

Unite and Conquer

How the EUs Economical Partnership Agreements have
affected the Regional Integration in African Regional
Economic Communities

Abstract

In 2007 the preferential trading agreements between the EUs and its former colonies elapsed. The need for the new Economical Partnership Agreement had been known for long and the new agreements were claimed to have a larger development element and aimed to stimulate regional integration in the African communities. Making African states negotiate in Regional Economic Communities to reach region-wide agreement proved to be difficult for two reasons; the stressed time frame and the highly ambitious agenda the EU was pushing. The pressure to negotiate on a regional level where the RECs lacked sufficient institutions and super-national bodies with a mandate to negotiate on behalf of the states led to varying results. The Economic Community of West African States, ECOWAS, with a tradition of cooperation fell apart as a negotiating party, the East African Community, EAC, concluded a joint interim-EPA although having a short and shallow history of integration. With a starting point in these different approaches my aim is to investigate whether it is possible to create regional integration through external pressure they way the EU intended the EPAs to do. To study the integrative development in the RECs the thesis takes a stand in the System of Indicators for Regional Integration developed by De Lombaerde and Van Langenhove.

The method used for the study is a qualitative textual analysis of texts foremost produced by academic scholars and stakeholders. Consequently this means that the main question is to study if there has been a shift in how the EPAs are perceived in the literature. My result shows that there seems to be an increasing opinion in favour of including national stakeholders and that de facto integration is a matter of time and work within the RECs rather than a result of the EUs assertive push for integration.

Keywords: Economical Partnership Agreements, Regional Integration, European Commission, Africa, Regional Economic Community, Trade-related Issues

Abbreviations

ACP	Africa, Caribbean Pacific
AEC	African Economic Community
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EC	European Commission
ECOWAS	Economic Community of West African States
EBA	Everything But Arms
EDF	European Development Fund
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
FDI	Foreign Direct Investment
FT	Financial Times
FTA	Free Trade Agreement
GSP	Generalised System of Preferences
LDC	Least Developed Country
MFN	Most Favoured Nation
MTS	Multilateral Trading System
REC	Regional Economic Community
RIA	Regional Integration Area
RoO	Rules of Origin
RTA	Regional Trade Area
SADC	Southern Africa Development Community
SDT	Special and Differential Treatment
UEMOA	West African Economic and Monetary Union
WTO	World Trade Organization

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1 Introduction

On January 1 2008 the European Union and 18 African states initialled interim Economical Partnership Agreements, EPAs. The EPAs were claimed to have focus on development and promoting regional integration. To stimulate regional integration in Africa the agreements were to be concluded with Regional Economic Communities, RECs. This goal was not accomplished. The European Commissions, ECs, rigid deadline put the RECs under severe stress to integrate fast in order to be able to delegate a negotiation mandate to the regional level. Furthermore the EC aimed to include a broad range of trade-related issues to narrow down policy space for individual governments ensuring stability. According to the EU this was the real development element of the agreements. For the RECs to reach common positions the demands on integration were high, common policies call for deeper integration than trade liberalizations. Sidan: 6 In order to sign the region wide EPAs and to reach sufficient integration, the EC pushed the RECs hard and was unwilling to negotiate with individual states

The rushed negotiations could either be the catalyst needed for implementation on a range of declarations on regionalism or it would make the RECs fall apart. In December 2007 one REC signed jointly, the others fell apart as negotiation parties and their members were eventually given the option of individual approaches.

The EPAs impact on the regional integration is debated. It has been argued that the now different agreements between the EC and African states within the RECs have led to disintegration within the RECs; more cumbersome customs procedures between countries that trades with the EC under different agreements has to be in place. Initially it seemed like the EPA process undermined regionalism making nations acting in their own interest rather than sticking together but it might prove to be the catalyst needed to foster integration.

No more than two years after the deadline it is too soon to draw conclusions on the EPAs long term impact, rather this thesis is an evaluation of the development so far. The aim is to contribute to the discussion on whether regional integration can be created by external pressure; if the EPAs hampered or stimulated regional integration in Africa and are the RECs more or less integrated today than before the 2008 EPA-deadline?

For the limited scope of the thesis at hand the question is:

How is the EPAs impact on the regional integration in Africa perceived before and after the initiating of the EPA-negotiations?

The aim is to identify whether there has been a shift in how the EPAs impact on the integration is debated. It is bold to draw conclusions on how the actual integration has been affected, especially when considering the multifaceted

definitions of regional integration. However, by studying publications by scholars who thoroughly have followed the process, texts from the EC, the East African Community, EAC¹, and Economic Community of West African States, ECOWAS², publications from civil society and media I expect, not only to gain insights on whether there has been an objective and collective shift in how the EPAs impact on the regional integration is perceived, but also to be able to draw conclusions about the actual development.

1.1 Disposition of thesis

The thesis starts with an overview of the qualitative textual method used as well as the material upon which the study relies. This is followed by a discussion on the implications of regional integration and a presentation of the theoretical framework used in this thesis. The theory takes a standpoint in a Eurocentric view on regional integration where economic cooperation is considered a lower level of integration while policy coordination puts high demands on integrative ambition. This is followed by a brief description of the evolvement of regional integration in Africa and the road to the signing of the interim EPAs and today. The analysis is initially aiming to cover the discussion on the RECs in general. It is structured after the theoretical framework while aiming to follow the development over time on how the categories of integration have been perceived. The two cases, EAC and ECOWAS will be examined at the end of the analyses. This leads up to a conclusion on whether there seems to have been a change in the view of what the external pressure the EPAs created have and can do for regional integration in Africa as well as a comment on the actual development on the regional integration in EAC and ECOWAS.

¹ Burundi, Kenya, Rwanda, Tanzania, Uganda

² Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo

2 Method, Material and Limitations

2.1 Method

This thesis is based on a qualitative textual analysis. The aim with this method is to thoroughly analyse all parts of certain texts, the text as a whole and their context (Esaiasson et al 2004:233). Not only what is in print should be considered, but also what is written between the lines is of importance. This method is acknowledged as one of the most common and reliable methods in social science studies (Esaiasson et al 2004:233).

The texts have been read numerous times; before and after applying the theoretical implications. By highlighting and analyse the parts of the texts that explicitly or implicitly deals with the issue of regional integration the aim has been to structure the thoughts carried out in the texts, studying how regional integration is discussed in relation to the negotiations (Esaiasson et al 2004:234, 245). The analysis is largely guided by the theoretical framework but also the substance of the texts also leads the way for the research to a certain extent. The authors' personal interest regarding EU-Africa trade relations is large and previous knowledge in the field initially led to a focus on regional integration as a development tool. A problematic issue with an open approach might be that the conclusions get too dependent on the analysed material. It is of utmost importance to thoroughly consider what issues are not in the texts and for what reason a topics has been left aside (Esaiasson et al 2004:241). To avoid losing the focus of what is of importance for this thesis the analysis will closely be guided by the theoretical framework presented in chapter three.

The study of EAC and ECOWAS is a choice of *most different*-design. The aim when using this approach is to examine if the different developments of the two RECs integration processes can be put in relation to the EUs external pressure through the EPAs.

