ACP-EU relations after 2020
The end of an era

OVERVIEW
One of the main building blocks of EU external relations, the Cotonou Partnership Agreement between the EU and the African, Caribbean and Pacific countries (ACP), is set to expire in 2020. Due to EU institutional evolution and changes in the global balance of powers, a renewal 'as is' of the agreement is not an option. There is a need to streamline ACP-EU relations, with new EU strategies in the regions concerned, and to adapt to the ACP countries' new ambitions. The issue of financing is also on the table.

Stakeholders have started discussions, focusing on the overlaps with other frameworks and the assets that should be kept or reformed. The main challenge for the EU is to keep its leverage in the region while remaining faithful to the values the EU Treaties promote. The EU's new relationship with the ACP countries will have to be consistent with recent strategic changes in its foreign policy, such as the EU global strategy.

Formal negotiations between the parties need to start in August 2018 at the latest. Further to a joint evaluation, the European Commission and the High Representative have put forward their preferred option: an umbrella agreement with tailored regional partnerships. To date, other stakeholders have not yet taken formal positions, but some discernible patterns are emerging.

This briefing develops and updates an 'At a glance' note of September 2016.

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Main features of the Cotonou Agreement

Relations between the 28 EU Member States and 78 African, Caribbean and Pacific states are managed in the framework of a partnership agreement signed on 23 June 2000 (Cuba, although a member of the ACP Group of States [see Figure 1], did not sign).

Figure 1 – ACP Group of States in 2016 (all of them are parties to the Cotonou Agreement, except Cuba)


Commonly referred to as the Cotonou Agreement, or CPA (for ‘Cotonou Partnership Agreement’), this treaty, revised in 2005 and 2010, will expire in February 2020 (Article 95, CPA). From this date on, the signing parties will no longer be bound by its provisions. Taking into account the achievements and shortfalls of the Cotonou Agreement, a new relationship has to be designed. After a broad consultation process, the EU negotiating position might be agreed by May 2017; the ACP Group is also preparing a position of its own.

Since 2000, challenges, such as migration, climate change and terrorism have become more and more significant, while the EU's preferential economic treatment granted to ACP countries is ceasing – except for the least developed ones. There is a lot to discuss and it may be difficult for all parties to find convergence of interests on the main assets of the current partnership that they would like to keep and strengthen.

Covering one in five persons in the world, the ACP-EU partnership is unique in many ways:

- It is based on a treaty between the 28 EU Member States and 78 ACP countries, and is therefore legally binding;
- It is comprehensive – centred on the objective of 'reducing and eventually eradicating poverty' (Article 1, CPA), the partnership covers three main fields: a political dimension; trade cooperation; and development cooperation;
- Other agreements between the EU and third countries refer to human rights and democratic principles. However, the Cotonou Agreement provides a more detailed list of 'essential elements' that the parties must comply with or face sanctions (Articles 9 to 13, CPA), while the dispute settlement mechanism is more elaborate (Articles 8 and 96, CPA);
• Its institutional architecture comprises a Council of Ministers, a Committee of Ambassadors and a Joint Parliamentary Assembly (JPA), as provided for in Articles 14 to 17, CPA;¹
• It benefits from predictable, multiannual resources from the European Development Fund (EDF), a financial instrument outside the EU budget. The 11th EDF (2014-2020) has been allocated €30.5 billion through direct contributions by the EU Member States. The EDF contribution keys are different than those used for the EU budget (see figure 2).

Figure 2 – Member States’ GNI, contributions to European Development Funds 10 and 11 and to the EU budget (as a % of each total): EU-15 and EU-12/EU-13


Achievements and shortcomings of the current ACP-EU partnership

A mixed outcome
In October 2015, the European External Action Service (EEAS) and the European Commission launched a public consultation process to prepare the post-Cotonou framework and received 103 responses.² Collated in March 2016, the respondents’ views did not reveal any clear-cut trends: they were generally positive on the agreement’s contribution to human and social development, as well as peace and security efforts, but were mostly critical about its effectiveness with regard to private-sector development, migration, democratic governance and alliances on global challenges.

In July 2016, the Commission and the EEAS published a joint evaluation, which took on board the results of the public consultation, the contributions from the Commission and EEAS services, and from targeted thematic consultations. The evaluation found that the Cotonou Agreement has had a positive impact on development, trade and economy, but its political dimension has fallen short of its ambitions.

