

Master Thesis European Studies

Policy Coherence for Development in the European Union



The Case of the Economic Partnership Agreements

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Date: September 30th 2010

Preface

During my studies I developed a special interest for development cooperation in relation to European Affairs. There are a lot of interesting dynamics to study when it comes to these topics. Due to the colonial past of many of the EU's member states, the EU developed a particular relationship with ACP countries. Still the EU is the main trading partner of many ACP countries and the largest provider of development aid programs. The EU's development policy is quite extensive and has a prominent place within the new Treaty of Lisbon. At the University of Twente I was given the opportunity to follow the minor program Sustainable Development, which gave me more insights into the world of development cooperation and its many facets. It was therefore not a surprising step to look for an internship in this field, and so after the semester in Münster I was very pleased to find an internship with the Fair Politics program of the Evert Vermeer Foundation in Brussels. Here I was able to experience first hand the relationship between the European Union and developing countries by closely monitoring not only the EU's development policy, but also the affects of other EU policies on development. The aim of the Fair Politics program is to identify incoherencies between various EU policies and development policy and to bring these to the attention of the policy makers. It was during my internship that I decided to write my Master thesis about the topic of *Policy Coherence for Development*. I found it interesting to analyze the concept from a more theoretical perspective. However at times, it was quite difficult to combine the theoretical work with the concrete topics I was dealing with on a daily basis, as I could not distance myself from the topics I was studying. When I was offered a job after finishing my internship, I lost even more track of my studies and completely focused myself on my new job. Luckily I was encouraged by a few people who I would like to thank here to regain my motivation and to finally finish my thesis and to graduate. Therefore, Mischa thank you for your endless patience and support, Benjamin thanks for your helpful comments, your suggestions and your critiques! Benjamin and Anne Dörte thanks for handling all of the administrative and bureaucratic procedures. I would also like to thank both of my supervisors Prof Doris Fuchs and Prof. Nico Groenendijk for giving me the possibility to finish up this thesis in a rather short period of time and for your comments via email, which prevented me from travelling back and forward to Enschede and Münster too many times.

Antwerp, Belgium

September 2010

Table of contents

<i>Preface</i>	2
<i>List of Abbreviations</i>	4
<i>List of Figures</i>	5
1. Introduction	6-10
2. Background	10-12
2.1 The European Union Development Policy	10,11
2.2 Development Cooperation and ACP countries: From Lomé to Cotonou	11,12
2.3 Current trends around Policy Coherence for Development	12
3. State of the Art of the Literature on PCD and the EPAs	12-19
3.1 Scientific literature on Policy Coherence for Development	12-18
3.2 Impact Studies and position papers on the EPAs	18,19
4. Theoretical Framework	19-24
4.1 The merits of Rational Choice Theory	20-22
4.2 Bounded Rationality	23,24
5. Research Methodology	24-26
6. Data and Analysis	26-43
6.1 The EPAs as the Basic unit of Analysis	27-32
6.2 Organizing the Concepts	32-41
6.3 Challenging the critiques	41-43
7. Conclusion	43-46
Bibliography	47

List of Abbreviations

ACP	African Caribbean Pacific (countries)
CAP	Common Agricultural Policy
CARIFORUM	Caribbean Forum (sub group of ACP countries)
CEMAC	Central African region (EPAs)
CONCORD	European NGO Confederation of Relief and Development
CEPS	Centre for European Policy Studies
CPA	Cotonou Partnership Agreement
DAC	Development Assistance Committee (of the OECD)
DG	Directorate General (of the Commission)
ECDPM	European Centre for Development Policy Management
ECOWAS	West African Region (EPAs)
EBA	Everything But Arms
EDF	European Development Fund
EPAs	Economic Partnership Agreements
ESA	East and Southern Africa region (EPAs)
EU	European Union
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	General System of Preferences
IMF	International Monetary Fund
IPRs	Intellectual Property Rights
LDC	Least Developed Country
MDGs	Millennium Development Goals
MFN	Most Favored Nation
NGO	Non Governmental Organization
NSA	Non State Actor
ODI	Overseas Development Institute
OECD	Organization for Economic Cooperation and Development
PCD	Policy Coherence for Development
RAM	Rational Actor Model
SADC	Southern Africa Development Community (EPAs)
TEU	Treaty of the European Union
TFEU	Treaty on the Functioning of the European Union
WTO	World Trade Organization

List of Figures

Figure 1 A PCD System: PCD mechanisms in their operation context	14
Figure 2: Classification 1: Different Type of (In)coherence) Perspective	15
Figure 3: Classification 2: Different Types of (In)coherence Institutional (1)	16
Figure 4: Classification 3: Different Types of (In)coherence: Institutional	16
Figure 5: Types of (In)coherence Classification 4: Causes	17
Figure 6: Types of (In)coherence Classification 4: Causes	17
Table 1: The Standstill Clause	36
Table 2: Export Taxes	38
Table 3: The Most Favored Nation Clause	40

1. Introduction

The EU and its member states are important actors in international development policy. This is clearly demonstrated by the fact that the EU's member states provide around 45 percent of all international development aid. Next to the member states the European Union (EU) itself adds another 10 percent to the world's spending on development aid (Nugent, 2006, p. 512). Although the EU and its member states are among the lead donors of development aid in the world, this does not mean that the EU's development policy is always effective, neither does it mean that the EU is 'development friendly'. For development aid to be effective numerous factors play a role. Take only the difficulty in coordination, because there are so many different actors involved in development cooperation. It is impossible for the EU to control all of the factors which influence the degree of development effectiveness¹; however it is possible for the EU to at least control its own policy and its policy making process. It is not only the EU's development policy by which developing countries are affected. European integration has proceeded progressively during the past two decades, the EU's policy towards international trade, security and migration also affect the situation in developing countries. The EU's development policy would be of little use if its other policy areas would work against it.

The call for Policy Coherence *for Development* (PCD) on the European level was first set out in law in the Treaties of Maastricht and Amsterdam, "The community shall take account of the objectives of its development policy in the policies that it implements which are likely to affect developing countries" (Article 178 of the Treaty of Amsterdam). The Maastricht Treaty introduced the three C's: Coherence, Coordination and Complementarity as the basis for the treaty's application (Egenhofer, 2006). It was however not until 2005 when the EU also made a political commitment towards enhancing PCD in the European Consensus on Development.

On 20 December 2005 the Presidents of the Commission, Parliament and the Council signed a statement on EU development policy, in which for the first time in fifty years of cooperation a framework of common principles was designed within which the EU and its member states should implement development policies in a spirit of 'complementarity'. *"The EU is fully committed to taking action to advance Policy Coherence for Development in a number of*

¹ Development effectiveness as defined by the UNDP: Development effectiveness reflects the extent to which an institution or intervention has brought about targeted change in a country or the life of the individual beneficiary. Development effectiveness is influenced by various factors, beginning with the quality of project design and ending with the relevance and sustainability of desired results.

areas. It is important that non-development policies assist developing countries' efforts in achieving the Millennium Development Goals (MDGs). The EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries. To make this commitment a reality, the EU will strengthen PCD procedures, instruments and mechanisms at all levels, and secure adequate resources and share best practice to further these aims. This constitutes a substantial additional EU contribution to the achievement of the MDGs" (European Consensus on Development, 2005).

During the past five years, the concept of PCD has been institutionalized accordingly; different programs and PCD mechanisms have been put into place on the EU and member state level. However incoherence within EU policies is still being identified quite frequently by Non Governmental Organizations (NGOs) active in the field of development cooperation.² For example, the EU reintroduced export subsidies on dairy products (because of the milk price crisis) only last year, although these subsidies had ceased to exist because of the affects it had on farmers in developing countries. Or when the EU came up with a new strategy on Raw Materials, securing the access to these to the EU, but not allowing developing countries to introduce export restrictions.³

One of the main policies mentioned when discussing PCD, are the Economic Partnership Agreements (EPAs). These trade agreements between the EU and the ACP countries (African, Caribbean and Pacific) are and have been negotiated for over eight years now, and only in 2008 the first full EPA was signed between the EU and CARIFORUM (group of Caribbean countries). The EPAs are meant to replace the existing trade relations under the Lomé non-reciprocal system of trade preferences, which was set up under the General Agreement on Tariffs and Trade (GATT). The Lomé conventions were no longer compatible under the new World Trade Organization's (WTO) rules (considered as discriminatory in relation to non ACP developing countries), and thus the WTO required the EU to set up new WTO compatible trade agreements with the ACP countries. These new agreements were decided upon in Cotonou in 2000. The EPAs were designed as long term partnerships to promote poverty reduction and sustainable development by fostering the smooth and gradual integration of six regions into the world economy. The progressive elimination of tariffs and non-tariff barriers, both between the ACP countries and between the ACP regions and the EU,

² See for instance the CONCORD Spotlight report on PCD in which various incoherencies are described.