2.2 Material

The thesis at hand uses an actor based approach to the texts that will be analyzed (Esaiasson et al 2004:242). Primarily the study builds on published articles by scholars at well respected research institutes. These institutes have followed the development of the negotiations and their impact on regional integration

thoroughly and during a sufficient length of time. Articles have been chosen by an internet based search for “Economical Partnership Agreement” and “regional integration”, only articles dealing with Africa has been further studied. The ambition has been to find articles produced by the same author or research institute before and after the deadline. The internet based library at www.acp-eu-trade.org has been of great help with this task. A majority of the scholars are European and active at European research institute, for this reason the material from the African stakeholders is important for an unbiased and objective analyse. To create a more accurate, although also more complicated, picture of the developments strategy documents and official standpoints from the stakeholders themselves; eg, the EC, EAC and ECOWAS and briefing papers from the Swedish Embassies in the headquarter capital of respective REC is regarded

A third dimension is articles published in acknowledged and international newspapers. Articles from editorials and articles produced by the newspapers own journalists will be regarded.

This combination of official government documents with objective publications from civil society and international organizations are especially when dealing with documents produced in countries that has gone under military coups and domestic hardship (Denscombe 1998:194). It might be assumed that stakeholders are unlikely to change their positions as they represent the core values of their respective organizations. Whether liberalization and integration can be enforced by outer pressure might be assumed to be informed and divided by free trade enthusiast versus stakeholders with a more protectionist agenda. However, this is far from the truth which is what I aim to prove in this thesis.

All material is produced between initiating of the bilateral negotiations in 2003 and today. While scholars and stakeholders seems to have published a majority of their articles before and after the initiating of the EPAs in the end of 2007 media foremost covered the issue around this specific time.

2.3 Limitations and acknowledgements

Social relations and processes rarely have one simple explanation rather they are the result of a complex and intertwined explanations. When studying how the views have changed on the EPAs impact on regional integration it must be acknowledge that factors unknown to the author of this paper has made scholars and stakeholders change, or hold on to their position. A study of all African RECs involved would have given a more accurate- and probably a more complex picture of the negotiations. However the two most unlike cases on the continent will give a sufficient answer with regards to the scope of this thesis. This thesis should be seen as an evaluation of the gathered impressions before and after the 2008 deadline. I once again highlight that it is too soon to draw conclusions of the actual long term impact of the EPAs and the thesis at hand does not aspire to give a final answer; it aims to study if there has been a shift in the attitudes towards the EPAs implication for regional integration in the RECs.

I do not aim to take a normative standpoint on whether the EPAs are good or bad for development through regional integration; neither do I aim to engage in a debate regarding content of the EPAs and whether they would be economically beneficially for the RECs.

3 Theory

The benefits of regional integration and its development potential have been stressed in an academic as well as political context, both in terms of North-South and South-South integration. The potential for intra-regional trade and the integration of developing countries into the world economy is considered to be boosted by increased South-South integration (Aid for Trade 2009:85f, Graneli 2009:38, UNCTAD 2004:16ff). Access to vital FDI and foreign technology is easier achieved in RECs than for single nations (Hoekman & Kostecki 2001:349). Through integration bigger and more competitive markets are created, infrastructural challenges can be handled more efficiently and joint efforts in meeting regulatory conditions of the export markets benefits from economies of scale (Aid for Trade 2009:85f).

It should be acknowledged that a Eurocentric perspective is used when scaling regional integration from trade liberalization to policy coordination this as the EU is the most integrated region economically and politically. Economic integration was the first stepping stone towards integration when initiating the European Coal and Steel Community and today the European Monetary Union, EMU, is the most far reaching economic cooperation globally (Bomberg, Peterson & Stubb 2008:31; Hoekman & Kostecki 2001:348). The economic integration thereafter had spill-over effects on politics and diplomacy (De Lombaerde & Van Langenhove 2005:1, 2006:1). Regional economic integration is considered a lower degree of integration while political unification signals deeper level of integration (Hoekman & Kostecki 2001:347). This fact is recognized in the theoretical literature upon which this thesis relies and which also largely stems from Western scholars (Meyn 2003). Liberalization regarding trade in services is a further sign of integration like streamlining of institutional frameworks and financial arrangements (Graneli 2009:12). This thesis will monitor the level of integration in accordance with the ECs Directorate General for Development, DG Development, scaling from trade liberalization to policy coordination and reliable institutions³.

To a degree the theoretical framework relies on the work by Philippe De Lombaerde and Luk Van Langenhove and their suggested criteria for construction

³ As a response to DG Development's criteria COMESA has presented their own proposal for monitoring of regional integration which largely focuses on economic implications and to a lesser degree deals with governance issues and policy streamlining (De Lombaerde & Van Langenhove 2005:16). This well illustrates an ever present discrepancy between the EU and Developing countries on what topics should be included in trade negotiations.

of a System of Indicators for Regional Integration, SIRI⁴. Their thorough overview of regional integration theories and their suggested criteria for a SIRI are used as guidelines. No unique definition of integration exists in the literature meaning that many choices and definitions has to be evaluated in order to create a theoretical framework suitable for the task at hand (De Lombaerde & Van Langenhove 2005:5, 10f). The criteria used in this thesis aim to monitor the dynamics within groups of integrating countries (ibid).

3.1 Defining Regional Integration

“The process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, where institutions possess jurisdictions over the pre-existing national states” (Haas, 1958:16).

The process of integration is a shift in which sovereign units move from isolation towards unification, a process that may involve the creation of a permanent institutional structure (Mattli 1999:41). In the context of sovereign states integration means progressive lowering of boundaries within the region and possibly the rising of new external boundaries (Mattli 1999:41). Most commonly regional integration has started with trade liberalisations initiated due to potential economical gains from market exchange within the region (De Lombaerde & Van Langenhove 2006:9, Mattli, 1999:42).

In a Regional Economic Community, REC, the first step is often eliminating trade barriers between the members, resulting in less favourable trade-deals for non-members.. Initially a REC aim to remove tariffs in inter-member trade in goods; this might be expanded to cover Non Trade Barriers, NTBs, trade in services and investment. The level of integrative ambition varies significantly, on a deeper level of integration a REC might deal with economic regulation and political cooperation (Hoekman & Kosteci 2001:347, 357, Graneli 2009:6).

Distinction is made between positive and negative integration. Positive integration means formulating common policies and signals a high integrative ambition, negative integration means eliminating borders demanding lower integrative ambition (Tingbergen in De Lombaerde & Van Langenhove 2005:9). Positive integration demands larger policy efforts (Best in De Lombaerde & Van Langenhove 2005:9, Graneli 2009:12, Hoekman & Kosteci 2001:413). To an increasing extent elements of deep integration and positive integration is included (Graneli 2009:12).

⁴ De Lombaerde & Van Langenhove are active at the United Nations University- Comparative Regional Integration Studies, UNU-CRIS. Their proposal for a SIRI has been published in IIS Discussion Paper No 64/ March 2005 and in the Routledge volume Assessment and Measurement of Regional Integration from 2006.

Some problematic issues to acknowledge; causality is hard to isolate as further regional integration might be a result of - or a reason for taking certain actions (De Lombaerde & Van Langenhove)⁵. Counter integration might appear when existing RECs are not willing to accept new members. When one region is furthering its integration it often leads to the creation of counter-regions as the costs of exclusion is increasing. This “Domino-regionalism” has globally occurred as a response to the EU but also within the African continent (Baldwin 1996 in Hoekman & Kostecki 2001:349).

Some prerequisites should be for-filled for regional economic integration to be successful: certain supply conditions must be met and political leaders within the member states must be willing and able to accommodate demands from regional institutions (Mattli, 1999:42).

Credibility and increased political and economical stability is claimed to be achieved as regional commitments narrows down policy space and help avoid short sighted protectionism (Hoekman & Kostecki 2001:349, UNCTAD 2004:16ff). Deep integration might however hamper the ability to implement proactive strategies for national development by affecting the ability to retain the impact over decisions regarding subsidies, investment incentives and performance requirements⁶.

