available under the arrangements of the Convention”¹⁵ without identifying the mechanisms. The Rum Protocol expired in 2000 while the Sugar and the Beef and Veal Protocols are attached to Cotonou as Protocol 3 and 4 of Annex V.

Part 4 of the Agreement deals with “Development Finance Co-operation”, and it is structured in four Titles - the General provisions, Financial Co-operation, Technical co-operation and Procedures and management systems. Article 56 recognises the need to promote local ownership, reflect partnership and for a flexible approach that recognises the situation in each ACP State and ensures co-ordination, predictability, security, efficiency and consistency. The responsibilities of the parties are identified in Article 57; the ACPs have to decide the objectives and priorities which will serve as a basis in formulating their National Indicative Programmes and implement them. The ACP and the Community will establish the guidelines for co-operation and adopt the indicative programmes, monitoring and evaluating them, while the Community is solely responsible for the financial decisions. The programming process is structured as follows¹⁶; the Community and the ACP jointly elaborate a Country Support Strategy (CSS) containing an analysis of the political, social and economic situation of the country and outline the medium-term development strategy of the country, stating priorities, strategies and the expected financing requirements. A National Indicative Programme (NIP) builds on the CSS defining precisely the priority sectors or areas, the measures and operations to be undertaken to attain the objectives, a timetable for its implementation and its review. The NIP is drafted by the ACP state

trade is excluded” (McMahon, 1997).

¹⁵ Article 2, Protocol 5 (“The Second Banana Protocol”) of Annex V.

¹⁶ Annex IV of the Agreement, “Implementation and Management Procedures”, Chapter I: “Programming (National)”.

concerned and adopted by common agreement between the state in question and the Community¹⁷. Reviews include an annual operational review of the indicative programme and a mid-term and end-of-term review of the CSS and the NIP. In the light of the mid-term and end-of-term review the Community can alter the initial resource allocation according to the needs and performance of the ACP state. This is one of the main innovations in the agreement, which has been called a 'rolling programming' and was opposed by the ACPs. Through the assessment of performance and the allocation of funds the Community will attempt to promote and encourage the attainment of objectives that it considers important and good practice in its management. Thus aid has lost its automatic character; when an initial sum is allocated to a country for a five year period this amount is no longer an entitlement, but an indicative figure. Needs and performance criteria have been agreed between the ACPs and the Community. Needs criteria are per capita income, population size, economic and social development indicators (Human Development Index), level of indebtedness, export earnings losses and dependence on export earnings. Performance criteria include progress in the implementation of institutional reform, the use of resources by the country, the effective implementation of current operations, poverty alleviation or reduction, sustainable development measures, macroeconomic and sectoral policy performance. A new body, the ACP-EC Development Finance Co-operation Committee, has been established to annually assess if the objectives of this co-operation are being met, if there are implementing problems and how to solve them (Article 83).

¹⁷ Chapter 2 of Annex IV deals with the programming procedure at regional level. The process is similar to the national one, but establishing Regional Support Strategy (RSS) and a Regional Indicative Programme (RIP). The Community will specifically support in this context the regions that have decided to negotiate REPAs with the EU.

The allocation to each country will comprise two elements; one for macroeconomic support, sectoral policies, programmes and projects, and another complementary fund to cover “unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings”¹⁸. The Parties have also agreed to co-operate in debt relief issues, providing the Community resources, assistance and training to deal with the problem of indebtedness.

The number of instruments has been reduced. The new Agreement establishes an envelope for support for long-term development that will be used to finance the NIPs; an instrument used to finance the support for regional co-operation and integration, and an Investment Facility to support enterprises and managed by the EIB. A whole chapter is dedicated to “Investment and Private Sector Development Support” (Articles 74 to 78) in a recognition of the fundamental role of the private sector and investment in the development process.