³ Both of these examples (milk export subsidies and the raw materials initiative of the EU) are described in the CONCORD Spotlight report on PCD.

should eventually result in the establishment of regional free-trade areas.⁴ Despite possible benefits resulting from this trade regime, EPAs are claimed to be incoherent to the EU's development policy in many different ways. Where multilateral negotiations had to lead to better regional integration, now bilateral negotiations are taking place to install interim EPAs. Many countries are unable to negotiate with the EU on an equal basis, as they do not have enough expertise to oversee all of the complicated clauses that are included within the agreements. The EPAs include 'WTO+' obligations in areas such as investment, competition policy, government procurement, current account payments, environment, social aspects, cultural cooperation and Intellectual Property Rights (IPRs) protection. These are not included in current WTO negotiations and do not necessarily have to be included for the EPA to be WTO compatible, as is explained later in this thesis.⁵ It is often suggested by various actors involved in development cooperation that, the EU is mainly taking into account its own economic interests rather than the well being of developing countries⁶ as embraced by Art 208⁷ of the Treaty on the Functioning of the European Union (TFEU) and by the various commitments to for instance the MDGs. Therefore the overall objective of this thesis is to research whether the EU's economic interests prevail when it comes to policy making on the European level in the case of the EPAs.

The research question of this thesis is: In the policy making process⁸ of the EPAs; did the EU's economic interests play a greater role than its commitments towards Policy Coherence for Development?

In order to answer this research question, the theories of rational choice and bounded rationality are applied. Rational choice theory allows us to find out which role the European economic interests played in the policy making process of the EPAs. Bounded rationality in turn takes a closer look at the bureaucratic processes and how they influenced the policy making process around the EPAs. Rational choice theory explains outcomes in the

⁴ Like for instance explained in the courier magazine (the Courier ACP-EU 24 n° 195 November December 2002) of DG Development of the European Commission.

⁵ For a short and comprehensive overview of clauses included in the EPA, please see the Draft Recommendation on the proposal for a Council Decision concluding the EPA between the European Community and the Cariforum states.

⁶ See for instance <http://www.stopepa.de/> (visited on 16-08-2010). This is the German website of the Stop EPA campaign; the English website is no longer in the air. The stop EPA campaign consisted of many European NGOs who claim the EPAs just to be a European interest.

⁷ *"The Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries."*

⁸ Please note that in the case of the EPAs the negotiations are considered part of the policy making process.

international political economy as the result of actors' choices which are assumed to be utility maximizing within given incentives and institutional constraints (Baylis & Smith, 2001, p. 337).

The rational choice approach can be applied to individual decision makers, to interest groups, to sectors in the economy, to parts of government bureaucracy and to states in their interactions with other states. The theory explains how actors tend to act on a rational basis, by which they consider the different options and choose the option most favorable to their own interests in order to maximize their own utility.

In the case of the EPAs this would mean that the European decision makers would construct the trade agreement in their most favorable way, according to their own economic preferences; by for instance including strict clauses assumedly profitable to the European industry, clauses which for instance secure the EU's access to raw materials, without considering the environmental and developmental impact on the developing countries. The European Commission states that the EPAs were designed primarily to serve as a developmental tool;⁹ therefore the well being of the developing countries themselves should be at stake, and not the pure economic interests of the EU. Of course the EU's interests may be taken into account as well, but not at the expense of the developing countries. If the EPAs were indeed constructed on the basis of rational decisions based upon economic preference formation, this would mean that the commitments toward PCD were not fully taken into account.

Bounded rationality challenges rational choice theory claiming that ordering one's options according to one's interests is not so simple. It might not be so clear which option would be more favorable according the EU's economic objectives. Rather bounded rationality takes into account the nature and the environment of the decision maker, like for instance the other actors involved in the rather bureaucratic decision making procedures.

⁹ The EPAs between the EU and African, Caribbean and Pacific group of countries are aimed at promoting trade between the two groupings – and through trade development, sustainable growth and poverty reduction. The EPAs set out to help ACP countries integrate into the world economy and share in the opportunities offered by globalization. (<http://ec.europa.eu/trade/wider-agenda/development/economic-partnerships/>) European Commission DG trade website.

Thesis outline

Chapter 2 provides some important background information on the EU's development policy and the current state of affairs around PCD. In chapter 3 the main scientific literature on both PCD and the EPAs is being evaluated, explaining the characteristics of Policy Coherence for Development and how Coherence could be categorized and how the EPAs fit into this categorization. In chapter 4 the Theoretical Framework is discussed by elaborating on the theories of rational choice and bounded rationality. Consequently, the hypothesis is derived from the theoretical framework. In chapter 5 the Research Methodology is set out, explaining the dependent and independent variables of the hypothesis and how the theories will be applied in order to test the hypothesis. Chapter 6 concerns the Data and Analysis part, in which the theories of rational choice and bounded rationality are applied respectively to the unit of analysis (i.e. EPAs). In this chapter, the EPAs are evaluated and their most contentious issues are discussed; why they are incoherent to the EU's development policy and whether the contentious issue, being pushed for in the EPA negotiations was actually the most economically favorable option to the EU. Finally some of the PCD mechanisms are evaluated as they present the bureaucratic processes of the policy making procedures in which the nature and the environment (bounded rationality) of the actors become more visible.

2. Background

2.1 The European Union Development Policy

The legal basis of the EU's development policy is stated within the Treaty of the European Union (TEU) in article 21; The EU shall: "(b) consolidate and support democracy, the rule of law, human rights and the principles of international law; (c) preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter, with the principles of the Helsinki Final Act and with the aims of the Charter of Paris, including those relating to external borders; (d) foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty; (e) encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade; (f) help develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development; (g) assist populations, countries and regions confronting natural or man-made disasters; and (h) promote an international system based on stronger multilateral cooperation and good global governance".

In article 208 TFEU, the primary objective of the EU's development policy is stated namely "the reduction and, in the long term, the eradication of poverty". TFEU article 209 furthermore states that; "The Union may conclude with third countries and competent international organizations any agreement helping to achieve the objectives referred to in article 21 of the TEU and in article 208 of this Treaty". The legal basis of the EU's development policy is executed by means of commitments made in policy statements, of which the eight MDGs are the most relevant in the current era. The eight MDGs are: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce the mortality rate of children; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development. The latter is most relevant to the case of PCD and the EPAs, as it aims to develop further an open rule based, predictable, non discriminatory trading and financial system. The policy framework in which the commitments and the legal objectives are being executed consists of food aid, emergency aid, aid to NGOs and the General System of Preferences (GSP), which gives developing countries the ability to export their industrial products to the EU without paying tariffs.

2.2 Development Cooperation and ACP countries; From Lomé to Cotonou

Due to its colonial past, the EU felt it had a particular responsibility vis-à-vis its former colonies (the ACP countries) and thus the EU established a special relationship with this group of countries in the framework of Lomé and later Cotonou. The first Lomé convention entered into force in 1975 and the last convention was held in 1989. Lomé basically consisted of two elements; firstly it provided financial aid to 71 ACP states under the European Development Fund (EDF), this mainly in the form of grants for development projects. Secondly, it provided free access to the EU for products originating in ACP countries, with the exception of agricultural products covered by the Common Agricultural Policy (CAP). Opinions were mixed about the effects of these conventions; they helped to build commercial ties between the EU and ACP states and there was an overall increase in the volume of ACP exports from the 1960s to the 1990s. However the conventions were also criticized for promoting economic dependence and for stimulating the flow of low profit raw materials from ACP countries to the EU and the flow of high profit manufactured goods from the EU to the ACP (McCormick, 2002). In 2000, the Lomé convention was replaced by the Cotonou Partnership Agreement (CPA), a much broader agreement aiming at the reduction and eventual eradication of poverty while contributing to sustainable development and to the

gradual integration of ACP countries into the world economy. The most radical change which was introduced under Cotonou concerns the EPAs. Like explained in chapter 1, the non reciprocal trade regime under Lomé was no longer considered WTO compatible and thus reciprocal trade agreements had to be designed. With the exception of the Least Developed Countries (LDCs) as they still fall under the Everything But Arms (EBA) arrangement.

2.3 Current trends around PCD

During this last year (2009/2010), there have been many new developments around the concept of PCD which was first set out in the Treaties of Maastricht and Amsterdam. The Lisbon Treaty gave a more prominent place to the concept making references to it in both article 208 TFEU and in article 21 of the TEU. Just last year the second PCD report was published by the European Commission (one of the PCD mechanisms discussed in chapter 6.3). The PCD report was accompanied with a communication setting a new scene for PCD; “the whole of the Union” approach. This new approach suggested focusing on 5 PCD priorities rather than the 12 fragmented policy areas. Migration, Trade and Finance, Climate change, Security and Development and Food security were chosen as the 5 focal points for the period of 2010 – 2013. The Council Conclusions suggested the European Commission should write a PCD work plan which they did and published in April 2010. Besides the European Parliament wrote an own initiative report on PCD, which was adopted as a resolution in May 2010. From these developments one can notice that PCD is gaining ground and is accepted as an important concept to achieve more development effectiveness.

3. State of the Art Literature on PCD and the EPAs

3.1 Scientific literature on PCD

The scientific research performed so far on the topic of PCD is rather limited and performed by a small number of authors and research institutions/ organizations. Most of the authors have concentrated on the meaning and justification of PCD, they have analyzed the different mechanisms installed in both the member states and on the European level, and they have explained the complexity around defining coherence and incoherence and evaluating the mechanisms and their effectiveness.

