

Full Length Research

Economic Partnership Agreement (EPA) An Imperialist Agenda?

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The study examined the economic relationship between the European Union (EU) and the Africa Caribbean and Pacific (ACP) group with a view to ascertaining the extent to which this relationship has facilitated development in the ACP countries. It reviewed the Economic Partnership Agreements (EPAs) instrumentality of various trade protocols between the two groups to see how the development challenges of countries of the ACP group have been addressed. The theoretical framework applied in the research is functionalism, which explains the mode of cooperation existing between both groups, focusing on needs of individual countries that forge connections and foster cooperation in a bid to reducing global conflict and poverty. Descriptively from secondary data sourced evaluated the value of the various trade strategies between the EU and ACP group, considering the fact that most analyst view it as imperialist overtures of the EU on the ACP group considering the character and description of trade. The ACP group has benefitted from the trade relation, however asymmetric the exchanges. The Economic Partnership Agreement (EPA) initiated by the European Union to support the economic development efforts of the Africa, Caribbean and Pacific group of States (ACP) is not an imperialist agenda but a deliberate mechanism to support efforts of ACP countries to purposefully create wealth via trade. Therefore, the study recommended that the ACP robustly negotiate and re-negotiate the Economic Partnership Agreements (EPAs) beyond 2020.

Keywords: Imperialism, Cooperation, Functionalism, Economic, development, Trade

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Introduction

Economic Partnership Agreements (EPAs) are trade agreements meant to safeguard ACP countries' preferential access to EU markets, which had previously been granted through the Lomé Convention. EPAs are changing this preferential access from non-reciprocal to reciprocal access meaning that ACP countries will be required to open their markets to EU imports and

furthermore, require liberalization in other areas such as investment and services. However, many ACP countries are not happy with the deal on the table because it restricts their development options (ACP 2007). Once celebrated as a new form of partnership between the EU and ACP countries - have been fraught with disagreement. Nine years after the launch of

negotiations, many ACP countries are not happy with the deal on the table and only 36 out of the original 76 ACP countries have accepted an EPA. The European Commission is keen to bring them to completion – and is applying strong pressure. In 2011, it proposed to make significant changes to two trade regulations - reform of the General System of Preferences (GSP) a preferential market access to all developing countries on a restricted number of products at preferential tariff rates. According to a new EC proposal, more than half of its current beneficiaries be excluded from the scheme and the phasing out of the Market Access Regulation 1528(MAR) – a scheme that grants duty free quota free access to EU markets to those countries which have initiated an interim EPA. According to a new EC proposal, this will no longer be available to a country which have not ratified an EPA, though is debated at the European Parliament. Both proposals would mean higher tariffs for ACP countries that do not sign EPAs.

An ambitious instrument for development as the EC has argued that rather than market opening, market building in the ACP is its priority. Indeed, the EPAs have a strong emphasis on the achievement of development objectives by working on establishing a more transparent, stable and predictable environment with the ACP. Since 2002, the Union and the group of 79 ACP countries have engaged in intense negotiations directed towards the establishment of free trade agreements complying with the rules set out by the World Trade Organization (WTO). It also encompass a number of notable innovative elements that make them more than mere WTO-compatible free trade agreements. These elements are associated with expected beneficial effects individually but also as a 'package', and consist of: (i) the introduction of reciprocity on market access issues, i.e. the liberalization of trade on the ACP side, and improved market access to European markets for the ACP; (ii) the comprehensive scope of the negotiations, beyond trade in goods only; (iii) commitment to a flexible (and differentiated) approach in the negotiations and implementation of the EPAs; (iv) aspirations for capacity building for both the negotiations and for trade and trade-related activities; and (v) the expressed desire to promote regional integration. From the outset, the EPA endeavour was a most ambitious and challenging one. Ambitious, considering that what makes trade (liberalization) work for development is still a matter of heated debate; challenging, considering that of the 78 ACP countries concerned by this new approach, many are amongst the poorest: out of 50 countries classified as Least Developed Countries (LDCs), 41 belong to the ACP group and 33 are African States. In addition, the envisaged EPAs were not taking place in a policy vacuum but were to replace the long-standing trade regime that had governed ACP-EU trade relations since the 1970s. The overall development relevance of the new

regime of preferences is thus fundamentally contingent upon whether the EPAs have been conceptualized in accordance with empirical lessons drawn from past experiences, as well as upon theoretical considerations regarding the linkages between trade and development.