The agreement has to be put in a time-perspective and in relation with the stability of the agreement (Best in De Lombaerde & Van Langenhove 2005:10). Deeper integration cannot be assumed in a REC built upon far-reaching but new and unstable agreements.

3.2 From Trade Liberalization to Policy Coordination

De Lombaerde & Van Langenhove suggests a SIRI based upon six criteria; actors, structural factors, institutionalisation, implementation, effects and interdependence. The notion of interdependence will however be disregarded as the level of integration in the African RECs is insufficient to talk about interdependence.

The number of active and passive actors and the character of their involvement in policy making are to be considered. Active actors are states directly involved in the integration process. Olson’s Logic of Collective Action from 1965 suggests a positive correlation between the numbers of active actors and difficulties experienced in the decision making process (Olson in De

⁵ Regarding East Asia the integration into the world market boosted regional trade and first thereafter followed formal regional integration. Although many African RECS has been in place for quite some time they have proved to have limited trade promoting effects (Khandewal in Graneli 2009).

⁶ Domestic preference in government procurement, industrial policies addressing development challenges aimed at increased competitiveness, enterprise development, and diversification of production, rural development and poverty alleviation are policy areas which might be restricted for members in a RTA (UNCTAD 2004).

Lombaerde & Van Langenhove 2005:10). However not only the number of actors but the character of them has to be considered (Best in De Lombaerde & Van Langenhove 2005:10). The presence of an ambitious leading country within a REC might be beneficial as this country could be a focal point in the co-ordination of regulations and policies (Mattli, 1999:42). In most RECs the level of development between the countries varies. Generally there will be a levelling of the playing field when entering a REC: joining is economical beneficial for lesser developed countries while initially less beneficial for more developed countries. It can be assumed that a group where a leading, hegemonic, country is a party is more dynamic and efficient than a REC where the hegemonic country chose not to participate (Olson in De Lombaerde & Van Langenhove 2005:11). It is more unlikely that leaders of a country with a prosperous outlook will find it beneficial to engage in actions aiming to further integration than the leaders of less prosperous countries (Mattli 1998:13)⁷. This view is challenged by a developing country perspective.⁸

Passive actors like Non Governmental Organization, NGOs, have gained increased influence when officially involved in the integration process but also by providing knowledge to active actors. Problems with overlapping agreements are to be considered in the first category. Especially on the African continent many countries are members of more than one REC (Hoekman & Kostecki 2001:347). When faced with overlapping memberships in RECs, it is difficult to separate the effects of the different integration agreements (De Lombaerde & Van Langenhove).

The second category is structural factors. In this context this signifies informal integration, sometimes referred to as *real* integration. This category includes geographical and cultural aspects as well as historical patterns of integration and cooperation. A common language and history are signs of integration that evolves over time and without formal agreements (De Lombaerde & Van Langenhove 2005:7)

The category of institutionalisation, which policies should be on the integration agenda, depends on the nature of the agreement (De Lombaerde & Van Langenhove 2005:22). Regarding the EPAs this has been the main challenge; EC aimed for a comprehensive agenda, the RECs wants to focus on trade issues only. Economic integration and trade liberalization can be categorized by Bela Balassas' economical definitions from FTAs to total economic

⁷ The presence of an outperforming member might however be harmful for the region as a whole as their large export surplus increases the risk for trade redistribution within the REC calling for highly integrated mechanisms for distribution of custom revenues.

⁸ The COMESA in 2002 presented suggested criteria for a SIRI. Regarding actors they claimed that established indicators often measure the prevalence of a hegemonic actor with an outperforming economy rather than true integration (COMESA 2002). COMESAs' first category of trade liberalisation emphasises the reduction of tariffs, the second category trade facilitation where the use of common systems is in focus. Regulations regarding public procurement, competition and protection of private property rights are to a lesser extent acknowledged by COMESA.

integration. Most RECs are somewhere in between these ideal types⁹ (Hoekman & Kostecki 2001:347). DG Development sub-categories involve intra-regional trade, customs valuation, classification of goods and rules of origin but also liberalisation of trade in services. Competition policy, facilitation of investment, movement of people, the right of establishment and trade facilitation is by DG Development considered economic integration. Regarding the EPAs the policy discussed were investment policies, harmonization of standards, competition policies, government procurement and policies regarding subsidies. Harmonization and streamlining in these areas aim to create policy integration as governments take conscious action to create a larger integrated market requiring positive integration (Graneli 2009:12, Hoekman & Kostecki 2001:413ff). Regarding the Singapore Issues position in the WTO it has been argued that, except for trade facilitation and investment regulations, the issues would better be handled on national level. Non-reciprocal shallow integration, eg GATT XXIV and Most Favoured Nation, MFN, principles combined with technical and financial assistance would be more beneficial from a development point of view (Hoekman & Kostecki 2001:413ff)¹⁰.

Implementation of the institutions and the effects, the output, is the next step of integration. The effects are measured as the RECs ability to set up common institutions. These should be effected and reliable. The individual states should furthermore be able and willing to delegate to the common institutions. The aim is to give supra-national institutions the mandate to speak for the REC as a whole on the above mentioned issues. In the EU, external trade negotiations are carried out through the ECs DG Trade. In bilateral negotiations this means that the EU has a common position and ability to speak with one voice; in this thesis recognised as the utmost degree of integration.

⁹ A FTA is an agreement between two or more states to liberalize trade between them while regulating their external tariffs independently, rules of origin is therefore a significant importance (Graneli 2009:6, Hoekman & Kostecki 2001:359). Jagdish Bhagwati, calls this the “Spaghetti Bowl phenomenon” (US-trade policy: the infatuation with free trade areas”1995). In a Customs Union the members have a Common External Tariff, CET and also allow free movement for factors of production (ibid). A Common Market includes free movement of labour and capital as well as harmonization of competition policies and product regulation (ibid). An Economic Union is a CM that also includes some degree of harmonization of national economical policies, such as monetary- and financial policies. The member states also peg their currencies to each other (Graneli 2009:6, Hoekman & Kostecki 2001:347). In a Monetary Union the members also have a common monetary and financial policy but also a common currency.

¹⁰ To be WTO compatible preferential agreements has to be compliant with the vaguely formulated Article XXIV of the GATT. Article XXIV and the so called Enabling Clause which allows developed WTO members to give preferential treatments to LDCs or all developing countries (Seth 2004:130ff; World Bank 2008:3) are the only legal exceptions from the principle of Most Favoured Nation-, MFN treatment in the WTO (UNCTAD 2004:8). According to GATT article XXIV regional trade agreements has to be reciprocal and non-discriminatory, duties and other regulations of commerce should be eliminated for “substantially all trade” within a “reasonable length of time” between the signatories. Barriers towards third country should further not be “on the whole higher or more restrictive”. There is a high degree of ambiguity between the WTO members of how this article should be interpreted (ECDPM 2007:21, Hoekman & Kostecki 2001:352).