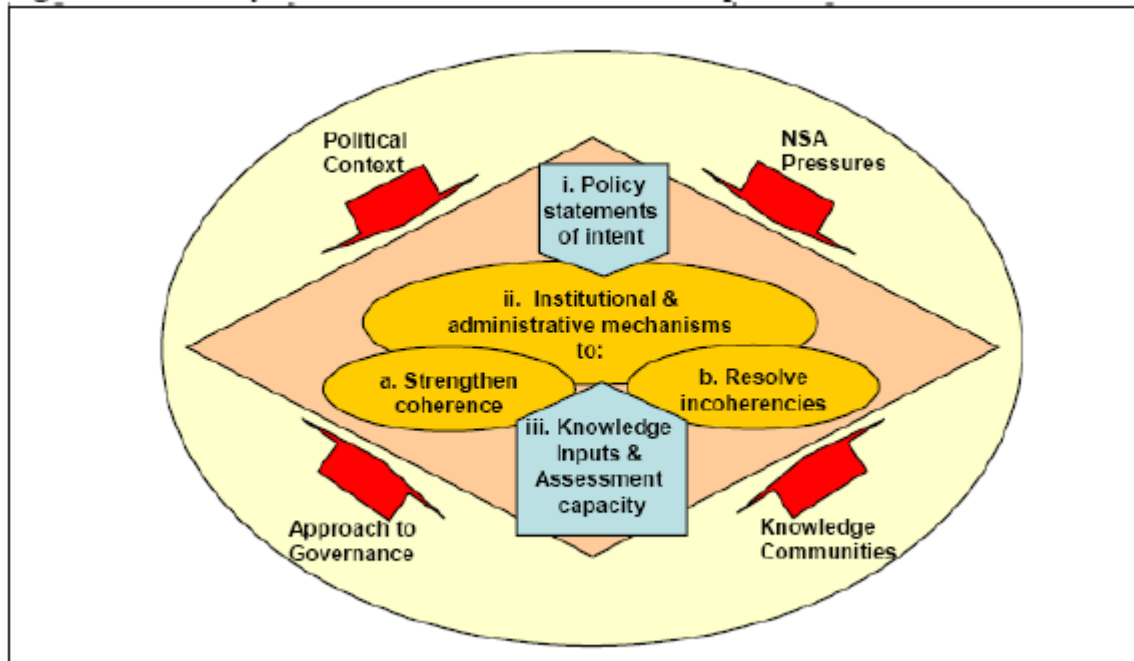
The Organization for Economic Cooperation and Development (OECD) has been contributing to the PCD debate from the beginning of the 1990s. They particularly focused on the importance of the enhancement of PCD in the OECD member states. The PCD mechanisms

within the OECD member states are being evaluated every couple of years by means of the Development Assistance Committee (DAC) peer review on the country's performance in relation to development cooperation. Three building blocks are used to evaluate the progress made towards PCD. The first being **political commitment and policy statements**: Progress towards PCD starts with political commitment to development objectives and to ensuring coherence between policies focused on development and policies focused on other objectives. The second concerns **Policy coordination mechanisms**: this second phase of the policy coherence cycle involves coordinating policy and its implementation. The associated building block concerns mechanisms that enable the various component parts of a government to consult about policy and to resolve any conflicts or inconsistencies in its implementation. Finally the third building block presented by the OECD **monitoring analyses and reporting systems**, refers to the systems that a country has in place to monitor the impacts of policies, to analyze the evidence collected through monitoring, and to report on the impacts of policies (OECD, 2008).

The European Centre for Development Policy Management (ECDPM) has also conducted research and assessments on the mechanisms within the member states and on the EU level with regards to PCD. They have conducted scoping studies, and have described and analyzed the developments leading up to the institutionalization of PCD. They have defined the concept and justified it (ECDPM/ GmbH/ICEI, 2007). Not only have they researched Coherence, but also the two other C's (Coordination and Complementarity) both in the light of improving the effectiveness of the EU's development policy. Similar to the OECD, in their evaluation study on the EU institutions and member states mechanisms for promoting PCD, ECDPM identified 3 mechanisms of use to enhance PCD within an institutional setting;

- i. Explicit **Policy Statements** on coherence which translate external policy pressures into a declaration of what the government intends to do to, indicating intent, providing focus and guiding officials and other actors;
- ii. **Administrative and Institutional Mechanisms** (such as inter-departmental coordination committees in government, or a specialized coherence unit) to promote coherence in the definition and further refinement and mutual adjustment of different policies and the execution of the commitment;
- iii. **Knowledge Input and Assessment Mechanisms** (information and analysis capacity) to support an evidence-based approach to policy formation to underpin and inform the need for policy coherence (ECDPM & ICEI, 2005: p. 17, 18).

Figure 1 A PCD System: PCD mechanisms in their operation context



(ECDPM & ICEI, 2007. P.16)

The institutional mechanisms which were just introduced by ECDPM are placed in a particular 'PCD system' (see figure 1) adding four external factors having an influence on the functioning of the PCD mechanisms. Non State Actors (NSA) pressures represent the influence of NGOs and other NSAs who comment on European policies (e.g. corporate lobbies). Furthermore, knowledge communities (on particular policies or PCD at large e.g. OECD and other renowned research institutions) find their share in the system. The political context relates to the political space which is available to a government in order to operate and make policy decisions. The amount of political space depends on the interests at stake for the EU. By means of rational choice theory, the political context and to a certain extent the approach to governance can be further analyzed. Besides the influence of NSAs and knowledge communities is also touched upon.

Hoebink also significantly contributed to the scientific debate around PCD within the EU. In the evaluation services of the European Union on the Treaty of Maastricht and Europe's development cooperation (2004), he wrote two chapters on Coherence, in which he classified different types of incoherence, what has possibly caused the incoherence and the remedies in order to be able to solve the incoherence.

According to Hoebink, the first step in identifying the incoherence is between restricted (1), restricted (2) and broad incoherencies. The EPAs may be identified as restricted (2), see

figure 2 below, presented by Hoebink in his analysis. “The restricted (2) type is incoherence between different sets of foreign policy and development cooperation policy, e.g. between trade policies and development cooperation, between security policy and development cooperation, between human rights policies and development cooperation” (Hoebink, 2004 p.187). The EPAs concerns incoherence between international trade policy and development policy or as might be claimed as well restricted (1), as EU officials keep saying the EPAs are actually a development policy.¹⁰

Figure 2: Classification 1: Different Type of (In)coherence) Perspective

Restricted (1)		Development Co-operation: Goals Instruments Forms			
Restricted (2)		Foreign Policy (Human Rights Policy)	Development Co-operation	Security (alliances, arms trade)	
Broad	Agricultural Policies	Fisheries Policy	Development Co-operation	Industrial Policies	Environmental Policy

(Hoebink, 2004, P. 188)

The second classification (see figure 3) concerns, internal, external and inter – European types of incoherencies. In the case of the EPAs, this would be external as it concerns a type of incoherence between development policy objectives and (commercial) trade policy, meant to deal with third countries, and is not focused on internal EU objectives only.

¹⁰ ‘EPAs should no longer be conceived as trade agreements in the conventional sense where both sides are seeking mutual advantage. The EU is not pursuing an equal bargain in relation to our EPA partners. The purpose of EPAs is to promote regional integration and economic development.’ *Trade at the service of development*. Speech given by Peter Mandelson, former Trade Commissioner, during a speech at the London School of Economics, 4 February 2005. (http://ec.europa.eu/commission_barroso/mandelson/speeches_articles/sppm013_en.htm)

Figure 3: Classification 2: Different Types of (In)coherence Institutional (1)

	Development objectives EU		
External type (1)	Development policy	External policy	Commercial policy
Internal type (2)	Environmental policy	Agricultural policy/ Fisheries policy	Industrial policy
Inter-(European) type (3)	Development policy of the member states	Policy of Developing countries	

(Hoebink, 2004, P. 189.)

The third classification (see figure 4) of incoherence concerns vertical versus horizontal; horizontal between different policies on the European level, with EU competences, and vertical intergovernmental policies as no complete EU competences exist. In the case of the EPA's both types apply. External trade officially falls under the intergovernmental decision making procedures of the EU, meaning that member states have a veto right. However the European Commission was given the competence to perform the negotiations with third countries on behalf of the member states.

Figure 4: Classification 3: Different Types of (In)coherence: Institutional

		Vertical		
		International organisations		
Horizontal	DG I (Commerce)	DG I/DG VIII (Development)	DG VI/XIV (Agriculture/ Fisheries)	DG XI (Environment)
		(Ministries) Member states/ Central banks		
		Governments/ Ministries (Developing countries)		

(Hoebink, 2004, P.192)

Hoebink's final classification, of incoherencies is made between intended and unintended incoherence (see figure 5). Intended incoherence is being described as; "a form in which an authority consciously accepts that the objectives of policy in a particular field cannot be achieved because the policy involves conflicting interests. In the case of unintended incoherence, policies in a particular field frustrate the objectives or results of other policies although this is not noticed because the results of the different policies are never compared"

(Hoebink, 2004, p. 195). In the case of the EPA, most likely intended coherence is at stake, as the EPAs are said to be a developmental tool to integrate third countries into the world economy, one would assume development policy has indeed been taken into account.