Imperialism Defined

The definition of imperialism has not been finalized for centuries and was confusedly seen to represent the policies of major powers, or simply, general-purpose aggressiveness. Imperialism is a type of advocacy of empire. Its name originated from the Latin word "*imperium*", which means to rule over large territories. Imperialism is "a policy of extending a country's power and influence through colonization, use of military force, or other means". Imperialism has greatly shaped the contemporary world. It has also allowed for the rapid spread of technologies and ideas and has been largely responsible for the creation of a globalised world (Cleary, 2015). The term imperialism has been applied to Western (and Japanese) political and economic dominance especially in Asia and Africa in the 19th and 20th centuries. Its precise meaning continues to be debated by scholars. Some writers, such as Edward Said, use the term more broadly to describe any system of domination and subordination organized with an imperial center and a periphery. A further definition posits "an unequal human and territorial relationship, usually in the form of an empire, based on ideas of superiority and practices of dominance, and involving the extension of authority and control of one state or people over another." Imperialism is a process and ideology that does not only focus on political dominance, but rather, conquest over expansion. Imperialism is particularly focused on the control that one group, often a state power, has on another group of people. This is often through various forms of "othering" based on racial, religious, or cultural stereotypes.

It is vital to note that the economic development paradigm of the EU is premised on the implementation of the economic partnership agreement which is built on; creating a World Trade Organization (WTO) compatibility; development oriented reciprocal trading arrangements; encouraging integration and improved trade capacity building and other aid interventions into developing partner regions; providing open, transparent and predictable frameworks for trade; improving the material well-being and guaranteed sustainable development; poverty reduction; greater integration into the world's economy; ensuring human dignity, freedom and justice (Evrensel, 2010). An assessment of the concept of the EPAs' 'formula' for trade and development, at first sight, can be seen as providing adequate policy responses to some of the major shortcomings revealed under the previous system, from both an internal and an external

perspective. First, internally, the EPAs seek to address core aspects that previously limited the effectiveness of the preferential treatment granted by the EU under the Lomé trade regime. The concept thus offered an opportunity to improve the EU's trade and development package for the ACP: (i) The EPAs aspire to improve the relative quality and value of preferential access to EU markets, notably through a revision of the rules of origin and greater market access. (ii) The introduction of reciprocity and the comprehensive coverage of the EPAs, for their part, make it possible to overcome the restrictive approach of a preferential regime focused on tariffs and quotas only. EPAs thus can include all rules and issues relevant to building up the economic governance framework of the ACP. Second, externally the EPAs are better embedded in the regulatory framework of multilateral trade because of their compatibility with WTO rules, and hence can shelter the ACP-EU regime from being legally challenged by the wider WTO membership. Furthermore, the key elements of the concept appear to have strengthened the trade-development nexus by integrating the main points of convergence that theoretical considerations indicate are necessary in making trade liberalisation supportive of development objectives: – First, the EPAs offer to set up a comprehensive regulatory framework. Appropriate weight would thus be given to trade development within the ACP States' development strategies, as well as “due regard for political choices and development priorities”, as formulated in the Cotonou Partnership Agreement; ownership has thus been factored in the concept. Second, selectivity was consensual among parties. The flexible approach favoured by the EU and the ACP can be understood as allowing for a ‘selective protection’ of products (notably through the foreseen asymmetrical and gradual liberalisation of ACP trade). This selectivity also allows for the adoption of flanking policies and accompanying measures or reforms necessary to benefit from trade liberalisation. Third, support for capacity-building was agreed upon. Strong capacities will be required to carry out this process and make the necessary decisions. In the framework of the EPAs as outlined by Cotonou, the EU and the ACP agreed to support and address the negotiating and trading capacities of the ACP in view of the negotiation and implementation of the agreements.