Development
According to the evaluation, financial support mobilised for the agreement’s development component has helped reduce poverty. However, while budget support has had a positive impact on the availability of basic health and education infrastructure and services, there is room to improve their quality. A quality gap in education is still left unaddressed in some African sub-regions.
**Political dimension**

An innovative feature of the Cotonou Agreement, **political dialogue** is held in various formats, at country or regional level, to assess the partners' priorities. The joint evaluation finds it has proved an efficient channel to foster mutual understanding and raise awareness on security issues. However, it has not been used effectively enough to promote common interests on global issues in international fora, despite some success (for instance, the **common position** put forward at COP 21, the 2015 Paris Conference of the Parties on the UN Framework Convention on Climate Change).

Political dialogue has not been successful in triggering improvements with regard to **human rights** and democracy in countries which do not share the same values as the EU on a series of important issues, such as **LGBTI rights** and the **International Criminal Court**. Should a government cease to respect human rights, democratic values or the rule of law, a consultation procedure is applied (Article 96, CPA). It has been launched **15 times** by the EU since 2000, but never by ACP countries. **Research findings** tend to show that the EU has been inconsistent in invoking Article 96, and might have acted not only based on its own interests but also on the likelihood of a positive outcome.

As concerns **peace and security** promotion, this has mainly been focused on Africa, and rests on the partnership of the African Union with the EU-ACP. In this framework, the **African Peace Facility**, financed by the European Development Fund, has contributed to the resolution of many regional conflicts. However, according to the joint evaluation, political dialogue has not been used systematically to tackle the root causes of violence.

**Trade and economy**

The Commission and the EEAS found that the **trade and economic cooperation** pillar has supported the increase in EU-ACP trade flows and, to a lesser extent, regional trade flows, despite the difficulty of quantifying its actual impact. Most evaluators consider that interventions meant to keep economic growth and other macroeconomic factors stable, in particular through public finance management, have been relevant and efficient. The evaluation asserts that regional integration has been fostered by the negotiation of regional economic partnership agreements (EPAs).

**Loss of coherence in the partnership**

**The economic partnership agreements: emphasis on regionalisation**

Under the previous ACP-EU Convention (Lomé IV), ACP states benefitted from a preferential tariff system in their trade with the EU. This system was against the World Trade Organization's 'most favoured nation' principle, according to which preferential treatment granted to ACP countries should have been granted to other countries with a similar level of development. In 2000, to make the Cotonou Agreement compliant with WTO rules,³ a new provision was included, making it possible to negotiate different
economic partnership agreements with regional groupings. ACP countries now fall into the following WTO-compatible categories:

- countries that have ratified an economic partnership agreement, which can access the EU market under the negotiated provisions. Conclusion of economic partnership agreements is still ongoing (see Figure 3), and accession to an existing economic partnership agreement is possible at any time;
- countries that have not yet ratified an economic partnership agreement will no longer be granted trade preferences...
- ...unless their low level of development allows them to benefit from an arrangement under the EU’s generalised scheme of preferences (GSP).

Economic partnership agreements are placed under the umbrella of the Cotonou Agreement: a breach of one of its 'essential elements', involving human rights, democratic principles and the rule of law, could entail suspension of the EPA trade preference for the country concerned. Legal issues might arise over how to handle the references to the 'Cotonou' human rights clauses in EPAs after the Cotonou Agreement itself has expired.

The variety of situations regarding economic partnership agreements highlights the fact that the ACP group is less cohesive. Its pledge from 2002 to negotiate collectively on 'issues of common interest' soon proved hard to keep: although it wanted first to conclude a framework agreement, it yielded to the EU's wish to negotiate along regional lines. It is contended by several analysts that, in providing for such clustered trade agreements, the Cotonou Agreement laid the ground for the fragmentation of the ACP-EU partnership.

Figure 3 - State of play of EPAs with ACP countries (as of October 2016)


Migration and security: a heterogeneous situation, better addressed at other levels

While Pacific and Caribbean countries are a minor source of regular and irregular migration to the EU, Africa is a major one. Migration among African countries is also more significant than it is among countries in other continents. Although Article 13 of the CPA provides for cooperation in the area of migration, the joint evaluation notes that other initiatives, such as the EU's Global Approach to Migration and Mobility (GAMM) and the European Agenda on Migration or the EU-Africa Valletta Action Plan, tend to address migration more. The Euro-African dialogue on migration and development (the Rabat Process) and the EU-Horn of Africa migration route initiative (the Khartoum Process), which bring together European and African states – including non-EU European and north African countries – are deemed appropriate fora to tackle the root causes of migration.
On **security** matters, the EU is a key player in Africa, where political violence is higher, but not in the Caribbean or the Pacific. The EU's differentiated approach is highlighted by its use of the European Development Fund to finance projects clearly not related to Caribbean or Pacific countries, through instruments such as the African Peace Facility and the Emergency Trust Funds for Africa.