Figure 5: Types of (In)coherence Classification 4: Causes

	Cause	Remedy
Unintended	<ul style="list-style-type: none"> • interests of developing countries not weighed/left aside • no clear representation of developing countries' interests • knowledge of effects absent 	<ul style="list-style-type: none"> • impact study • mechanisms for better weighing
Intended	<ul style="list-style-type: none"> • developing countries' interests set aside • member states' interests of more importance • better lobbying by competing interests • no clear assessment available 	<ul style="list-style-type: none"> • impact study • mechanisms for better weighing • compensation • accept incoherence

(Hoebink, 2004, P 195)

Furthermore the incoherence concerning the EPA can be classified as a political/economic incoherence according to Hoebink (see figure 6).

Figure 6: Types of (In)coherence Classification 4: Causes

Political/Economic	<ul style="list-style-type: none"> • conflicting interests (inside member states, between member states, between EU and others) • complexity of issues • deregulation/liberalisation • internationalisation/globalisation 	<ul style="list-style-type: none"> • tolerate incoherence • mitigation • compensation • additional/flanking policy
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(Hoebink, 2004, P 195)

The Centre for European Policy Studies (CEPS) has conducted a rather extensive research on PCD mechanisms installed within the Council, in which case studies on particular policies were used to illustrate the kind of incoherencies existent. One of the areas focused on trade policy, in which the case of the EPAs was very shortly described to illustrate, the complexity

concerning the coordination between trade and development policy. Furthermore a small number of academics of whom some are cited in this thesis have written papers on the topic of PCD. However none of them or any of the above mentioned authors and organizations has explicitly evaluated a decision making process of one policy in order to determine the role PCD mechanisms or the 'PCD system' played. At the end of his chapter on the 'the C of Coherence' Hoebink even suggests the European Commission to perform research in this direction; "for the restricted 2 type of coherence it is proposed to concentrate on four issues; of which one of them; "European trade preferences/regimes and the development of trade with developing countries" (Hoebink, 2004, p. 215). Hoebink explains that the evaluation should concentrate on European institutions and actors; it should analyze documents of European institutions, involved ministries of a selected number of member states and of civil society and market/producers organizations (Hoebink, 2004, p. 216).

3.2 Impact studies and position papers on the EPAs

When it comes to the EPAs, many studies have been conducted and (position) papers have been written ever since the green book on the revision of Lomé was first published in 1996. Not all of the literature can be considered scientific as many papers and assessments are rather political or activist. Because so many different impact studies have been conducted by NGOs, the European Commission and independent research agencies (sometimes by an assignment of the European Commission), it is hard to figure out which results are most valuable and which impact study most accurately analyses the impact.

The numerous impact studies which have been conducted have used very different methodologies, either using partial equilibrium models or general equilibrium models (UNECA, 2005 or CEPIL, 2007). One researcher may find one model more appropriate than the other one and therefore criticizes the results of an impact study having used the wrong model (Curran et al, 2008). Next to the discussion about the impact studies, more theoretical or rather ideological debates have arisen. The very nature of the EPAs is basically market liberalization. Opinions vary on the question of, whether market liberalization is *good* or *bad* for developing countries, whether it will bring them welfare or economic disruption. This particular discussion has been going on for many years now, and still there is strong polarization and major disagreement. Proponents of liberalization claim that it could accrue to countries when they specialize in the production of goods in which they have comparative

advantage,¹¹ and thus engage in trade to meet their other needs, which can then be imported. Furthermore proponents argue that openness stimulates technological change by increasing domestic rivalry and competition, which then leads to increased innovation and further investments (Mwaba, 1999).

Opponents of free trade and market liberalization claim that opening up markets leads to market disruption, the collapse of domestic markets and thus more unemployment, when trade barriers are suddenly removed. Furthermore it leads to increased domestic instability as economies are becoming dependent on global markets. The opportunity of other countries to dump their surplus goods on developing countries markets below the cost price forms another risk.

Neither the impact studies nor the market liberalization debate have helped to improve the quality of the discussion about the EPAs, because the EPA negotiations are still in a deadlock and the European Union especially does not seem to know which way to move forward.¹² The theory of Rational Choice may bring new light to the debate about the EPAs: in whose interest the different clauses really are (from an economic point of view) and which way to move forward to come to cooperation and thus meaningful, mutually satisfactory agreements.

To sum up, this thesis on one hand evaluates the decision making process of one particular policy: the EPAs in order to determine whether the EU's economic interest prevail over its development objectives and thus disregards the EU's commitments towards PCD. On the other hand the thesis intends to take the EPAs out of the polarized and ideological debate, to see which way the EU and ACP countries could move forward.

4. The Theoretical Framework

By means of the EPAs the EU is trying to pursue better trade cooperation with ACP countries. "Cooperation requires that the actions of separate individuals or organizations which are not in pre existent harmony be brought into confirmatory with one another through a process of negotiation, which is often referred to as policy coordination" (Keohane, 1984 p. 51).

¹¹ Comparative advantage refers to the ability of a country to produce a particular good or service at a lower opportunity cost than another country. It is the ability to produce a product with the highest relative efficiency given all the other products that could be produced

¹² Last June an online consultation was launched on the future of EU trade policy and currently a new Communication on the future of the EU's trade policy is being prepared by the European Commission (see http://trade.ec.europa.eu/consultations/?consul_id=144).

In his book *After hegemony* Keohane describes the prerequisites for cooperation, which can only occur when actors adjust their behaviors to the actual anticipated preferences of others, this all through the process of policy coordination. However when the policies installed by one government are not regarded by the partners as being able to facilitate the realization of their objectives, cooperation is not possible, instead discord occurs. Cooperation involves mutual adjustment and can only arise when both parties agree to the adjustments. This is not (yet) the case when it comes to the EPA policy coordinating process. In order for cooperation eventually to take place, the goals, objectives, range of alternatives and the preferences of both parties (in this case the ACP states and the EU) should according to Keohane be known to one another. Only when this is known the parties can move closer and find mutually satisfactory agreements. At this very moment, the goals and objectives of the EU have indeed been stated; as the EPAs are claimed to be a tool for development, however the proposals on the table do not necessarily match the stated goals and objectives of the EU. By means of rational choice theory the goals, objectives, policy options and consequences of both partners (ACP and EU) can be clearly analyzed. Plus one can find out the role of the EU's economic interests in terms of preference formation (which option is being pushed for in the negotiations).

4.1 The merits of rational choice theory

“Rational people are motivated by the urge to fulfill their desires” (Laver 1997).

The above quote illustrates the main idea behind rational choice theory; that the actors involved act upon the wish to fulfill their particular desires. Their desires can be determined by their socio- economic and security related interests. In his book on *Political Economy and Global Affairs*, Andrew Sobel gives a clear explanation of what constitutes rational choice theory. Assuming that political economic actors behave as if they are rational means that we assume they can systematically order their preferences over the state of the world, along with the expected outcomes of their choices, and that the ordering will be consistent over time and in their self interest. Self interest means that actors will select choices by seeking to improve their utility or expected satisfaction. Furthermore the assumption of rationality means that we expect decision makers to choose the course of action that is most likely to produce the best outcome given costs and benefits (Sobel, 2006).

Rational Choice theory is applicable within different disciplines like economics and political science and in different forms from very basic, explanatory forms to rather mathematical

game theories. The explanatory power of the theory makes it an attractive approach to apply to particular actions or occurrences as the decisions made or to be made by decision makers can be clearly analyzed when the goals and objectives of the actor are known; “From the point of a social scientist trying to explain and predict human behavior, the concept of rationality is important because, if a person acts rationally, his behavior can be fully explained in terms of the goals he is trying to achieve” (Harsanyi quoted in Allison & Zelikow, 1999, p. 19).

The rational choice theory is concretely explained and set out in *Essence of Decision: Explaining the Cuban Missile Crisis* by Allison and Zelikow. They illustrate a classical model of rational choice theory, which they call the Rational Actor Model (RAM). This model is very applicable to the aim of this thesis namely to find out whether the economic interests of the EU prevailed over the EU’s development objectives in the case of the EPAs.

Their classical model of rational choice has been presented in the form of a paradigm consisting of 5 components (Allison & Zelikow, 1999, p.24/25);

- 1) The first component concerns *the basic unit of analysis*; a government will select the action that will maximize its strategic goals and objectives. The first step is therefore to explain the unit of analysis. In the case of this thesis, the unit of analysis are the EPAs.
- 2) The second component concerns *organizing the concepts*; firstly the *unified actor* needs to be defined: the nation or government, conceived as a rational, unitary decision maker, is the agent. In the case of the EPAs this would be the European Commission who was given the mandate to negotiate the EPAs. After the unified actor has been defined, *the problem* at stake needs to be analyzed: “the action is chosen in response to the strategic situation the actors is facing, the threats and opportunities in the international strategic marketplace move an actor and a nation to act in a particular way” (Allison & Zelikow, 1999, p. 24). When both the unified actor and the problem have been stated *the action* (decision taken or to be taken) may be described: A) what are the specific goals and objectives in relation to the basic unit of analyses? B) Which options are available to the agent acting on behalf of the state? C) What are the consequences of the different alternatives available? and finally D) what would be the most rational choice (which option will be pushed for rationally). The rational agent will select the option whose consequences rank highest in terms of his goals and objectives.

- 3) The third component concerns the *dominant inference pattern* by means of this pattern the rational action needs to be backed up clearly by describing the purposes that the action is serving (in terms of the strategic goals and objectives and the problem described earlier).
- 4) *The general prepositions* concern the 4th component of the paradigm. When applying the RAM, the propositions on which the alternative is chosen need to be clear. The simplest propositions are: an increase in the perceived costs of an option reduces the likelihood of that action to be chosen, and a decrease in the perceived costs of an option increases the likelihood of that action being chosen.
- 5) The last component concerns *evidence*, evidence about details of behavior, statements of government officials, and government papers, which show a coherent picture of the value maximizing choice (from the point of view of the agent).