4 Regional Integration and the EU-Africa EPAs

4.1 Regional Integration in Africa

The importance of regional integration in Africa is acknowledged and a key strategy for development (ARIA III 2008:29). For this reason eight RECs has been recognised by the AU, they are the building blocks in the establishment of the African Economic Community that the Abuja Treaty was the starting point for (ibid)¹¹. African integration is largely a product of “domino integration”. The RECs mainly consist of trading blocs but also emphasis political, economic and security cooperation (ibid). Trade promotion is most RECs objective although tariffs, non tariff barriers and to an increasing extent trade policies are harmonized (ARIA III 2008:31, Graneli 2009:38). The political keenness to make progress is visible although the rhetoric is not always met by corresponding action (ARIA III 2008:30). The economical results have been modest so far. The value of the inter – as well as intra-trade in Africa has risen in real numbers but decreased in relation to world trade. There are vast explanations; trade restrictions still hampers inter-regional trade, national currencies lack convertibility, costs of cross border business is high due to insufficient infrastructure¹², double border procedures and complicated paper requirements (ARIA III 2008:29). Different levels of development within the REC, different trade interests and lack of true political will to liberalize hampers integration. Oxford economist Paul Collier claims that African states are inward looking or focused on the global market, neighbouring countries are considered “*being in the way for the global market instead of being part of the market*” (Collier 2009:59).

Most African LDCs are cash crop producers with low trade complementarity; members within REC or in Africa are not primary trading partners; so are the EU, USA and to an increasing extent BRIC (ARIA III 2008:29f, DeVlyder 2000:153,

11 In June 1991, the OAU Heads of State and Government signed the Abuja Treaty creating the African Economic Community (AEC). The AEC Treaty came into effect in May 1994 when it was ratified by virtually all African countries. In July 2007 the OAU adopted the Accra Declaration aiming to further accelerating African political and economical integration with the ultimate goal being a United States of Africa (ARIA III)

¹² The cost of transportation is not necessary proportional to the distance between countries. In some cases the insufficient infrastructure makes imports from developed countries cheaper and easier than from other states in the REC (DeVlyder 2000:153f, Collier 2009:59).

WB 2008:13). This shows the impact actors outside of the RECs holds in promoting or hampering integration as LDCs are highly dependent on FDI from the developed world as well as the possibility to export their products globally (Graneli 2009:38, Nye 1970).

A challenge for development in African RECs is overlapping memberships. Most African states are members of more than one agreement. Only six states are members of one REC, 26 states are members of two agreements and 20 members of three agreements¹³. The overlapping memberships has stalled and created many difficulties for the EPA-negotiations.

4.2 The road to the Economic Partnership Agreements

The EU-ACP preferential trade and aid agreements have existed since 1975. The aim is “to promote economic and social development and to establish close economic relationships with foremost former African colonies and the EU” (Treaty of Rome Article 131).

The Cotonou Agreement, signed in 2000, was to be re-negotiated before December 2007. On January 1 2008 the Cotonou agreement elapsed (Elgström 2010:3, Hinkle & Schiff 2004:1322). The Cotonou Agreement was not compatible with WTO rules. It was covered by a waiver as it was non reciprocal, not limited to only LDCs and did not cover all developing countries (Bilal 2008:3, Stevens 2008:212). Cotonou stated that all products from LDCs except arms should be exported duty free to the EU by 2005. This is the so called Everything But Arms, EBA- agreement. Further it stated that EPAs should be negotiated with regions “which consider themselves in a position to do so at the level they consider appropriate” (Article 37.5 Cotonou). It further intended to enhance the political dimension. The focus was to be set on development policies and poverty reduction.

The EUs foreign ministers unanimously gave the mandate to the EUs (EC web page on the EPAs). Directorate General for Trade, DG Trade to initiate EPA-negotiations¹⁴ in 2002 (The EC is not subject to formal control by the member states from the time when they have been given a negotiating mandate until the EC requests them to revise the mandate or approve the agreement it has negotiated).

The first step in the negotiations was defining the format, structure and principle for the negotiations; this took place with the EU as one part and the ACP

¹³ DR Congo is a member of four regional arrangements but is hardly known to be a particularly active contributor to African regional integration.

¹⁴ The EPAs are Regional Free Trade Agreements, RFTAs and compatible with WTO rules as RFTAs allow more preferential market access to a certain group of WTO-members (Graneli 2009:4, Stevens 2008:212).

as one part. Bilateral EPA negotiation between the EU and six RECs were initiated in 2003.

The initial negotiations were slow; the ACP governments were sceptic of trade liberalization and the EU kept the negotiations low on the agenda (Elgstöm 2009). A hope to extend the waiver further than 2008 might have stalled the negotiations (Stevens 2008:214). The EU wanted to negotiate a broad EPA- agenda including political, trade and development-aspects. The EPAs were to cover not only improved market access, but trade in services, rules on competition policy, government procurement, intellectual property rights, trade facilitation, investment, technical barriers to trade, TBT, standards and certification, protection of intellectual property rights, anti-dumping and anti-subsidy measures, customs procedures, rules of origin, trade and environment, trade and labour standards and health and safety regulations were on the initial agenda (EPA- agreement article 45-54, Bilal 2005:3, Stevens 2008:212). The EPAs aimed to enhance the political dimension by focusing on corruption, participatory approaches and development policies for poverty reduction (Bilal 2005:5, Borrmann & Busse 2006:2). The aim was to lower transaction costs, improve transparency and establishing bigger markets (ibid). Some of these topics have been on the agenda in the WTO. The Singapore Issues¹⁵ were rejected in the WTO by foremost developing countries. In the EPA-negotiations, the RECs had to reach common positions on how to tackle these issues. Thereby the RECs were forced to integrate further than what is called for in the MTS (Babarinde & Faber 2009:112). None of the African RECs were happy about the inclusion of these topics or the rapidness of the negotiations (Stevens 2008:212).

No extension of the waiver was granted and intense negotiations took place between the fall of 2006 and 2007 (Elgström 2009; 2010:4). In the end of 2007 the EU and 18 African states initialled interim EPAs. At the EU-Africa Summit in October 2007 Trade Commissioner Peter Mandelson announced that only a “trade in goods”-EPA would meet the deadline (The Financial Times October 8 2007). These agreements could be concluded with sub-regions like EAC. The signing of the EPAs established bilateral FTAs between the EU and its counterparts; however states within the same African REC now had different agreements with the EU.

EAC with its current member structure since July 2007 signed as a customs union although four out five members are LDCs and would have been able to retain to EBA (Bilal 2008:7). ECOWAS could not agree on a common strategy and fell apart as a negotiation partner. Ghana and Ivory Coast signed interim EPAs individually to safeguard their access to the EU market, a strategy that was accepted but not appreciated by remaining ECOWAS members (see for example statements made to EU-Embassies by representative for Nigerias’ Trade Department).

¹⁵ Four issues introduced to the WTO agenda at the December 1996 Ministerial Conference in Singapore regarding trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation.

The interim-EPAs contain non-binding rendezvous clauses stating the signatories' ambition to continue the negotiations for full EPAs (Graneli 2009:4, WB 2008:6)¹⁶. The negotiations continues both with parties that signed the interim EPAs and others. The AU Ministers of Trade and Finance has identified issues, foremost regarding services and trade-related aspects, to be reviewed before negotiations towards full EPAs can continue (ECDPM briefing note 2009). The aim is concluding region-wide, full EPAs, to harmonize the commitments among individual states and refocus on stimulating regional integration. In West Africa this will be challenging as the interim EPAs concluded with Ghana and the Ivory Coast differ. Progress in the negotiations is continuously being reported although results are still awaited.

¹⁶ Whether these rushed interim EPA negotiations were needed is debated. According to DG Trade what could have been done to extend the Cotonou waiver had been done. A large number of WTO members were against an extension of the Cotonou waiver and there was a fear an extension could lead to a DSB claim for discriminatory treatment against the EU by non-ACP developing countries (World Bank 2008:3). Some called for DG Trade to ignore the WTO decision until an actual threat was in the pipeline (Meyn 2007:6). Oxfam and other NGOs involved in providing EPA information to the ACP countries claimed that a waiver would have been possible had the EU only pushed for it (Oxfam (a)). However no recommendations to the ACP countries themselves to ask for a new waiver seem to have been made.