A new system is introduced to mitigate the losses caused by reductions in export earnings, substituting for STABEX and SYSMIN. If a country's agricultural or mineral export revenue represents more than 40% of total export earnings (averaged over three of the four years preceding the application), they fall by more than 10% (2% in the case of low income ACPs) and it is accompanied by a 10% deterioration in public finances, as forecast for the following year, then the EU will provide additional aid. The new system has overcome one of the problems of STABEX and SYSMIN since it is not limited to a particular number of agricultural and mineral products but may cover any good if it accounts for the qualifying percentage of export earnings.

¹⁸ Article 3(2)b of Chapter 1, Annex IV.

The amount of funding granted under the new Agreement for its first five years is indicated in the Financial Protocol (Annex I). The 9th EDF is established and more funds are provided from the unexpended resources from previous Funds, the EIB resources and, “where appropriate”, resources coming from the Community’s budget. The total amount is €15,200 million, with €13,500 million coming from EDF9 and the remaining €1,700 million from the EIB. In real terms, the new EDF will be smaller than the previous one. The 9th EDF will be distributed as follows; €10,000 million for the envelope for support of long-term development, of which €90 million will be for the Centre for the Development of the Enterprise (CDE), €70 million for the Centre for the Development of Agriculture (CTA) and a maximum of €4 million for the objectives of the Joint Parliamentary Assembly (Article 17). Regional co-operation and integration will receive €1,300 million, and the Investment Facility €2,200 million. The use of funding can only begin once the Agreement has been ratified, a process that will take approximately two years.

III. An Assessment

As already observed, despite the trade preferences and assistance offered to the ACPs their economic performance has, in general, been unimpressive. The ACP's share of EU imports has declined from 6.7% in 1976 to only 2.8% in 1999 and they remain amongst the poorest countries in the world. Although much of the failure lies in the economic policies pursued by the ACP states themselves, part of the explanation can also be found in the weaknesses in EU aid and trade policy. Trade concessions have frequently excluded "sensitive products", that is products where strong EU vested economic interests would

suffer from enhanced competition from ACP suppliers. It is in these very products that ACP producers usually have a significant comparative advantage. The most conspicuous example of this problem is the operation of the Common Agricultural Policy. It is the Uruguay Round and the WTO which are making the major contribution to reducing this protectionism, but this broader move towards free trade is also undermining the relative preferences enjoyed by the ACP states under Lomé. For example, the ACPs exemption from the restrictions of the Multifibre Arrangement will be undermined by its phasing out by 2005 under existing EU commitments to the WTO. Further, it is WTO obligations that have come to represent the major challenge to the whole EU-ACP trade framework. Since the ACP group includes middle income developing countries the successor Cotonou Agreement has faced serious constraints if it is to be WTO compatible. Hence the EU is expecting REPAs for the middle income ACPs to emerge from the trade negotiations that Cotonou sets in train.

This approach has been reflected in the final Cotonou Agreement. "Economic and trade cooperation shall build on regional integration initiatives...a key instrument in the integration of ACP countries in the world economy"(Art. 35.2). Art. 29 advocates regional economic integration, with a movement towards free trade areas, customs unions and single markets amongst the ACPs, while Art. 30 encourages functional regional cooperation in such areas as infrastructure, water resources, health and education. However the EU's enthusiasm for the regional integration model of economic development may prove a little unrealistic. As they are heavily dependent upon import duties for tax revenues, movements towards regional free trade may have important public finance implications for many ACPs. There is also a failure to sufficiently recognise the distributional implications from economic integration. The losers from the structural adjustments required in the more

competitive economic environment of free trade areas are unlikely to be compensated by the level of transfers that the EU Member States have been able to support within the Community, nor is the level of EU assistance under Cotonou likely to prove sufficient. Attempts at customs unions/free trade areas amongst developing countries have often foundered on this issue.