“Rational choice consists simply of selecting that alternative whose consequences rank highest in the decision maker’s payoff function” (Allison & Zelikow, 1999, p.18).

From the explanation above it seems that reaching mutually satisfactory agreements is very hard. All partners involved in the EPA policy coordinating process can be expected to have different goals and objectives, the options put on the table during the negotiations are in principle the same for all negotiating partners. However the consequences of these options are different from one partner to the other and thus their utility rankings will be different. So whose preferences will prevail in the end? When it comes to rational choice theory there is also a prior context which needs consideration; the context of power.¹³ Because although the EPAs seem voluntary agreements, we have to ask ourselves; which party has the greater need for an agreement with the other? Since relationships of power and dependence in world politics are important determinants of international regimes; the preferences of more powerful actors will be accorded greater weight and thus voluntary of choice does not imply equality of situation or outcome (Keohane, 1984).

The theory of rational choice will be applied to test the hypothesis of this thesis:

In the policy making process of the EPAs, the EU’s economic preferences prevail over the EUs development objectives and are causing incoherence within the policy.

¹³ Oxford dictionary definition of power: the capacity or ability to direct or influence the behaviour of others or the course of events. This can be technical expertise, negotiation capacity. However power can also be seen purely in terms of resources available to an actor.

4.2 Bounded rationality

The theory of bounded rationality challenges rational choice theory claiming that there are limitations of knowledge and computational ability of the actor involved. Herbert A Simon is one of the first scientists to write about this theory. He underlines the difference between rational choice theory and bounded rationality as follows; “To deduce the substantively, or objectively, rational choice in a given situation, we need to know only the choosing organism's goals and the objective characteristics of the situation. We need to know absolutely nothing else about the organism, nor would such additional knowledge be of any use to us, for it could not affect the objectively rational behavior in any way. To deduce the procedurally or boundedly rational choice in a situation, we must know the choosing organism's goals, the information and conceptualization it has of the situation, and its abilities to draw inferences from the information it possesses” (Simon, 1985, p. 294).

Furthermore bounded rationality theorists take into account that decision makers did not need simply to choose among alternatives; they had to generate the alternatives in the first place. Problems were not given; they had to be defined. Solutions (alternatives) did not automatically follow problems; sometimes actors had to set solutions ready to apply to problems that could occur (Jones, 1999).

The theory of bounded rationality therefore suggests, firstly taking into account the nature of the decision maker, their search for information, and their ability in determining the options available. If calculations need to be performed then one needs to take into consideration the complexity of these calculations. Secondly, the nature of the environment needs consideration, the problem of uncertainty, bounded rationality theorist claim that the consequences of different alternatives are not always straight forward or known to the decision maker. Also the rational actor will never make a decision in isolation; there is always interaction with others. They therefore have to modify their goals in light of the social milieu in which they find themselves.

Actors laboring under bounded rationality cannot calculate the costs and benefits of each alternative course of action on each issue, instead it is on the contrary; actors need to simplify their own decision making process in order to be able to function effectively at all. Besides as Keohane claims the nature of governments as large, complex organizations composed of human beings with limited problem solving capabilities are the main obstacle for actors to act on a rational basis (Keohane, 1984 p. 115).

In order to challenge the critiques on rational choice theory, the features of bounded rationality just previously described are evaluated after the hypothesis has been tested.

5. Research Methodology

In the following chapter the research methods used in this thesis are described and justified. Moreover the hypothesis deducted from the theory presented in the previous chapter is explained by means of its dependent and independent variables and how these are tested. This thesis is based on qualitative research and links theory to analysis. Theories present our best understanding of how life operates. The more our research confirms a particular set of relationships among particular concepts, the more confident we become that our understanding corresponds to social reality (Babbie, 2004). Moreover this thesis is based on a case orientated analysis; it analyzes structures, processes, causes and consequences.

The central question stated in the introduction is answered with the help of the hypothesis which is formulated in chapter 4. The independent variable within the hypothesis concerns the EU's economic interests; the dependent variable concerns the coherence of the EPAs with the EU's development policy. The hypothesis suggests that the EU's economic interests have an influence on the degree of coherence of the EPAs. This hypothesis will be tested by applying the RAM of Allison and Zelikow. This is a rather basic model of rational choice, rather than applying a game theoretic model of rational choice, a more basic model allows better explanation and more extensive data inquiry of the unit of analyses, the problem concerned, the different options available and consequences in terms of the European socio-economic interests.

The basic unit of analysis is identified and described with the help of papers written and impact studies conducted on the EPAs by various actors. From these impact studies the three most contentious clauses when it concerns the coherence of the EPAs with the EU's development policy are explored (the standstill clause, export taxes and the Most Favored Nation clause). These three clauses have been chosen, because these particular clauses are described in most of the impact studies of the EPAs, they are therefore among the most well known and discussed contentious clauses of the EPAs. It is explained why these particular contentious clauses are incoherent to the EU's development policy. Hoebink's classification model of incoherence is used to explain the incoherence at stake, with a large focus on the intended/unintended classification.

The second component of the RAM; *organizing the concepts* helps to state the problem and to identify the unified actor. These concepts are all relatively easy to identify, however when it comes to analyzing *the action*, applying the RAM becomes more complex. *The goals and objectives* are tricky, as the stated goals and objectives which are known might not be the same as the actual underlying strategic goals and objectives. Therefore the stated goals are described but also the underlying strategic (socio- economic) goals are being anticipated and analyzed in the context of the international market space in which the EU is currently operating. *The options* available can be traced back with the help of the option which the European Commission did eventually choose to push for in the negotiations: the contentious issue as described within the unit of analysis. In the judicial framework of the WTO it will become apparent whether this clause was actually necessary in order to reach the main objective of the EPA: WTO compatibility. It might be the case that the clause was completely unnecessary if so, the EU might claim the clause serves economic growth and thus development. But as the clause has been identified in impact studies, as being contentious in relation to the development of the countries at stake then, the ACP groups, NSAs and knowledge communities might have come up with different options (e.g. adding flexibilities) to these clauses which they find more favorable and which might serve the interest of the EU as well. When describing the alternatives available the third, fourth and fifth component of the RAM (*dominant inference pattern, the general prepositions and evidence*) are applied throughout this analysis by referring to policy statements (evidence), explaining the EU's economic interests and the cost and benefits of the option concerned to the EU (general propositions). When all options have been traced and the *consequences* have been analyzed, different economic value will be accorded to the different options according to the extent the option serves the EU's economic interest. From (1) ranking the highest in terms of the EU's economic interest and (4) ranking the lowest. This of course depends on the number of options identified for each contentious clause. Did the option which was chosen by the EU rank highest in terms of the EU's economic interests?

In order to face the critiques on rational choice theory after having tested the hypothesis the features of bounded rationality are evaluated with the help of the 'PCD System', which can be applied to analyze the complex structures policy makers are faced with, the availability of information and the way problems are analyzed and solved.

The literature study and the analysis, could have been backed up by interviews with policy makers and other actors in the field of development cooperation and the EPAs in particular,

this would have provided the thesis with more concrete data, which would have made some of the arguments stronger. However because of my current position as a policy officer of the Fair Politics Program of the Evert Vermeer Foundation in Brussels, this is not possible. The actors in this field are familiar with me and my organization. Nevertheless this position enables me to place certain policy statements and impact studies in a more precise manner because of being concerned with this topic on a daily basis.

Selecting just one policy as a case study in order to find out what role the European interests play does bring a risk, as to what extent more generalized conclusions can be drawn.

Although the EPAs are not part of the ‘Global Europe Strategy’ they do relate to concerns expressed in relation to this strategy.¹⁴ The strategy came up with new policies in relation to bilateral trade agreements in the areas of IPRs, market access, investment, services etc.

Although these are aimed at bilateral agreements and therefore not targeted at ACP countries or LDCs, the concerns and the European incentives are very similar. Then the CAP also shows some similar features in terms of prevailing economic interests, as it might present an even more blatant incoherence, where European policy makers more or less admit it is the European farmers who are at stake. Here some steps in the right direction have been made in the past decade and currently in the framework of the new CAP reform (2013) more positive changes might be foreseen, as the pressure (also in relation to the market access demands of the EPAs) has become too strong to ignore. In the conclusion more on the extent the EPAs can be generalized and whether the case is comparable to other incoherencies.

6. Data and Analysis

The EPAs contain many clauses which seem incoherent to the EU’s development policy. NGOs, ACP countries, some EU member states and research agencies have expressed their concerns in relation to some of the clauses of the EPAs or the EPAs as a whole. In section 6.1 and 6.2 these clauses are analyzed and discussed along the lines of the RAM. In section 6.3 the theory of bounded rationality is applied in order to analyze the policy making process along the lines of the ‘PCD system’, by identifying some of the mechanisms which are in place within the European Commission.