**Overlaps with other strategies**

Differentiation also finds expression in the EU's new partnerships, which, at least geographically, overlap with the ACP-EU. Below are a few examples:

- The **Joint Africa EU Strategy (JAES)**, adopted in 2007 by the African Union, the EU and their member states, is aimed at enhancing cooperation in five priority areas: peace and security; democracy, good governance and human rights; human development; sustainable and inclusive development and growth, as well as continental integration; and global and emerging issues. Some observers have suggested it could be the new framework for EU-African relations after Cotonou. It includes more African countries than the Cotonou Agreement, but Caribbean and Pacific countries are not part of it.

- The 2012 **Caribbean-EU partnership** strategy was developed jointly by the EU and the Caribbean Forum (CARIFORUM). Based on five themes (regional integration, support to Haiti, climate change and natural disasters, crime and security, joint action in bi-regional and multilateral fora), this partnership might be 'a "model" of interregional trade and development cooperation which should be spread to other ACP regions'.

- As for relations with Pacific countries, the Council of the EU has highlighted the need for the 'EU to enhance its profile in the region, including through regular visits to the area and meetings within the international fora', in its conclusions from 14 May 2012.

These new partnerships have a looser institutional framework than the EU-ACP's: they include joint working groups, but not joint institutions at parliamentary or governmental level.

**A need to rethink the relationship: main scenarios**

The negotiations for 2020 will be an opportunity to make a thorough re-evaluation of the partnership framework and to streamline all of the EU's relationships with its partners. For most stakeholders, the post-2020 ACP-EU relationship could be modelled on one of the following scenarios. (The assessment of strengths and weaknesses is that of the European Centre for Development Policy Management (ECDPM).)

**Scenario 1: The existing ACP-EU architecture and institutions are kept**, but adapted to deliver on the new global challenges (such as migration and climate change). The existing partnership could be extended to new members, as a strengthened ACP Group would be a significant EU partner. For its supporters, the current framework is still valid, provided its weaknesses (in particular, on political dialogue) are fixed. Another argument in favour of keeping the status quo is that currently the EU is not in a strong position to negotiate a more disruptive scenario. Scenario 1 has two main weaknesses: it does not address the institutional overlap with other agreements (notably the economic partnership agreements); and it might be more difficult to agree on shared values – even among the EU Member States – than it has been in the past, which might lead to a tougher ratification process.

**Scenario 2: The ACP-EU partnership is regionalised.** Relations between the EU and ACP countries would be defined by direct agreements with regional authorities, without an overarching structure. Nevertheless, several clauses of the Cotonou Agreement, such as...
the institutional framework for political dialogue, would have to be renegotiated for each regional agreement. It might be difficult to negotiate comprehensive and legally binding agreements with some regions. The Caribbean and Pacific countries' clout might be reduced, should they become part of wider EU-Latin America and EU-Asia agreements. This scenario puts into question the ACP-EU special relationship and the continuity of the joint institutions, dispute-settlement mechanisms and specific funding.

**Scenario 3: An umbrella agreement** is kept. This scenario acknowledges regional differentiation and tries to retain a binding all-ACP framework: an overarching ACP-EU agreement would address issues which are of common interest or for which geographical differentiation is not relevant, such as climate change, human rights, respect for democratic principles and the rule of law. This overarching framework would co-exist with regional agreements, including economic partnership agreements. In this case, the difficulty would lie in deciding whether to set the provisions at regional or an overarching level, whether to include a subsidiarity principle, and how to address the role of the existing institutions, such as the Joint Parliamentary Assembly. The ACP Group might be reluctant to devolve powers to regional authorities, nor would such authorities necessarily be willing to join an 'ACP umbrella'. Such a scenario, which acknowledges regional differentiation and at the same time tries to retain a binding all-ACP framework, might entail complicated negotiations at several levels.