The EU's clear expectation is that most middle income developing countries will conclude reciprocal REPAs by 2008. However some ambiguity remains, the Agreement recognising that "the parties reaffirm their attachment to ensuring special and differential treatment for all ACP countries" (Art. 35.3). Further, although "economic and trade cooperation shall be implemented in full conformity with the provisions of the WTO" this is qualified to "take account of the Parties' mutual interests and their respective levels of development" (Art. 34.4). Art. 37.6 also holds out the prospect of an examination of "all alternative possibilities" for those middle income ACP states who are not in a position to enter into a REPA and which offers "a new framework for trade which is equivalent to their existing situation and in conformity with WTO rules". This one Article embodies, but fails to reconcile, the central conflict at the heart of the debate about future trade arrangements. However the most likely fall back option for those middle income States that fail to agree REPAs appears, from the EU perspective, to be the General System of Preferences, which is currently available to all non-ACP developing countries.

Meanwhile the 39 low income ACP members will continue to receive the existing non-reciprocal trade concessions. However the EU has already offered tariff and quota free access for virtually all products from the 48 low income developing countries by 2005, undermining the value of the existing concessions.

Thus the ACPs will be fragmented into three groups, with those negotiating REPA into further regional groupings. However many of the ACPs believe that the move to WTO compatible regionalised reciprocal free trade can be challenged. In particular they argue that the WTO itself can be influenced by the demands of the developing countries to an extent that has not happened in the past. In particular the rules governing regional agreements may be subject to modification to allow for a greater degree of asymmetry. Significantly the REPA negotiations will be "undertaken at the level they consider appropriate and in accordance with the procedures agreed by the ACP group" (Art. 37.5), providing an important means of maintaining ACP solidarity in the face of the regionalisation pressures.

Whether within this new trade framework the ACPs will be able to sustain a unified approach to aid negotiations also remains to be seen. Aid is already allocated on a country by country basis through the National Indicative Programmes - to be supported by the development of country strategies. There is also an increasing emphasis upon regional aid - with an allocation of €1.3 bn. in EDF9 - and specific references to the regional element in the assessment of national structural adjustment support (Art. 67.2). Thus a more differentiated approach to ACP aid seems more likely in the future with, at best, future Conventions providing only a broad framework within which regional groupings will negotiate their own trade and aid packages. The Cotonou negotiations were recognised as a challenge to the unity of the ACP group and that challenge has not gone away.

One of the significant innovations in the new Agreement is the emphasis upon the role of "non-state actors", viz. the private sector, economic and social partners and civil society (NGOs and local community organisations)(Art. 4). The EDF can directly finance these "complementary" participants in the development process, but only with the approval of the

ACP government (Art. 58.2). This requirement may, in some important cases, frustrate their involvement. This is an important consideration since this approach has been interpreted as a reflection of the desire of the EU to develop alternative methods of delivering assistance to those parts of the population who, it is believed, have been neglected by their respective governments, or to overcome problems of inefficiency or corruption in the public administrations. Throughout the document the role of the private sector (Art.21) and a development strategy focused upon the creation of competitive markets (Art.20.1d) is emphasised. In regard to the activities of the government and the public sector, explicit commitments to human rights, the rule of law, democratic principles and good governance (Art.9) were required of the ACPs. These essential and fundamental elements will be central to the political dialogue and regularly monitored. The Agreement also specifies the mechanism to be followed in the case of breaches of these principles (Art. 96). However a distinction is made for good governance, the only fundamental element, where only "serious cases of corruption" constitute a violation. Although a mechanism is now in place to tackle the central problem of public corruption and inefficiency the consistent, transparent and relatively apolitical assessment of progress in these sensitive areas is likely to prove problematic for the EU and a sensitive issue in EU-ACP relations.

In assessing the Cotonou Agreement it is particularly useful to relate its features to the recent Commission papers outlining the principles of EC Development Policy (COM (2000) 212) and the Communication on Reform of the Management of External Assistance (2000). These two documents clearly identify the weaknesses of EU development policy and its implementation and provide a framework to ask the question - do the innovations in the new Agreement address the problems that have been identified?