¹⁴ The Global Europe Strategy was launched in 2006 in the framework of the renewed 2005 Lisbon Agenda of the EU, to make Europe the most competitive and knowledge based economy in the world. (<http://ec.europa.eu/trade/creating-opportunities/trade-topics/european-competitiveness/global-europe/>)

6.1 The EPAs as the Basic Unit of Analysis

In the following section *the basic unit of analysis* is introduced, the unit of analysis constitutes the EPAs and more precisely the incoherence within the EPAs. First the negotiations which are supposed to lead up to the agreements are discussed after which the contentious clauses and their incoherence to the EU's development policy are explained.

The preferential tariffs which used to be applied by the EU on the ACP exports were not in conformity with WTO regulations, as they were granted on a unilateral and discriminatory (towards other developing countries) basis. When the WTO was created in January 1995, this legal issue became unavoidable. Under the GATT no punishments could be applied against international trade law infringement. However with the creation of the Dispute Settlement Body in the framework of the WTO this was no longer the case and thus the EU needed to reshape its trade regime with the ACP countries (Perez, 2006).

The 77 countries of the African, Caribbean and Pacific group have been negotiating the EPAs with the EU since 2002. The six regions in which these 77 countries have been divided are the Central Africa region (CEMAC), the West Africa region (ECOWAS), East and Southern Africa (ESA), the Southern Africa Development Community (SADC), the Caribbean Forum of ACP states (CARIFORUM) and finally the Pacific ACP states. On January the first in 2008 the negotiations were supposed to be concluded with all six of these regions. However today only one full EPA has been signed in October 2008 with the CARIFORUM region. In all of the other regions, bilateral negotiations are now taking place in order to install interim EPAs. These interim EPAs, or stepping stone EPAs as they are often referred to, should function as a temporary solution (stepping stone) until full EPAs can be signed. Nevertheless the negotiations for full EPAs are still on going as well.

The negotiations of the EPAs have been structured around two main phases. The first phase was an overall ACP group discussion with the EU on the general issues of common interests to all ACP states as well as setting the framework of an EPA (ECDPM, 2006). Already in the first negotiation phase there was major disagreement on the objectives of the negotiations. While the EU was aiming at just exploring and clarifying broad issues of interest to the whole ACP group, the ACP states instead saw the first phase as an opportunity to form an agreement or binding commitment on general principles, which could act as an umbrella for the more

detailed regional negotiations to come.¹⁵ Even though no overall agreements were reached during the first phase of negotiations, the second phase of regional negotiations did start in the course of 2003 and 2004. Although the regional negotiations are taking place independently from one another on the regional levels, they do follow an overall framework which has been agreed upon in the joint road map for the conduct of negotiations. The fact that only one full EPA has been signed and that interim EPAs are being negotiated alongside full EPAs shows that the negotiations are not going very smoothly. There are various reasons to be mentioned why it is that these negotiations are not leading to any agreements. Not only the content of the clauses proposed by the EU form a problem as discussed later, but also the unequal distribution of power forms a major concern. This concern is widely expressed by NGOs. In 2006 Oxfam even released a briefing note titled; '*Unequal Partners*', in which it is stated that it is not hard to see where the power lies, by just comparing the combined Gross Domestic Product (GDP) of the 27 EU countries and the 77 ACP countries. ICCO a Dutch development NGO conducted a survey among ACP negotiators asking them how they felt the negotiations were conducted, 11 out of 13 respondents (from the six different regions) said they felt that they had been put under pressure to negotiate trade-related issues by the European Commission. One of them is quoted in the paper stating; "The focus of the development of regional markets was seen to have been on market access rather than framing negotiations primarily and solely in the context of their own needs and constraints. The balance of power in terms of economic clout and resources – meaning experts – is horribly tilted against the ACP. So it's very hard to see how to have a balanced negotiation in the circumstances. So it's neither a partnership nor a negotiation. It's not about partners. It's about big boys and small boys." (ICCO, 2008). The European Commission does acknowledge the capacity problem in terms of experts with technical knowledge on the clauses to be negotiated. In article 37.3 of the CPA, the European Commission and the ACP countries namely agreed to use the preparatory period of negotiations to build ACP capacity for the purpose of the EPA negotiations and the eventual implementation. Nevertheless since 2002 the ACP countries have repeatedly voiced their concern about capacity constraints, which greatly affect their ability to negotiate the EPAs effectively (ECDPM & ODI, 2009). Keohane's remark mentioned in the theoretical framework ("the preferences of more powerful actors will be accorded greater weight and thus voluntary of choice does not imply equality of situation or outcome") appears to play an important role in the case of the EPAs.

¹⁵ See trade negotiation insights by ECDPM on www.acp-eu-trade.org/tni (visited on 12-09-2010).

Keohane furthermore explains that cooperation (reaching mutually satisfactory agreements) can only occur when actors adjust their behaviors to the actual anticipated preferences of others. However when the clauses proposed by the European Union are not regarded by the ACP countries as being able to facilitate the realization of their objectives, cooperation is not possible. Cooperation involves mutual adjustment and can only arise when both parties agree to the adjustments. The main objective of the ACP countries is to facilitate the development of their respective countries, the contentious clauses explained below will according to many ACP countries and NGOs not facilitate this main objective.

The Standstill Clause

The Standstill clauses in the EPAs demand the ACP countries that no new tariffs can be introduced and, once tariffs are eliminated, they may not be re-imposed or increased. These standstill clauses are pushed for in all of the EPA negotiations, however in the CARIFORUM, SADC and Pacific EPA they only apply to the products to be liberalized under the EPAs. In contrast to the remaining EPAs in which the standstill clause also applies to the products which have been put on the exclusion list (20 to 40% of a country's most sensitive products may be excluded from liberalization) (ECDPM & ODI, 2009). In practice this means that the ACP country cannot introduce a new custom duty on EU imports and current tariffs can never be increased. The standstill clause does not allow for any flexibility, in terms of adjusting your tariffs according to the needs of your local economy. A food crisis would be a good example, suppose there has been a bad local harvest, the government of a country like Ghana might decide to lower the import duties on for instance tomatoes. But when the food crisis is over and the next harvest looks better, Ghana would under the standstill clause of the EPA no longer be allowed to again increase the import duties. This would mean that Ghana would no longer be able to protect its own tomato farmers.

Even though both the analysis of the South Centre and ECDPM mention the contentiousness of the standstill clause and how it does not contribute to local development and market integration, both of the impact assessments (PriceWaterHouseCoopers and Fontagne et al) conducted by or at the service of the European Commission do not mention this particular clause or its possible impact. The incoherence at stake here concerns incoherence between trade policy and development policy in this case in relation to MDG 1 (end poverty and hunger) and MDG 8 (promote global partnership by letting developing countries gain greater access to the markets of developed countries). Besides the MDGs to which the EU has committed itself, food security is also one of the 5 priority areas in relation to the new PCD

work program presented by the European Commission in April 2010. Making the effects of this clause very remarkable and clearly incoherent to the EU's development policy.

When considering Hoebink's classification as described and applied to the case of the EPAs at large in chapter 3, the standstill clause might have been an unintended incoherence at the very beginning of the negotiations, as the European Commission might not have realized that this clause could be incoherent to the EU's development objective of food security as there is no mention on the clause in any of the assessments. Nevertheless by now the Commission should be fully aware of the expressed concerns, therefore it is questionable why the European Commission is still pushing for it in the current negotiations.

Export Taxes

Export taxes include duties and other none tariff restrictions on exports, although these are less common than import duties, they are applied by some ACP countries on a limited amount of goods for various reasons one of them is explained below. In the EPA negotiations the principle of 'no export duties' is still being pushed for (South Centre June 2010). However, generally it seems that existing export duties are now being allowed and some EPAs seem to allow the increase of existing duties, as it is not explicitly prohibited in the text (e.g. ESA). Plus new temporary export duties seem to be allowed under strict conditions, always in consultation with the European Commission (as expressed in for instance Art. 15 of ESA and Art. 24 of SADC) (South Centre, June 2010).

Export taxes can be meaningful to the development of developing countries in different ways. The most important argument however concerns the economic diversification argument. By applying export taxes on raw materials, countries can stimulate the production of value added or processed goods, stimulating the local industry to move up the value chain, rather than to keep exporting all of the raw materials. When the European Commission would push for the abolition of export taxes it would not only leave no policy space for developing countries to manage their own natural resources, but it would also force many resource rich developing countries to stay net exporters of raw materials. This is contradictory to one of the EU's development policy objectives, namely the integration of developing countries into the world market as expressed in the TEU (Art. 21 d). There will not be a successful and equal integration of developing countries into the world economy if developing countries are not given the chance to industrialize. Policies like export taxes are used to stimulate local industrialization. Besides it has also been argued that export taxes stimulate the good governance of natural resources (South

Centre, 2006). If export taxes are to be abolished under the EPA, this is also incoherent in relation to TEU Art. 21 f (help the sustainable management of global natural resources, in order to ensure sustainable development).

Hoebink's classification applied to this clause is very similar to the case of the EPAs as a whole, however the intended/unintended classification is again quite unclear here, as from the Impact Assessments conducted by or on behalf of the Commission the evaluation on the abolition of export taxes is not analyzed clearly.