5 Analysis

5.1 Actors

5.1.1 Overlapping RECs and the EPAs

The African overlapping memberships in African RECs are problematic; they are often conflicting and hindering implementation of agreements. It constrains intra-regional trade and wastes limited human and financial resources (Borrman & Busse 2007:239, Meyn 2002). Efforts to reduce overlapping memberships have been limited but there are implications that re-organisation is in the pipeline due to the trade relations with the EU. The EU approach is to push the states to opt for one REC, whether this promotes regional integration or whether single countries' different economic and political interests constrain EPA negotiations and hamper regional integration efforts was questioned by Meyn in 2004. (Meyn 2004:1f) The conflicting integration agendas and multiple memberships hamper deeper economic integration Meyn states in 2007. This statement is built on the problem of forcing countries to make quick progress on economic integration that the EPA-process created. It thereby forced states to fail commitments to other RECs (Meyn 2007:18). Rationalisation and harmonisation of agreements is necessary or some RECs will become irrelevant in the EPA context (Borrman & Busse 2007:239). What might happen is that a REC signed the EPAs stimulate the regional economic integration among them but discourage the political integration among the original RECs (Meyn 2007:20). Although the EACs five year transition period aiming to create a customs union now has been completed the dual memberships in other RECs still hampers the inter-regional trade especially due to RoO (Telemeddelande Dar es Salaam 2010-03-25).

5.2 Structural factors

Many of the RECs contain a smaller group of countries that are deeper integrated, UEMOA, a group of French speaking states with a common currency in

ECOWAS is one example of this (Graneli 2009:38). Some of the sub-groupings are more fully integrated than the EPA configurations negotiating with the EU. The EAC- members' decision to sign as a customs union can be interpreted as a sign of deeper integration. The fact that many of the EAC member states have closer political ties to their initial RECs has however become clear.

In the West African context the importance of cultural and historical integration becomes obvious. The Anglophone and Francophone countries differs with respect to their legal backgrounds, legislations, and administrations. For these two groupings to exist within the same REC has proven to be challenging: Nigeria which is the largest economy in the ECOWAS is not a member of UEMOA. The foremost Francophone powerhouse in the region, the Ivory Coast has been paralysed by conflicts for many years. The uniting of ECOWAS and UEMOA, two heterogeneous monetary zones has still not proven all successful largely due to weak institutional frameworks, regional conflicts, the divide between Anglophone and Francophone countries Meyn 2007. UEMOA has introduced a CET, however the implementation is yet to be completed. Some progress with regards to economic integration was made due to spill over effects (Babarinde & Faber 2009:115ff).

In ECOWAS there is a strong diversion of integration between the Francophone and Anglophone countries. The general commitment to the region in West Africa is low while the commitment within the respective ethnical and cultural backgrounds a are strong (Meyn 2007:).

5.3 Institutionalisation

5.3.1 Economic integration

“The current EPA groupings are not yet functioning customs unions resulting in the fact that the EC negotiates with ACP “regions” that are in some cases barely economically integrated”(Meyn 2007).

EPA discussion initially was little due to anything but maintained market access (Meyn 2004:4f). The EU-Africa trade has declined regardless of non-reciprocal preferential agreements and increased market access has not been beneficial. To assume the RECs to be able to present policy coordination in trade-related aspects when not being able to agree regarding economic integration-issues must be considered unjust. In 2007 no REC had implemented a customs union for all its members. Most of them were barely functioning FTAs.

Other financial issues also dampened the integrative ambition; customs revenue is often the largest source of income for African countries and economic integration means customs revenue would diminish and is therefore

a sensitive matter creating protectionism (Borrmann & Busse 2007:239). Furthermore most RECs contain both LDCs and non-LDCs with largely varying economic conditions. A common revenue pool would have to be implemented which calls for deep integration (Meyn 2007:17).

The lack of economic integration in the RECs became obvious in an early stage. Initially the EC required the RECs to be Customs Unions to be eligible for EPA-negotiations, when it became obvious that this requirement qualified few negotiation-partners the demands on economic integration were lowered. A Common External Tariff, CET, was the required level of integration for a REC to jointly start EPA negotiations (Meyn 2004:1). The RECs were thereby forced to have a CET before being a functioning FTA. On the Eurocentric scales of integration this meant skipping one step in the process of regional integration.

“... the RECs has to speak with one voice and have common policies, this is to be expected by a customs union with a common external policy but for a FTA it is a challenge” (Bilal 2006:13)

In the beginning of 2008 The Economist concludes that those in favour of free trade fear that African states will buy goods from the EU rather than from other African producers as it will be cheaper due to tariffs. Free trade critics claims EU imports will fledge African industries (The Economist January 3rd 2008). The transportation costs of goods within EAC compared to the cost of shipping goods to Europe is upsetting (Telemeddelande Dar es Salaam 2010-03-10).

“Poor infrastructure, corrupt customs officials and high tariffs and other trade barriers make it often easier and cheaper for Africans to ship their products to Rotterdam or Harwich than to each other” (FT December 12 2007).

5.3.2 The Extended Trade Agenda and Regional Integration

The EUs aim to include the Singapore Issues in the WTO has been unsuccessful; EU therefore aim to implement them on a bilateral basis (Stevens 2003). Sceptics, like Oxfam, claims the EU is using the EPAs in an attempt to influence the stalled Doha negotiations through the back door. The inability to put the issues on the WTO-agenda was largely due to solid resistance from the developing world led by the emerging markets, in the EPA-negotiations the weakest negotiators were on their own. In the negotiations leading up to the 2008 deadline the EU pushed hard for the inclusion of competition policy, investment, trade facilitation and transparency in government procurement (Oxfam 2006:6).

The EPA-negotiations were and are unbalanced. For the African EPA-states this implies inability to develop their own trade-related policies but have to accept the EU- regulations and largely EU- agenda. Meyn 2004 points

out that the EU risk to create the impression of a neo-colonialism pushing through an agenda that serves the interest of the EU rather than being a development tool, this view is concurred by the FT three years later (FT December 12 2007). According to Stevens 2008 the ECs mandate to negotiate and to seek commitments outside of trade liberalizations was controversial as the WTO rules only required a narrow FTA on goods. For this reason most ACPs raised concerns over binding provisions in “trade and”- matters (Meyn 2008:3, Stevens 2008:212). The RECs lack a common agenda for these issues, nationally as well as regionally. They lack common policies within their respective RECs so the formulation of common positions towards the EU is hardly feasible (Meyn 2004:14, Meyn 2007). Not only do the RECs lack capacity; often they also lack incentive to make serious commitments regarding these issues and the cost of implementing these laws would be substantial (Bilal 2008:13, Graneli 2009:39, Oxfam 2006:6).

Most African states replied negatively on the ECs ambitious agenda calling for an agenda narrowed down to key issues, subject to their own regional integration agenda (Bilal 2005:3). The African RECs expressed the concern that the type of commitments creating a need for common policies, and inclusion of matters that craving further integration, might imply such high costs to get in place that they risk negate the benefits from market liberalization that the EPA is supposed to bring (Bilal 2006:14).

In these countries, trade may be less able to serve as an impetus for growth. In fact, trade might have a negative impact on growth if the trade related adjustment costs are larger than the welfare-enhancing gains from exchange and through specialisation. (Borrmann & Busse 2006:5).