Regional Integration

The promotion of regional integration by EPA – conceived as a stepping-stone towards integration into the world economy – is more challenging. There are no clear answers in theoretical discussions as to whether parallel North-South and South-South integration can be taken as development-friendly, or rather development-

unfriendly. Arguments can be found in the theoretical debates for a two-level integration strategy proposed with the EPAs (i.e. within the ACP and between the EU and the ACP). EPAs might work, provided there is scope for sequencing of the integration processes and adequate support to integration; in addition, the regional dimension of the EPAs will have to be reconciled with the national level of implementation. Northern partners (here the EU), should be careful not to overtake integration processes within the South (Laporte, 2013). Despite the opportunities offered, there is also a clear risk that the marginalisation of ACP countries and regions from the world economy would be reinforced through North-South integration, if trading partners are not careful in crafting the agreement. More fundamentally, whether the opportunities created through the EU's new trade policy instrument for development can be seized will depend on the active participation of all involved in the negotiations. Particularly, developing countries' governments will need to strategically negotiate and use the EPAs according to their needs.

The EPAs were ideally intended to build on and reinforce regional integration agreements, but failed to reach this goal due to the intricacies of African integration that were not factored in sufficiently. Operating on the basis of its own experiences in Europe in the African context might impede the EU's capability to deliver on otherwise well-founded policies. Overall, African regional integration largely has a poor record, for reasons of both political and economic nature. In some cases, the “bloc” EPAs are supposed to build on is de facto absent. For most of the negotiating process, regional EPA configurations in Africa have lacked consistency. Garnering the necessary support from the national level to feed into the negotiating process – for instance through the identification of national market access offers and the list of sensitive products to exclude – and maintaining regional cohesion and coherence was therefore likely to be a strenuous task (EPA 2007). The EU was able to trigger some movement within the regional integration settings. Paradoxically, the resulting dynamics have in most cases added complexity. Regional groupings in Africa might ultimately require the EU to make adjustments on its trade and regional integration policies towards Africa as a continent, notably factoring in integration between LDCs and non-LDCs. Particularly specific incentives might thus have to be rethought – including on the country level and not least in terms of the overall coherence of EU policies.

Trade Negotiations

Trade and development through negotiations like other international agreements are according to (Makhan, 2009) formulated in negotiations, i.e. both sides have to

agree on their content and scope. This is an opportunity, since both bring their goals and strategies to the table. It is, however, also a challenge in situations of unequal capacities, if the overall goal is the development of the weaker negotiation partner. Capitalising on the EPAs' developmental potential depends on at least two factors: (i) whether the EU, as a development partner, is prepared to and does provide adequate and timely support for building ACP capacities in view of the negotiations (not least at the start of the negotiations); and (ii) whether the ACP are capable of defining their strategic priorities to determine their negotiating positions, both at the national and regional levels. For a development-oriented outcome, both sides will also have to base their approaches on the realities on the ground and overcome intrinsic constraints and complexities. In order to meaningfully engage with the EU in the EPA negotiations, the ACP countries and regions, and possibly the group as a whole, needed to be adequately prepared to respond to key issues and challenges in the negotiations. This required strong capabilities to formulate trade policy in the first place, which would then inform the negotiating positions. However, the conditions for such informed and strategic decisions have been lacking throughout the process; they were not sufficiently addressed, not least due to the intrinsic characteristics and diversity of the ACP group. Starting points for the EPA negotiations. Trade policies had long been a neglected part of many African countries' economic policies. This was due to the lack of or insufficient support from both African governments and donors, including the EU (Brown, 2006). Therefore, the ACP countries' starting point in the negotiations was clearly unfavourable. ACP trade policies have in the past generally been dominated or even determined by external actors, notably the Bretton Woods institutions. Most ACP countries reluctantly engaged in the EPA negotiations and appeared somewhat passive throughout the process. They have often lacked the capacity – or will – to drive the policy process and fully take advantage of the trade preferences available. The need for capacity building activities in the ACP in view of the negotiating phase was explicitly addressed in the Cotonou Agreement. Nevertheless, the overall picture with regard to ACP countries' capacities seems somewhat dispersed. The EU system in the initial phase of EPA negotiations apparently was not capable of reacting with appropriate speed or in an adequate manner for the challenges ahead; the link between trade and aid did not work properly. Much of the responsibility for the limited impact of EU support to capacity building activities in view of the EPA negotiations appears to have been attributable to the cumbersome procedures in Brussels and inappropriate responses from partner institutions with limited capacities in Africa.