The Most Favored Nation Clause

The Most Favored Nation (MFN) clause in the EPAs basically means that if the ACP country or region to sign the EPA decides to sign another trade agreement with any other major trading economy (any country accounting for a share of world merchandise exports above 1 %, or any group of countries accounting collectively for a share of world merchandise, which would include, India, Brazil and China) then any more favorable treatment provided to that developed country or major trading economy must also be passed on to the EU (ECDPM & ODI, 2009). This of course also counts the other way around. The texts of the MFN is similar to all EPAs and does not apply between African countries themselves; the EAC text states that better treatment given by EAC parties to ACP and other African countries need not be provided to the EU (South Centre, June 2010). Nevertheless the MFN clause is still considered harmful as it carves out Africa's resources and markets just for the EU. This would impede South- South trade and it would undermine future negotiation positions with other countries. The MFN clause thus severely limits the ability of ACP countries to diversify their trade relations away from the EU as it will ensure that trade relations with the EU are privileged in infinity (German Marshall Fund, 2009). Again it here concerns incoherence, but rather within the EPA policy itself (restricted 1 according to Hoebink). While the EPAs were a tool for not only regional integration but also the smooth and gradual integration of developing countries into the world market, the added value of the MFN in this objective is hard to find. Rather here it already seems very obvious that this clause is really serving the European interest and could therefore be considered an intended incoherence according to Hoebink's classification.

Summing up the unit of analysis as analyzed in section 6.1, we may already conclude that the EPAs are indeed very contentious in general, taking into account the fact that only one full EPA exists after eight years of negotiating and also considering the shift towards interim

EPAs. The analysis on the way the negotiations are being executed does not make the previous conclusion a surprising one. Plus by taking a closer look at the particular three contentious clauses of the EPAs and their incoherence to the EU's development policy, it is again not very surprising that no other EPAs have been signed. In section 6.2 the contentious issues are analyzed in more detail to see whether they are really more in the economic interest of the European Union, which can be assumed after the analysis presented in section 6.1.

6.2 Organizing the Concepts

In the next section the unit of analysis; namely the EPAs and in particular the three most contentious clauses are being further analyzed along the lines of the RAM. First the unified actor is identified, after which the problem in terms of the EU's strategic position is stated and finally the actions (the decision to push for, considering the three contentious clauses) will be analyzed and presented in the form of a table in which the different options and their consequences are clearly visible.

The first concept mentioned within the RAM concerns the *unified actor*, which is in this case the European Commission and to some extent the Council as well. Under Article 218(2) of the TFEU the Council has the duty to authorize the opening of international negotiations, adopt negotiating directives, authorize the signing of agreements and conclude them. Regarding the opening of negotiations, Article 218(3) of the TFEU requires the Commission (or the High Representative for issues related to Common Foreign and Security Policy (CFSP)) to submit recommendations to the Council who must adopt a decision authorizing the opening of the negotiations and nominate a negotiator or the head of the Union's negotiating team. In the case of the EPAs, a negotiation team was formed by civil servants from mainly DG Trade, who are negotiating on behalf of the European Union. Nonetheless the European Council does have the final say; because if the Commission is the negotiator in the relevant international agreement negotiations, there is a clear duty to comply with the Council's negotiating directives. There is absolutely no legal basis allowing for the Commission to withdraw a proposal and to refuse negotiating on behalf of the EU. This is in complete breach of Article 207(3) TFEU and Article 218(2) and (4) TFEU. The Commission must follow the Council's instructions. While the Commission is free to negotiate the EPAs they must adhere to the instructions and directive of the Council, nevertheless the technical expertise lies with the trade experts within the negotiating team of the Commission. However because of the interacting relationship between the Council and the Commission, (one cannot act without the other) we cannot speak of a real unified actor. Rather the Commission could

be considered the agent of the Council, and thus the Council the principal.¹⁶ The Council can only alter the general directions of the negotiations, but the agent; the Commission has a lot of freedom in the way the negotiations are to be executed and which clauses to include or not. Only if the Council would explicitly state in their Council Conclusions to change the content of the EPAs or the ways of negotiating then this can happen.

The second concept as part of the RAM is *the problem* at stake, which refers to the strategic situation the actor is facing in terms of threats and opportunities in the international strategic marketplace as referred to it by Allison & Zelikow. The current situation on the ‘international strategic marketplace’ is certainly a challenging one to the EU. While since 2000 under the Lisbon Strategy the EU has been striving to become the most competitive and knowledge based economy by 2010, this strategy is now continued into the Europe 2020 strategy, as the targets set in 2000 are still far from being reached. The globalizing world is challenging the EU in various ways, the upcoming economies of for instance China and India are playing a more and more important role and especially the role of China in Africa is one which sincerely concerns the European Union (Berge, 2006). In relation to the upcoming economies and China’s presence in Africa, there is (amongst other problems in relation to the competitive position of the EU) a problem of access to raw materials, many of which are situated in African developing countries. The EU needs access to these raw materials for its own industry¹⁷, but it is hard competing with China which is not exactly living up to the ‘international standards’ in order to retrieve these raw materials. This strategic market place, in which the EU is currently operating, does seem to give reason to understand why the EU is so eager in agreeing the EPAs with the ACP countries.

The *action* in terms of the RAM, concern both the EPA policy as a whole and in particular the most contentious clauses which are pushed for in the negotiations. In the analysis below first the overall goals and objectives of the EPAs will be stated. After which for all three of the contentious clauses, their main goals and objectives will be analyzed, the different options available to the unified actor are made visible within a table, in which their consequences in economic terms for the EU and in development terms for the ACP are shown. Option 1 is presented as the most favorable option in terms of the EU’s economic interest and option 4 as

¹⁶ Referring to the principal agent theory in political science

¹⁷ See for instance the EU’s Raw Materials Initiative launched in November 2008 (COM (2008) 699). In this Commission Communication the scarcity of raw materials and the need for better access and an access strategy is discussed. It proposes the abolition of export taxes on raw materials as it is seen as an unjustified trade restriction.

the least favorable for the EU in economic terms. The option printed in bold, presents the action which the European Commission is currently pushing for.

The Goals and Objectives of the EPAs are put forward by the Council as follows in their conclusions of May 27th 2008; “The Council emphasizes that EPAs are WTO-compatible agreements aimed at supporting regional integration and promoting the gradual integration of the ACP economies into the world economy, thereby fostering their sustainable development and contributing to the overall effort to eradicate poverty in the ACP countries”. In this context, the Council recalls and fully reconfirms its conclusions on EPAs of April 2006, May 2007 and November 2007. Again the Council expresses the EPAs goals and objectives to be fully aimed at eradicating poverty and fostering development. Not anywhere in official EU documents it is stated that EU interests are also at stake here. The underlying strategic goals and objectives of the unified actor (the Commission acting on behalf of the Council) become clearer when considering the goals and objectives of the particular contentious clauses as apparent below.

The Standstill clause

In terms of the Standstill Clause the European Commission’s main argument is that the whole purpose of EPAs was to liberalize trade, and any flexibility that allows tariffs to rise after the agreements would be signed would be antithetical to that vision. From the point of view of EU exporters, the effect of a standstill clause would also be to provide valuable security that tariff rates would not rise during the transition period or thereafter¹⁸, including for goods that had been excluded from liberalization (ECDPM & ODI, 2009). This sounds like a valuable objective, however clearly in the interest of the European Union.

In the table on the next page the different options and the consequences of the options both for the EU and the ACP are visible. In the case of the standstill clause, three options may be identified; to include a standstill clause, not to include a standstill clause or to include one which only applies to the goods which are to be liberalized. More flexibilities could still be granted, for instance when ACP countries would be able to request permission for the introduction of new tariffs, if they have genuine reasons. Nevertheless the last option is not on

¹⁸ “The standstill clause creates stability in (applied) duties, which is crucial for investments”. Sandra Gallina Head of Unit EPAs DG Trade during civil society Dialogue meeting on the 22nd of June 2010 in Brussels. (http://trade.ec.europa.eu/doclib/docs/2010/june/tradoc_146278.pdf).

the table as for yet. Option 1 presents the option most favorable to the EU in economic terms, option 3 presents the option least favorable to the EU in economic terms as explained in the column on the consequences of the option. In the case of the Standstill Clause the EU is currently pushing for option 2 (South Centre, September 2010).

The Standstill Clause	Option 1	Option 2	Option 3
Explanation of the option	Applying a standstill clause to the EPA	Applying a standstill clause with some flexibilities (applying only to goods which are subject to liberalization and not to the products on the exclusion list)	Applying no standstill clause (as the standstill clause is not a WTO requirement it does not need to be applied)
The Consequences of the option in economic terms for the EU	From the point of view of EU exporters, the effect of a standstill would be to provide valuable security that tariff rates will not rise during the transition period or thereafter, including for goods that had been excluded from liberalization (ECDPM & ODI 2009).	From European economic perspectives applying the above flexibilities would just mean that there is a little less stability and security for the European exporter	This option would be least favorable to the EU as European exporters could be confronted with unexpected import duties being elimination and later reinstalled.
The consequences of the option in development terms for ACP	Explained in section 6.1	For ACP countries this would be more beneficial than option 1. Often the very sensitive sectors like some food crops will be put on the exclusion list. In terms of coherence however this flexibility should be granted to all EPAs. Which is currently not the case	This option would be most favorable to the ACP as they would still be able to protect for instance their farmers when needed, but also to make sure that goods can be imported when there is a higher demand which cannot be sustained by the local produce.