Non-tariff barriers, NTBs, like cumbersome custom procedure, documentation requirements, import bans, quotas, technical regulations, foreign exchange restrictions, road blocks, and border charges impede intra-regional trade (Meyn 2007:17). NTBs continue to be a problem in all African RECs. In 2007 Borrmann and Busse concludes that:

“... although important progress has been made in removing tariff barriers through the regional trade agreements, much less attention has been devoted to the numerous non-tariff and non-border measures that most countries impose on one another, preventing any substantial increase of intra-regional trade flows (Borrmann & Busse 2007:239).

Borrmann and Busse claims that for countries with sufficient institutions and regulations for market entry regulations, efficient tax systems and labour market regulations trade will positively affect growth rates, naturally the opposite applies for countries without (Borrmann & Busse 2006:5). Applied on the regional level it can be conclude that common institutions are insufficient; it was on the regional level the EC wanted to carry out the negotiations.

The EC agreed to conclude goods-only interim EPAs with individual states shortly prior to the deadline, claiming that trade-related aspects would be handled in a later stage (The FT October 8 2007). Civil society stakeholders have claimed that this later stage might never come and that the EU has realised they are pushing a deal their counterparts did not want. The goods-only deal implies stepping down the demands on regional integration.

5.4 Implementation

5.4.1 Locking in policy space

One of the major consequences of regional integration is that region wide agreements narrow down policy space. How this fact is perceived completely depends on who you ask. By negotiating the EPAs on REC basis the EU claimed many benefits would be reached for their developing counter parts. Regional integration within a REC has the same benefits that an agreement with the EU has in terms of locking in policies and thereby helping to attract FDI (Meyn 2004:4f). The EU considers locking in African countries policy space important to ensure stability while African states find it uncertain for the same reason. The EU is supposed to act as a third party supervisor ensuring that agreements are implemented, even more so with the “Trade-and”-agenda. The African states claimed trade-related issues should be dealt with on a case to case basis - the EU claimed them to be the real development component of the EPAs as it would put external pressure on the African counterparts to lock in policies (Meyn 2007:1, 2008:3f).

“...The EU is also perceived as an ‘external guarantor’ to avoid economic and integration policy reversal and create a lock-in effect through cooperation with the EU and possible bi-regional agreement (Bilal 2006:10)

As mentioned previously: the scholarly literature upon which this thesis relies largely has a Eurocentric foundation- in that perspective the EPAs aim to narrow the policy space for African decision makers holds the development potential of the EPAs. Not very surprisingly this view is contested by African policy makers. Goodison 2007 sets the tone initially in his text by talking of economic “re-colonisation” of Africa. Goodison claims that locking in policies will create a glass ceiling for the African states making it impossible to advance above raw material providers.

“EPAs could offer Africa an important opportunity to accelerate (or even begin) the necessary institutional reforms. Above all, African political leaders could use the EPAs to push through unpopular reforms, as part of a larger reform

package. In fact, the tight EPA schedule and deadlines offer an excellent opportunity for reforms, since they may lock in these reforms by making them more credible to donors and international investors alike” “(Borrmann & Busse 2006:16)

5.4.2 The EPAs and development

The development element of the EPAs has created disagreement between the EU and its counterparts. The EU claims that the EPAs by furthering regional integration will foster development by liberalizing trade and facilitate attractive policy frameworks for Foreign Direct Investment, FDI. The developing countries agree with the importance of the development element of the EPAs and the benefits trade liberalisation and regional integration can bring but considers the efforts and methods insufficient (Bilal 5). Little development in how this discrepancy should be tackled seems to have happened between 2002 and 2009. Just weeks after taking over as the ECs Trade Commissioner in 2004 Peter Mandelson set the ambition to “put trade at the service of development” (FT December 12 2007). The Financial Times called it the chance “to help assuage Europe’s post-colonial guilt” but points out that the EU in heated debates was accused of doing the opposite and acting with “imperial arrogance” (ibid). Oxfam claims that EU completely overlooked the development perspective from the beginning and was unwilling to show flexibility (Oxfam 2007:2). Like in the WTO Doha-negotiations many of the developing country negotiators has expressed that the development aspect seems to be of secondary importance in relation to the EUs commercial and political interest (Dame Billie Miller in The Financial Times October 12th 2006). Where the EU wants to lock in policies the RECs wants to include writings on Aid-for Trade, problems with supply -side conditions and financing issues (Meyn 2008:2). The RECs wanted to make the financing binding, the EU wanted to make financing voluntary but make the “trade and”-reforms binding (ibid). It is interesting to point out that Miller accused Commissioner Mandelson for treating the EPA-talks as pure trade negotiations without acknowledging the development aspect regardless of the inclusive agenda (Dame Billie Miller in The Financial Times October 12th 2006).

Regarding development-aspect of the EPAs the EU-MS and the EC are both involved while in West Africa ECOWAS negotiate development issues with regards to the EPAs (Telemeddelade Abuja 2009-05-25).

5.5 Effects

5.5.1 Common institutions

To avoid the EU being viewed as practising new-imperialism capacity building in these trade- related areas should be supported (Meyn 2004:14). The lack of strong and reliable institutions to which decision-making power can be delegate to is a crucial deal breaker. Borrman and Busse 2006 points at the insufficient quality of institutions and insists that the EU is willing to assist the developing countries in reforming their institutional framework¹⁷. To make the EPAs development friendly like the EU intend much focus has to be put on improving quality of institutions (Borrman and Busse 2006:2). Institutions, proficient policies and good government regulations are pre-requisites for a successful and developmental friendly EPA. However, once again the problem on regional level is that although some of the nation states might have sufficient institutions and clear mandates this might be far from the case within the RECs (Borrman & Busse 2006:2).

“... it becomes clear that institutional reforms are an indispensable part of the EPA agenda and that the EU is right in pressing for reforms in ACP countries. However, any fundamental change in an institutional setting may pose a major challenge for ACP countries, in particular to least-developed countries with limited resources and fragile political regimes” (Borrman & Busse 2006:10).

The EU's push for institutional changes and the broad agenda is by Borrman & Busse 2006 seen as positive as it brings forward necessary reforms. They do however acknowledge the risk that policymakers become paralysed when faced with too large and ambitious reforms like ambitious EPA-agenda (Borrman & Busse 2006:11). It is further acknowledged that institutional reforms can only be implemented if its importance is recognized by the highest political level, all relevant actors must be involved (Bilal 2003:5ff). The form of “domino integration” the EU-pressure creates is thereby insufficient; the stakeholders need to feel ownership of the reforms.

“... institutional and other reforms are unlikely to survive or be implemented if established only in response to external pressures and designed and implemented without ownership of those whose interests would directly be affected. It is important, therefore, to involve all possible public and private stakeholders in the reform process” (Borrman & Busse 2006:13).

Bilal 2003 calls for further involvement of the member states ministries rather than delegation to supra-national institutions (Bilal 2003:5). National authorities wish to fully control the destiny of their countries economy is understandable. To involve national ministries and not only continue negotiations with the EAC-secretariat is a view supported by the EU-delegation in Dar es Salaam (Telemeddelande Dar es Salaam 2010-10-03). Interesting to note is that the

¹⁷ Borrman and Busse builds this argument on studies from World Bank (2001), Jütting (2003) and Levine (2005) for surveys. Influential studies are Acemoglu et al. (2001) and Rodrik et al. (2004)

Swedish Embassy- official suggests an “EU-troika” eg; meetings on the level of EU-individual member states rather than the EC meeting with the EAC-ministries (ibid). The importance for the member states to feel ownership and be politically pro-active has also been highlighted by the ECOWAS (Telemeddelande Abuja 2009-05-09).