**Scenario 4: The ACP-EU partnership is replaced by a mix of regional and thematic partnerships.** Instead of using a geographically based, multi-thematic framework, the current EU-ACP partners would decide whether to join agreements on strategic topics, such as climate change and migration management, or not. This architecture is more consistent with new EU frameworks on policy coherence for development and the security/development nexus, which do not make a distinction between the ACP and other partners. This is also in line with the EU global strategy, which is aimed at 'making a difference' with like-minded partners. As in scenario 2 above, the institutional set-up and funding model are questioned.

Most respondents in the 2015 joint consultation think that a legally binding agreement would be more efficient. Many of them favour a more focused and lighter ACP-EU partnership framework that would complement other regional partnerships. The main priorities put forward for the future partnership are: implementing the Sustainable Development Goals (SDGs); reducing poverty and inequality; focusing on climate action, migration policy, peace and security; and improving the business environment.

**EU and other stakeholders' positions**

**State of play in the European Parliament**

Parliament monitors developments concerning ACP-EU cooperation closely through its Committee on Development and Cooperation. It also plays a key role in the institutional framework of the agreement, through its 78 members who take part in the Joint Parliamentary Assembly alongside 78 parliamentarians from ACP countries. The Lisbon Treaty's entry into force in 2009 changed the rules of the EU negotiating process: the European Parliament will have a greater say in shaping the next ACP-EU agreement, since its consent will be required before such an agreement is concluded. However, as the European Development Fund is not part of the EU budget, Parliament has limited power of scrutiny over it.
In October 2016, Parliament voted on a report presented by its Committee on Development and Cooperation. In line with Parliament's previous positions, its resolution of 4 October 2016 reaffirmed the relevance of the ACP-EU partnership and made the following recommendations:

- The new partnership should consist of an ACP-EU framework and regional agreements, all equally binding. The partnership should be focused on the UN 2030 agenda.
- The new partnership should be based on a political project, rather than on a donor-recipient relationship. Political dialogue should be reinforced and should have a strong monitoring mechanism.
- Economic partnership agreements should be fully integrated into the new partnership and should be subject to scrutiny as regards their respect for human rights, social and environmental standards.
- The partnership should be given a stronger parliamentary dimension, with a reinforced ACP-EU Joint Parliamentary Assembly, in which opposition parties would be better represented. The Assembly should develop contacts with regional and national parliaments, civil society and local authorities.
- The European Development Fund should be included in the EU budget. Parliament calls for the African Peace Facility to be financed outside the European Development Fund, and for new migration-related projects not to weigh down development funding.

Positions of other EU institutions and the EU Member States

Based on the evaluation of the Cotonou Agreement (see 'Achievements and shortcomings of the current ACP-EU partnership' above), the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy published a joint communication in November 2016. The Commission and the High Representative support an umbrella agreement defining common values and interests, with three distinct tailor-made partnerships with each of the three ACP regions (similar to scenario 3 above). The partnerships would need to be coherent with broader schemes, such as the Joint Africa-EU Strategy, the European Consensus on Development, and the COP 21 Agreement; they should also provide for the inclusion of partners beyond the ACP group. The joint ACP-EU institutional set-up is described as 'useful to share experiences' but 'heavy and cumbersome': the communication does not take a firm position but seems to favour 'decision-making and implementation' at regional level.

On 12 May 2016, the European Economic and Social Committee adopted its opinion on the future of ACP-EU relations, in which it recommended guaranteeing the involvement of civil society organisations and private sector in the future agreement. It also advocated giving Parliament scrutiny over 'all forms of development support' while preserving the 'positive aspects of the EDF'.

The EU Member States do not have homogeneous interests towards the region: in 2000, out of the 15 Community Member States, ten had had colonies in the ACP region; today, 13 more EU Member States are bound by the Cotonou Agreement (as part of the acquis communautaire), but none of them have ever had colonial relations with ACP countries and their strategic interests lie more with eastern or southern neighbours than with the ACP. For Member States that have joined the EU since 2000, discussions on 'post-Cotonou' will be the first opportunity to have their say on the future shape of ACP-EU relations. As development cooperation is a competence shared between the EU and its Member States, there is a risk of incongruence between the various agendas regarding ACP countries. UK withdrawal from the EU might also affect the balance of powers and
the level of funding, not least since many of the ACP states' historical ties with Europe were closest with the UK.