Furthermore, the EU in the negotiations according to

coherence between trade and development policies within the EU was a prerequisite for the negotiations. The spotlight was thus particularly on the shared competencies on trade and development within the policy framework of the EU. Starting points for the EPA negotiations A successful preparation in view of the EPA negotiations required that the diverse EU multi-level system be able to effectively engage as a coherent actor for trade and development with and within the ACP, complexity of the EU multilevel structure seems to have hampered its ability to be more responsive to an ACP perspective, as can be observed in the reform process of the Lomé Convention that paved the way to the EPAs. Integrating trade into development policy: The EU's policy framework to improve coherence Some efforts – and arguable improvements – have been made in the last decade for a better coordination role of the Commission with the EU aid system. For instance, the 2005 European Consensus on Development explicitly refers to all EU aid, i.e. including member states' bilateral assistance. Specifically regarding the EPAs, the Consensus takes up key issues that can make trade liberalisation conducive to development, notably ownership, sequencing of the liberalisation process, and flexibility (Mailafia, 2015). Other initiatives to improve the effectiveness of EU development cooperation include the adoption of the Code of Conduct on Complementarity and the Division of Labour in Development Policy at the internal level, and on the international level the adherence to the Paris Declaration and Accra Agenda for Action. However, these initiatives are still recent and the target of a consistent approach is arguably yet to emerge in practice. Thus, instilling more coherence into the European system by better integrating trade into development policy is a long-winded process, and the provisions still need to deliver on their promise. It was the EU's challenge to translate the various efforts and commitments into concrete and timely measures in the context of the ACP-EU relations, not least with respect to the development of trade in ACP countries and in the formulation of the concept of the EPAs.

Market Access

The EU's response on market access is a key aspect of the EPAs a relevant development package in trade policy is the quality of the preferential market access for the countries and regions involved. While being nominally vast under the former trade regime, access has in effect been limited due to the relative quality of the preferences granted (i.e. the value of preferences has been reduced as trade liberalisation has furthered at the global level). Furthermore, the restrictive rules of origin were an obstacle. The EU had committed itself to provide a more favourable access to its markets than under Cotonou and

to relax the rules of origin applicable to ACP products under the EPAs. Redefining the rules of origin regulating access to EU markets for ACP exports could also be a key incentive even for LDCs to sign EPAs. However, the EU could provide details on these two important variables for development-oriented EPAs only in the final year of the WTO waiver and set a date for completion of the EPA negotiations. The EU tabled its formal market access offer to the ACP shortly before the expiry of the deadline. Similarly, RoO were not seriously discussed until 2007, due to delays on both sides in reaching common positions. The European side needed an internal compromise acceptable to all EU Member States and was apparently unable to move substantially. The interim EPA RoO are largely similar to the Cotonou. The multi-level system was negatively playing out during the course of formulation of the EU's response on these core issues. Complex dynamics and diverging interests within the EU have slowed and limited policy response. Despite the fact that trade policy in the EU is an area of exclusive competence to the Community, EU member states influence – if not determine – trade policy-making, notably through the Article 133 Committee. The slow response is thus a system-wide issue, not just the responsibility of the European Commission. Throughout most of the negotiating process, there was thus little incentive and little time for African countries to initiate at their end the long overdue – and neglected – design of their own national market access offer, let alone on the regional level. Considering the capacity constraints highlighted previously, it was unlikely that the negotiations would be comprehensively concluded by the end of 2007, despite the deadline that had been hoped to act as a catalyst. The EPAs hold a strong potential to strengthen the EU's policy for global development in its trade relations with the ACP. At the same time, however, it finds that the development potential of the EPAs has not been fully capitalised on in the process of the EPA negotiations, due to (i) inconsistencies stemming from the multi-level governance structure of the EU system, notably in the formulation of the EPAs and the design and delivery of related development assistance, and (ii) complex realities in ACP countries and regions, not least the limited capacities for trade policy for many of them, which have not been sufficiently and systematically addressed so far by policy makers, including the EU. (ACP 2007). The developmental outcome of the EPAs is not guaranteed. The right balance needs to be struck between comprehensiveness, flexibility and the capacity to trade and negotiate in order to make trade liberalization and regional integration supportive of development for the ACP. These are necessary, but not sufficient conditions, inasmuch as trade agreements are negotiated results. Most importantly, flexibility in the negotiation and implementation of the EPAs, in particular on the EU's side (as the stronger partner), will be at the