One of the principal criticisms offered of EU policy is its failure to distinguish clear priorities - "the lack of an overall Community strategy and the fact that the objectives of Community development policy are too numerous, too vague and not ranked in any way." (EC 2000a page 5). However both Cotonou and the statement on development policy clearly identify poverty reduction as the primary objective of EU assistance. But in the Agreement this is qualified - "consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy" (Art. 1). The environmental demands of sustainability and of structural reform and enhanced competitiveness can all be accommodated in this statement. Article 3 (Annex IV) outlines the criteria to be applied in the allocation of funds on the basis of both "needs" and performance. "Needs" is broadly defined to include per capita income, population size, social indicators, indebtedness and export vulnerability. "Performance" again includes poverty reduction, but in addition institutional reform, efficiency in use of resources, sustainable development and macroeconomic and sectoral performance. Such ambiguity may be regarded as a sensible recognition of the trade-offs that will have to be made in the implementation of development strategies in the ACP states or as a politically expedient "get out clause" compromising the poverty reduction objective. Only experience will determine which of these views is well founded.

The statement of EU Development Policy also calls for coordination with other international donors and this is clearly reflected in the new Agreement. Art. 67.4 offers automatic qualification for Structural Adjustment Support to those ACP states whose reform programmes are "acknowledged and supported at least by the principal multilateral donors".

Turning to the identified administrative weaknesses of EU aid Cotonou has included a number of innovations to address them. The number of aid instruments has been rationalised and refocused into two envelopes. One brings together all non-reimbursable aid and the other, the Investment Facility, risk capital and loans for the development of the private sector. STABEX and SYSMIN have been replaced by additional assistance within the NIPs (Art. 68), which themselves will be administered in a rolling programme of funding and review. Similarly the regional programmes will be included in the system of rolling programming and will be subject to a mid and end of term review. Provision has also been made in the Agreement for revision of the sector-based guidelines and the procedures for implementing the financial assistance. These changes will provide significant additional flexibility to respond to the changing circumstances and performance of each ACP. The outstanding funds from previous EDFs will now be consolidated into EDF9, assisting the process of disbursement and addressing one of the major criticisms of the EU aid programme. Cotonou also represents a further shift towards more general budget and sectoral support and away from project aid. Greater responsibility will now fall upon the ACP state themselves to identify and administer the funding for individual projects. They will be faced with absorbing €3.5 billion each year of EDF9. To this end the emphasise upon "capacity building" in the ACP's public administration becomes central. The EU may therefore develop a system which, over time, has a greater focus upon monitoring rather than direct implementation.

However the responsibilities of the EC for the development of Country Support Strategies and the involvement in the formulation of the NIPs and regional programmes, will still represent a substantial administrative burden for the EC. It is not apparent that the rationalisation of policy instruments and management procedures, and the attempts at

delegation of administration, both to the ACP states themselves and to EU Delegations within the ACPs, will answer the concerns that have been expressed as to the administrative overstretch that has been identified in the Commission's aid administration. Moving to a rolling programme of assessment and allocation must increase the administrative burden, while the increasing concern in the Member States as to the effectiveness of the Community aid programme is likely to lead to an increasing emphasis upon aid evaluation. The explicit commitment in Art.19.2 to "putting in place qualitative and quantitative indicators of progress" is symptomatic of this pressure. It is intended, for example, to publish an annual "Compendium of Reference Texts" identifying best development practices to inform the monitoring of the performance of the Agreements development programme. Although monitoring and evaluation is a shared responsibility with the recipient state (Art. 57.4 & Art. 33 Annex IV) it is unlikely that the EC will be able to abrogate prime responsibility given the substantial size of Community funds involved in this area of EU activity.