The EU Foreign Affairs Council (in its development format) first debated the issue on 26 October 2015. EU development ministers discussed the topic at a September 2016 informal meeting. Another exchange of views, based on the November 2016 joint communication from the Commission and the High Representative, took place on 28 November 2016 during the Foreign Affairs (Development) Council meeting. To explore the positions of the Member States, which have not yet been made public, analysts interviewed their representatives in May and June 2015. While the outcomes cannot be considered as reflecting official positions, they do indicate that:

- few Member States (those which have privileged relations with former colonies in the ACP regions) consider historical ties as important, but many see the comprehensiveness of the agreement as an advantage for the EU to stay influential in the ACP;
- several Member States would like the new agreement to be more focused on mutual interests in the areas of migration, security and climate change;
- a majority would be in favour of a legally binding agreement;
- some would argue for the agreement to be extended beyond the ACP, for example to Latin America;
- Member States are divided on the budgetisation of the European Development Fund, since it would have a different financial impact on them (increasing the contribution of some and relatively decreasing that of others, as the contribution keys are not the same for the EU budget and the European Development Fund).

ACP heads of state or government
The economic and political rise of countries in the Global South, in particular of China and its BRICS\(^5\) counterparts, has reshuffled the development cooperation cards. As a result, the EU has lost part of its leverage, because ACP countries can now turn to donors that are less demanding in terms of human rights and democratic governance. Nevertheless, the ACP Group remains attached to its partnership with the EU and to the European Development Fund, as they benefit under the latter from assigned and predictable multiannual resources. In 2012, meeting in Sipopo, Equatorial Guinea, ACP heads of state or government committed to staying united as a group; regarding their relationship with the EU, they voiced concerns about the notion of differentiation and reaffirmed their wish for the European Development Fund to continue to be 'operated outside the regular EU budget framework'. At their June 2016 summit, ACP heads of state or government 'expressed determination to renew and enhance the ACP-EU partnership with a legally binding agreement building on the Cotonou 'acquis'". They also commended the ACP Eminent Persons Group (EPG) report, which is still subject to regional consultations and has not yet been made public. The ACP heads of state and government stated their expectations for a more balanced partnership, where financial autonomy for the ACP Group would be achieved through the creation of an endowment fund and 'additional forms of development finance'. So far, individual ACP states have not voiced their positions explicitly.

ACP-EU Joint Parliamentary Assembly
The ACP-EU JPA sits in plenary twice a year, with regular meetings of its Bureau in between plenaries. In its December 2015 resolution on forty years of partnership, the joint assembly highlighted the ACP-EU framework as an essential tool for mutual
understanding and called for its adaptation to meet the Sustainable Development Goals. It welcomed the signing of economic partnership agreements, provided they take on board development and human rights provisions. It supported the European Development Fund’s specific characteristics, such as cooperation in the drafting of programming documents and predictability of resources, but also recalled the need to find other sources of financing, for instance from the private sector, or through better management of public resources. The future of the agreement was not on the agenda of the 13 June 2016 plenary, but the EU co-president ad interim emphasised the need to include ‘stronger parliamentary oversight’ in it.

Civil society
The contributions to the above-mentioned public consultation provide an insight into the diverse positions taken by civil society organisations (CSOs). Most CSO contributors favour a renewed partnership with more balanced ownership and stronger civil society participation, while several are wary of the emphasis on security issues at the expense of social and human development.

Main references

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European Centre for Development Policy Management (ECDPM), The future of ACP-EU relations: a political economy analysis, January 2016, p. 167; Exploring scenarios for the future of ACP-EU cooperation, September 2016, p. 23, and other studies (most include further bibliographical references.)
Endnotes

1 Annex III to the CPA also provides for two technical institutions: the Technical Centre for Agricultural and Rural Cooperation and the Centre for the Development of Enterprise (the latter closed down in 2015).

2 These were collected from 16 associations, 23 civil society organisations, 13 private citizens, 4 companies, 41 public authorities or international organisations, and 6 think-tanks.

3 The deadline for the replacement of the Lomé/Cotonou trade regime by WTO-compatible economic partnership agreements (EPAs) was set for 2007 by a WTO decision of 14 November 2001. After 2007, countries which had concluded an EPA could benefit from its preferential conditions, even if they had not ratified it (Council Regulation (EC) No 1528/2007). This preferential treatment ceased in October 2014.

4 Concerning the economic aspect, Caribbean countries are all high or upper middle income economies (except Guyana, which is lower middle income, and Haiti, which is low income), while most Sub-Saharan African and Caribbean countries are lower middle-income or low-income economies (World Bank classification, 2016).

5 BRICS stands for Brazil, Russia, India, China and South Africa. For more information, see: D’Ambrogio, Enrico, BRICS – a bloc or a bubble?, EPRS, December 2014.

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