The tight timeframe forced upon the RECs created problems for institutional reform. Preferably the institutions should have been in place before the implementation of the actual trade liberalizations (Borrmann & Busse 2006:13). The discrepancy between the many regional agreements signed and the actual implementation of them is according to Borrmann and Busse 2007 the consequence of two things; The concern of losing customs revenue and the even more severe problem that many RECs lack the resources to enforce the treaties and documents they sign (Borrmann & Busse 2007:239).

5.5.2 Speaking with one voice

Stevens 2008 points out that it is conventional to refer to the EU in the singular and the ACP-states in the plural; this reflects the negotiating reality (Stevens 2008:212). Where the European Commission has a clear mandate to negotiate on behalf of the member states this is not the situation for their less integrated counterparts (Stevens 2008:212). The EU also has plenty of capacity, expertise and experience in negotiating trade agreements, the developing countries commonly lack all of this as well as sufficient resources and know-how (Bilal 2003:3). In 2003 Bilal stressed the importance of the developing countries to within the context of long term capacity development initiatives gain short term negotiation capacity on the regional level to get the most out of the EPA-negotiations with the EU (Bilal 2003:4).

The African RECs typically lacks this kind of supranational body; instead there is a strong incentive among member states governments to retain control over the destiny of their economies (Bilal 2003, Stevens 2008:212). Whether the member states are doing economically well or not seems to be unimportant when it comes to the delegation of power. Bilal 2003 argues that member states should be involved in the process and provided with mandate and leadership. Delegation of power from the nation states to ministers and departments is highly sensitive. Different political systems in the REC-members further complicate the picture.

Representatives from civil society that were involved has aired the view that the negotiations were unfair because they were forced to be carried out on the regional level where the RECs were weaker than they would have been if they would have been allowed to negotiate by themselves were they would have had a clear mandate (Tradecraft in Bilal 2006:). The EU have been accused of using a divide and conquer strategy but rather I would call it a “Unite and Conquer” where negotiations were forced to take place on a level where the institutional capacity was insufficient.

Negotiating in RECs can be a waste of human capital, time and money. The negotiators first have to reach agreements within themselves and may then

experience a negotiation-fatigue when it is time for third-party negotiations. The administrative costs for creating common bodies handling the negotiations on behalf of the members are high (Meyn 2004:13). The importance of having adopted well thought out and structured regional approaches before entering into negotiations with the EU was stressed by Bilal in 2003 (Bilal 2003:5). Time pressure is intense as negotiations within the REC as well as towards the EU has to be carried out at the same time (Bilal 2003:17). Bilal also calls for the individual states to spend sufficient time preparing for the negotiations on behalf of themselves as well as members of a REC; the EPA negotiations will not be sufficiently carried out without a clear mandate, a collective action plan and political commitment to the process (Bilal 2003:10). Meyn 2004 further underline the importance of negotiating together to be strong enough to secure important policies regarding industries that would otherwise be threatened. Meyn argues that the RECs should integrate and stick together to avoid ending up in a situation where they would be completely in the hands of the EU.

Conflicting negotiation positions and lack of common policies was an initial problem for the RECs. Without common trade rules, negotiation mechanisms and a clear mandate to initiate negotiations with a third party success is unlikely.

5.6 East versus West- two different approaches

5.6.1 The EPAs and ECOWAS

ECOWAS was initiated in 1975. From then start, the ambition was to create an economic and monetary union (Babarinde & Faber 2009:115ff). Regarding the EPAs ECOWAS initially aimed to give the EC a common customs bid but the establishment of a common customs rate proved complicated and further stalled the EPA-negotiations (Graneli 2009:39). In the end of 2007 the EU increased the negotiating pressure on ECOWAS to conclude the EPAs. The result was that ECOWAS fell apart as a negotiation partner; Ivory Coast and Ghana signed EPAs to safeguard their access to the EU market. Nigeria opted for a GSP option¹⁸. The twelve LDC-members reverted to the EBA. The EC-Ghana and EC-Ivory Coast agreements are not the same; in a future ECOWAS-wide EPA there will still be

¹⁸ Nigeria applied to be covered by the GSP+ in December 2007. The application was first rejected as Nigeria did not meet the labour, environmental and human rights required by the EU, the decision was put off until December 2008. However, all GSP beneficiaries were however found to automatically qualify for the GSP+ (Meyn 2008:6).

one state with a different agreement (Bilal 2008:7f). Ghana and the Ivory Coast's decisions were not appreciated but respected by the other states, however the common ECOWAS view is that the interim-agreements has hindered regional integration in the REC (Tarabi, Nigerian Ministry of Trade in Telemeddelande Abuja 2009-07-09).

When evaluating the progress in 2000 improvement was found to have been made regarding free movement of people and infrastructure. Steps have previously been taken towards removal of trade barriers between members, the prospect of a future customs union had before the interim EPAs appeared plausible (Stevens 2008:222).

However the economic integration has thus far not been slow (Babarinde & Faber 2009:115ff). ECOWAS lacks a CET, economic and financial policies have not been harmonized there are still high internal tariffs and cumbersome customs procedures between the members. Intra-regional trade is continuously low, 11 per cent compared to trade levels with third countries (ibid). Busse and Grossman, 2004, found that the EPAs would result in welfare gains of different scale for the states. Nigerias' estimated losses from customs revenues were 29.6 percent, for Cape Verde close to 80 percent¹⁹.

ECOWAS faces two challenges; the integration process within the region and further liberalizations towards the EU. Progress has been made regarding common competitiveness-policies, tackling adjustments with regards to tax revenues, establishment of an EPA- Regional Fund. The implementation of a FTA and CU is continuously being discussed. In a meeting regarding the EPA-negotiations in May 2009 the Nigerian ministry of trade highlighted the importance of a region wide agreement. However it became clear how differently the members perceive certain aspects of the agreement, especially regarding trade in services and the Singapore Issues (Telemeddelande Abuja 2009-07-09). According to the EC the EPAs will stimulate the regional integration in the region as soon as the full EPA, including the Singapore issues, is concluded (EC Standpoints presented at NEPAD in Abuja 2009-07-08).

Nigeria is taking an increasing responsibility to reach EPA-conclusions, largely the negotiations has become a "one state show" although continuing to underline the importance of regional integration. This new found interest for the EPAs has created insecurity among the other ECOWAS-members as Nigeria does not seem to have a clear position and the negotiators have an unclear mandate (Comments by the Embassy of Sweden to Nigeria 2009-07-09).

5.6.2 Eastern Africa, EAC and the EPAs

EAC entered into the EPA on a customs-union based approach, in the long run supposed to also benefit liberalization of intra-EAC trade (World Bank 2008:12). The EAC decision is noteworthy as Kenya is the only non-LDC EAC-member;

¹⁹ Numbers linked to the total import from the EU (Graneli 2009:20).

remaining four members did not have an immediate need to sign. The decision to negotiate a joint EPA was made in 2002 but not concretised until late 2007. Until then EAC member negotiated within COMESA or SADC (Bilal 2008:12). Four of the EAC members were at the time for the negotiations also members of COMESA²⁰.

Kenya, Tanzania and Uganda have a long history of co-operation. EAC was created in 2000²¹, Rwanda and Burundi joined in 2007, a customs union was established in 2005²² (EAC-webpage).