core of a development-friendly outcome of the EPA framework (Reisen, 2012).

Summary

The summary of the EDF submission since 2000 to date was over 82,414 billion euros, covering 8th, 9th, 10th and 11th EDFs, for 1995-2000 8th Lome IV Revised Lome IV (1994-95) included the respect for human rights, democratic principles and the rule of law become essential elements of the Convention. This means that ACP countries that do not fulfill these criteria risk the retrieval of allocated funds; phased programming is introduced, with the aim of increasing flexibility and improving performances from ACP countries. more attention is given to decentralized cooperation in the form of participatory partnership including a great variety of actors from civil society; 2000-2007 9th included support long-term development, regional cooperation and integration and for the investment facility and Water Facility The development aid provided by the EDF forms part of a broader European framework. Within the European Union, the funds of the Community's general budget may be used for certain types of aid. Moreover, in addition to managing part of the EDF's resources (loans and risk capital), the European Investment Bank (EIB) will contribute a total of 1.7 billion from own resources for the period covered by the ninth EDF; 2008-2013 10th to include support the national and regional indicative programmes, support intra-ACP and intra-regional cooperation and increase investment facilities. An increased share of the budget is devoted to regional programmes, thereby emphasizing the importance of regional economic integration as the basic framework for national and local development. An innovation in the tenth EDF is the creation of "incentive amounts" for each country; 2014-2020 11th This one-year extension compared to the 10th EDF allows the end of the 11th EDF to coincide with the expiration of the Cotonou Partnership Agreement in 2020. It is built to further support the national and regional indicative programmes, intra-ACP and intra-regional cooperation, and Investment Facility. This study has revealed that the Economic Partnership Agreement (EPA) introduced in 2002 as a result of the Cotonou Agreement of 2000 has been able to support economies of countries of the ACP Group especially through the European Development Fund (EDF) and the European Investment Bank to the tune of over 94 billion euros in the period under review. Critically the underdevelopment of the 'Third World' countries after all, is not the making of the 'Metropole' (imperialists) but the seeming unpreparedness of the politico-cum-economic leaders of these underdeveloped and least developed countries to the rigours of international trade and development.

Conclusion

There is no way that developing countries must expect equal participation in development efforts with the developed 'metropole'. The metropolitan countries especially in Europe is already operating a planned and organized economic system that is designed to increase wealth for their citizens and also a constitutionally agreed democratic system of governance and respect of human rights and dignity, less corrupt tendencies in service delivery. Whereas, it is the opposite in the developing and least developed countries, as every wrong thing associated to poverty and deprivation reign supreme, the leaders of these nations are more in Africa, Caribbean and the Pacific, the political leaders prefer to amass all the wealth to themselves and family, they (political-cum-economic leaders) are richer than their countries and ironically spend same wealth on the economies of the Metropolitan countries they (political-cum-economic leaders) call imperialists in form of choice holidays and properties, amend their various constitutions to remain in office beyond necessary or become live presidents instead of building infrastructures, enhancing research and development and everything possible to improve their economies and create wealth for their citizens. The Economic Partnership Agreement (EPA) initiated by the European Union to support the economic development efforts of the Africa, Caribbean and Pacific group of States (ACP) is not an imperialist agenda but a deliberate mechanism to support efforts of ACP countries to purposefully create wealth via trade for their various countries and citizens, of course, as it is widely said 'nothing is free in Freetown'.

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