The evaluation of EC aid administration identified a particular problem with the role of the EC's humanitarian and emergency relief through its Humanitarian Office (ECHO). Although intended only to fund short-term relief ECHO has grown rapidly and been criticised for involvement in longer term development projects. Emergency assistance, provided by ECHO, is defined in the Agreement as "short-term rehabilitation and reconstruction.. creating the conditions for the resumption of development"(Art.72.3c). But "underlining the developmental nature of the assistance (it) may be used exceptionally together with the indicative programme at the request of the State concerned" (Art.72.5). "Post-emergency action...may be undertaken with Community assistance..(to) ease the transition from the emergency to the development phase" (Art.73.1). Clearly the Agreement

fails to express a considered view by the EC on this question of the division of labour within its own administration but it is sufficiently flexible to accommodate whatever internal changes the EC finally decides to make.

The Cotonou Agreement continues with a separate EDF, at least for the first five years. However the EC has proposed the budgetisation of all EU aid. As the focus of aid has shifted towards the states of Central and Eastern Europe, in line with the EU's political priorities, and the number of budget lines has multiplied, there has been increasing pressure to regularise and simplify the budgeting process. However this will raise the important political issue of the different contributory basis of the EDF and the general EU budget and the different systems of political control. As early as 1973 the European Parliament had proposed the incorporation of the EDFs into the Community Budget, but this had been rejected by the Council of Ministers. Although the Commission includes the EDFs in its pre-budget proposals and the Parliament in its annual budget, control remains with the Member States. Budgetisation of the EDF would also expose ACP assistance more explicitly to competition for funding from other EU expenditure priorities and from aid to other developing countries. There is nothing in the Agreement which would prevent such a change after 2007, indeed the EU may argue that this is entirely an internal administrative matter for the EU and not subject to ACP consultation.

However there are also a number of important issues that remain to be negotiated under the aegis of the Cotonou Agreement. The replacement trade regime has already been mentioned, with the outcome uncertain for all except the low-income countries principally concentrated in Africa. The increasingly sensitive issue of migration and repatriation of third country nationals and stateless persons has also been left for future Community and bi-lateral negotiations (Art. 13.5ii.). The detailed administration of the rolling programme

of aid evaluation and funding has yet to evolve, all within the context of the pressures for reform of the Commission emanating from the Member States of the Community. The political dialogue focusing upon good governance and human rights has yet to begin in earnest, with an unknown outcome. Meanwhile the European Community's attention is turning to the challenges of monetary integration and expansion Eastwards. Thus the relationship that emerges between the EU and the ACP at the end of the term of the Cotonou Agreement is likely to be radically different from that which has been sustained for the last 40 years.

Trade regime established by the Cotonou Agreement.

Date	Negotiations	Trade regime
Until September 2002 April 2000	Parties prepare for negotiations EU requests "waiver" from other WTO members so as to be allowed to continue giving "Lomé" preferences to the ACP until 2008.	Current non-reciprocal tariff preferences - the all - ACP "Lomé" regime- maintained for 70 ACP countries other than South Africa (pending WTO waiver is granted)

<p>September 2002 until 31 December 2007</p>	<p>EU negotiates "Economic Partnership Agreements" (free trade agreements) with ACP countries, as regional groups or individually</p>	
<p>2004</p>	<p>EU and ACP review possible alternative arrangements for non-LDCs who "decide they are not in a position" to sign free trade agreements</p>	
<p>2006</p>	<p>EU and ACP review planned arrangements for all countries "to ensure that no further time is needed for preparations or negotiations"</p>	

<p>1 January 2008 until 2018/2020</p>	<p>Implementation of new Economic Partnership Agreements (EPAs)</p>	<ul style="list-style-type: none"> • All-ACP "Lomé" regime ends • ACP signatories to EPAs gradually open "substantially all" their trade to imports from the EU • LDCs who opted out of EPAs keep non reciprocal tariff preferences • Non-LDCs who opted out of EPAs get a (yet undefined) alternative treatment
<p>From 2018/2020 onwards</p>		<p>Free trade agreements in place between EU and ACP signatories to EPAs</p>

Source: ECDPM, Lomé 2000 (14).

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