According to its members EAC aims for both wider and deeper integration in political, economical and social matters, free movement for goods, people, labour and capital, policy coordination and common competition laws (ibid). As the agreements were signed EC launched a comprehensive program to stimulate further regional integration in EAC, negotiations aiming to lock in the Singapore Issues are still the main challenge (Embassy of Sweden to Tanzania). In November 2009 an agreement on an EAC Common Market was signed. The agreement is highly ambitious covering free movement of people, capital and services but also numerous exceptions on labour and ownership matters are excluded and numerous NTBs will remain (Telemeddelande Dar es Salaam 2010-03-25). The ability to conclude the CM-protocol should perhaps foremost be considered a sign of political integration; trade liberalization will take more time. Although EAC is a full feathered customs union the impact on the inter-regional trade has been marginal, largely this is a consequence of the members implementing new TBTs as well as overlapping commitments foremost to COMESA (ibid).

Integration due to the EPAs external pressure seemed to be heading the right way in October 2007 when the agreements were signed; since then little progress has been made. Signing of a full EPA, including trade-related aspects, has been pushed forward on numerous occasions and caused sour comments from the EU (ibid). According to the Swedish Embassy in Tanzania the reason for the meagre results is foremost the many differences between the EAC-members. However, the EAC-integration process is progressing on a vast range of issues, outside of the EPA-agenda also including trade-related aspects included in the full EPA. EAC-integration seems to be on its way slowly. It is likely that the EPA-process will run more smoothly once these agreements are concluded within the EAC.

²⁰ A FTA was established in 2000. EAC members Kenya and Zimbabwe has been members since. In 2004 Burundi and Rwanda joined COMESA, Uganda has significantly reduced tariffs on intra- COMESA trade. A CET was to be implemented in 2004 but re-scheduled to 2008, the problems has largely been linked to overlapping memberships (Barbarinde & Faber 2009:119). In 2008 the work to create a FTA covering EAC, SADC and COMESA was initiated, the outcome of these efforts is yet to be seen (http://www.swedenabroad.com/Page_____25973.aspx).

²¹ The former (EAC) comprising Kenya, Tanzania and Uganda was until its demise in 1977 the most developed of all the integration experiences in Africa (UNCTAD2008:27). The second East African Community was created in July 2000 after the Treaty for the Establishment of the East African Community was signed in Arusha, Tanzania in November 1999.

²² Even after the establishment of the common market around 60 sensitive products will continue to have tariffs up to 100 per cent within EAC (http://www.swedenabroad.com/Page_____25973.aspx).

6 Conclusion: Can external pressure foster integration?

The consequence of the concluded EPAs might be considered a “divide and conquer”-strategy by the EU, this as developing states now have different agreements with the EU calling for more cumbersome customs procedures within the RECs. However, this is nothing new; insufficient infrastructure, protectionism due to fear of losing customs revenues and neighbouring conflict zones has made it easier to trade with the EU than within some RECs for long. Rather, it is interesting underline that it was the EUs hard push to force the RECs to unite and negotiate regionally that made them a weak negotiator. The insufficient institutional capacity and the unclear mandate to speak for the entire group of states made the RECs unable to conclude beneficial deals, it is therefore a matter of “unite and conquer”. Early in the process Meyn encouraged the RECs to try to negotiate together in order to conclude a more beneficial outcome- a strength in numbers argument. Over the years this has been contested by most scholars. Stevesn (2008) concludes that whether regional integration can at all be driven by external forces must be a decision made by the African states.

The problems for the African states are manifold; insufficient negotiation skills and inability to reach common standpoints on the various trade-related aspects (Bilal 2009:11f). The conclusion of interim-EPAs was largely due to the lack of details and vague formulations (Oxfam 2007, Stevens 2008:211). That “trade in goods”- only EPAs were the only EPAs to be signed before the deadline must be considered a failure for the EU and for the Eurocentric perspective on regional integration.

The fast negotiation-pace left little opportunity to deal with matters concerning the RECs’ internal affairs, the negotiations exposed the weakness of the RECs. National interest’s largely overruled regional when choosing negotiation-group (Bilal 2008:12, Stevens 2008:217). Much of the RECs internal agreements can be concluded to be lip service without corresponding action, to expect the developing states to present common standpoints on a broad range of intricate topics within such a narrow time span was either naive or a conscious strategy by the EU. A deadline might be an incentive for parties to reach an agreement but in this case it was too stressed (Bilal 2009:7, Stevens 2002:211). Oxfam even suggests that the late start for the negotiations was a strategy by the EU to pressure the states to accept the deals as there would be no time to present alternatives (Oxfam 2007:2).

If the intense pressure the EU put on the RECs to further integrate would be that catalyst or if it would cause them to collapse is the question to be answered.

Stevens 2008 conclude that EPAs have undermined regionalism in COMESA, SADC, Central and West Africa but may have helped in East Africa (Stevens 2008:222). The EUs external pressure forced the regions to move forward in their integrative ambitions. Initially this seemed to be the positive consequence for EAC but the situation in EAC today is not uncomplicated. The four LDC-members have expressed regrets about signing the agreements. Much annoyance has been the consequence when five countries having more in common with other states in their original RECs struggle to find common ground. The EAC-decision to jointly sign the EPA after only having its current structure for a few months makes EAC-integration largely looks like a paper agreement to fore fill the EPA-prerequisites. The integrative ambition past the external pressure is vague.

ECOWAS has previously been considered Africa's most integrated region; still they were unable to sign a joint EPA. Although the process of economic integration is slow there are signs of increased integration in other; infrastructure, movement of people, common policies and institutions are to an increasing extent taking form. This might be a consequence of the prevalent informal integration, the structural factors that a long history of cooperation and cultural similarities creates. Remaining ECOWAS-members were not pleased with Ghana and the Ivory Coast's decision to sign interim EPAs but respected their choice with regards to the economically disadvantage any other option would have caused them.

As the interim- EPAs only covered trade in goods it may not be surprising to conclude that the agreements have had a larger impact on the economic integration than on other aspects of integration. It can be concluded that the interim EPAs affected the economical integration- positively in EAC where tariff- and NTBs can be eliminated within the REC, and negatively in ECOWAS where customs procedures now are more thorough.

Regional integration as a consequence of external pressure is likely to be less sustainable and if not fully owned by all involved stakeholders agreements are unlikely to survive or to be implemented (Borrman & Busse 2006:13). The regional groups with which the interim EPAs were concluded does not match the AUs formally recognized RECs. Too little consideration was paid to the existing RECs resulting in new RECs lacking common negotiation mechanisms and clear mandates from their members to negotiate on their behalf. Both EAC and ECOWAS are purposefully working on further integrate within their respective REC. The EPA-pressure might have gotten the EAC-process kick started in 2007 but the true catalyst for integration since then has been internal driving forces and the RECs own ambition to integrate. The most prevalent opinion from scholars and stakeholders besides the EC is that the EPAs with all the benefits it might bring works as a sufficient carrot after issues regarding structural factors and actors loyalties has been worked out internally within the RECs. As a stick, forcing the RECs to unite and negotiate regionally, the EPAs reputations has gone from bad to worse among most scholars and stakeholders. There are increasingly calls for the involvement of national negotiators with a clear mandate to be involved in the process rather than weak regional secretariats.

6.1 Topics for further research

The EPAs impact on the regional integration will continue to be a hot topic for many years. The EU is still Africa's largest trading partner although to a decreasing extent. The emerging markets, perhaps foremost China, are concluding trade agreements with African states and the development of the trade relationships between the BRICS and Africa should be further studied

Several LDCs, foremost the EAC LDCs signed EPAs even though they faced no obvious gains from doing so. Can it be that their commitment to the regional integration had a stronger impact than their short-term interest with respect to the EU? Regional integration in Africa has been subject to many backlashes, what incentives these LDCs had to sign is worth further investigation. Also a close eye should be kept on the consequences of countries failing to implement their EPA commitments while their non-LDC neighbours do so.

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