Export Taxes

The EU's objective of eliminating export taxes is not specific to the case of the EPAs, as in 2006 the EU also made a proposal at the WTO in order to establish new rules on export taxes in the context of the negotiations on market access for non agricultural goods (ECDPM & ODI, 2009). The aim of eliminating export taxes in third countries is clear; market access and as mentioned before this mainly is a concern in relation to the supply of Raw Materials. The Raw Materials Initiative presenting the EU's strategy to gain better access to raw materials proves this main objective.

In the table below the different options in relation to the export taxes clause are visible. These four specific options are already on the negotiation table. In general terms the EU is still pushing for the complete elimination of export taxes, but as this clause has proven to be very contentious in some cases the EU is now allowing some limited exceptions. In different ACP regions either transition periods have been 'granted' or clauses saying that existing export taxes may remain, and new ones may be installed if the ACP party can prove that they are necessary for fiscal purposes, currency stability, development of infant industries or the protection of the environment. In most cases ACP countries have to show that the export taxes are justified for the reasons they are aimed for (ECDPM & ODI, 2009).

Thus within the different EPAs, the EU is pushing for different demands in terms of export taxes. Most of the EPAs do not allow for new taxes to be introduced (EAC, ESA and CARIFORUM). But in some EPAs temporary export taxes may be newly introduced after consulting the EU (SADC) (South Centre, September 2010). Options 1, 2 and 3 are therefore all being pushed for within different EPAs. Option 4 the least favorable to the EU and the most favorable to the ACP seems out of consideration.

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Export Taxes	Option 1	Option 2	Option 3	Option 4
Explanation of the option	No export taxes allowed	Existing duties are allowed and may be increased	Existing duties are allowed, may be increased and new temporary export duties are allowed under strict conditions after consulting the European Commission.	All export taxes are allowed. (Export taxes are not prohibited by the WTO. In fact they are often used extensively by its members including the EU themselves (e.g. wheat in 1995).(South Centre, September 2010)
The Consequences of the option in economic terms for the EU	The European Union is in desperate need for raw materials for its industry. Raw Materials are becoming scarcer and importing them more difficult.¹⁹	This option is less favorable to the EU, because it means that nothing can be done about existing export duties. Nevertheless at least no new ones will come into existence	Also less favorable to EU in economic terms as they will still be faced with export taxes not favorable to the EU industry	This is option is the least favorable to the EU in economic terms as they will have no guarantee at all in terms of market access with regards to export taxes
The consequences of the option in development terms for ACP	See section 6.1	For developing countries that have already become aware of the richness they possess in terms of raw materials, they can keep stimulating local industry.	This option is a bit more favorable to the ACP just like the 2nd option and on top of this ACP countries may request a temporary duty in case of emergency	This would be the most favorable option for the ACP, as if they wish so they can introduce export taxes to hold on to e.g. raw materials for local industry.

¹⁹ Please see EU Press release Brussels, 5th June 2007: Commission Vice President Günter Verheugen, responsible for enterprise and industry policy, said: "European industries need predictability in the flow of raw materials and stable prices to remain competitive. We are committed to improve the conditions of access to raw materials, be it within Europe or by creating a level playing field in accessing such materials from abroad."

Most Favored Nation Clause

The objective for the EU in terms of the MFN clause is very clear, the EU does not want other main trading economies to retrieve a more favorable trading position with the ACP than the EU has. More than one Commissioner has stated this objective very clearly on more than one occasion.²⁰

The table below presents again the different options available and the consequences in economic terms for the EU and in development terms for the ACP. While in the previous two contentious clauses discussed more than one option has indeed been on the negotiation table, in the case of the MFN clause the EU has not yet talked about adding any flexibilities in any of the EPAs. The EU is clearly pushing for option 1 and does not seem to be willing to consider any other options. Option 1 is of course clearly the most favorable in economic terms for the European Union.

Quite some flexibilities have been suggested to the MFN clause, like for instance broadening the criteria which are set, or clearly mention the existence of the enabling clause, or apply the MFN only to tariff concessions or finally apply MFN on a consultative basis (ECDPM & ODI, 2009).

²⁰ Former Trade Commissioner Mandelson opening remarks on the 4th of October 2007, in Montego Bay, Jamaica: *"We, on our side, are pursuing a development, not a market access agenda in these negotiations and we stand by this commitment. Of course, we don't want to be discriminated against in your markets compared to other developed and emerging economies. Hence the importance of an MFN clause for us – it's one thing not being big market access gainers, it's another being permanent losers when in time you open your markets to others"*

Former Development Commission Michel during a Q&A after an interview with IPS, 11th of January 2008. (www.ipsnews.net/news.asp?idnews=40762) *"The European Commission and our member states provide 56 percent of all development assistance in the world. It is difficult to say that Europe should let our partner countries treat our economic adversaries better than us. We are generous but not naive"*

Most Favored Nation	Option 1	Option 2	Option 3
Explanation of the option	the inclusion of a MFN clause	The inclusion of a MFN clause with certain flexibilities → There are different options in terms of flexibilities which can be applied. Like broadening the set of criteria or clearly mentioning the enabling clause of the WTO. Nonetheless none of them are discussed at the moment	No inclusion of MFN, this is indeed possible under WTO as exceptions allow for preferential treatment of developing countries, regional free trade areas and customs unions. Even more remarkably Brazil and others have suggested that such a MFN clause would violate the 1979 enabling Clause which encourages South – South trade (South Centre, September 2010).
The Consequences of the option in economic terms for the EU	The inclusion of a MFN clause for the EU would mean that it is certain that other countries like for instance Brazil, India and China will not be treated more favorably than the EU in terms of trade agreements and tariff concessions	This option would mean for the EU in economic terms that other countries might be treated a bit different (more favorable) in terms of their economic relation with the ACP.	In economic terms for the EU this option would mean that, other trading economies can agree any sort of agreements with the ACP as they would like. Putting the EU in a less favorable trading position.
The consequences of the option in development terms for ACP	See section 6.1	This would give ACP countries a little bit more policy and negotiation space to enter in trade negotiations with other major trading economies and thus to move away from solely having trade agreements with the EU. (Broadening their scope and actually integrate into the world economy)	In development terms, this option would mean for developing countries that there are no constraints on them in terms of who they trade with under which conditions.

The main findings of chapter 6.2 concern; the unified actor which has been identified as the Commission (the agent) acting on behalf of the Council (the principal) (together referred to as the EU) was mandated the EPA negotiations eight years ago with the stated objective as to smoothly integrate the ACP countries into the world economy. Nevertheless due to the strategic marketplace in which the EU is operating in terms of its challenging competitive position caused many underlying strategic goals and objectives to have an influence on the clauses the EU decided to include into the EPAs. Section 6.2 clearly shows that the clauses which the EU is pushing for are incoherent to the objectives of the EU's development policy. However, in the case of the standstill clause and export taxes the EU has shifted by listening to some of the concerns of NSAs and knowledge communities. In the next section, rather than looking solely at the EU's interests and the role these played in relation to the coherence within the EPAs, the nature of the actor and the environment in which the actor operates is being analyzed.

6.3 Challenging the critiques

In the last two sections the theory of rational choice was applied to test the hypothesis as stated in the theoretical framework. In the next section the theory of bounded rationality is applied in order to analyze to what extent the nature of the actor (e.g. their search for information, ability in determining options) and the environment in which the actor operates (e.g. bureaucratic processes) played a role in the case of the EPAs. In order to do so the 'PCD system' (ECDPM's diagram presented in the literature review) is applied in some instances to provide a clearer framework.

The theory of bounded rationality identifies a couple of difficulties when it comes to making rational decisions. These difficulties concern; the interaction with other actors, the complexity of the system and the procedures, the limited access to information and the lack of ability to generate the different options available. In the two following paragraphs these four difficulties are discussed in relation to the case of the EPAs.

The complexity of the governmental system and interaction with other actors

The complexity of the governmental system along with the interaction with other actors would make it more difficult for the unified actor in this case the Commission as the agent to make rational decisions. The Approach to governance within the EU is indeed quite complex as reflected in the description of the unified actor, which reflects the complex relationship

between the European Commission, the Council and also the European Parliament which since the entering into force of the Lisbon Treaty has received a more prominent place in the decision making process. We could add to this complex structure the different DGs within the European Commission, who at the assignment of the Council make policies which need to be approved by again the Council and the European Parliament. Depending on the topic of a policy it is to be constructed within the DG which takes the lead on the policy. Other DGs might be involved, if they request so. In the case of the EPAs DG Trade has the lead, but DG Development is closely involved. Besides these internal actors, there are also external actors like the NSAs, who will try to influence the decision making procedure, sometimes quite successfully so. But as became apparent in section 6.2 the European Commission only decided to move away from its initial options at a later stage in the negotiations.

The limited access to information and generating the different options

Having limited access to information forms a concern when a policy needs to be constructed and when different options need to be generated. The impact assessments of the European Commission, forming one of the knowledge input assessment mechanisms (ECDPM & ICEI, 2005) are there in order to assess the possible impact of a policy before the policy is being finalized. Impact assessments are executed when major policy reforms are coming up (e.g. the CAP) or when major new policies are being constructed. It is impossible to conduct an impact assessment for each and every policy to be developed. The impact assessments are used in order to identify likely consequences of policy initiatives or legislative proposals, it therefore should provide better access to relevant information for the policy makers within the Commission concerned with constructing the policy. The guidelines for the Impact assessments have just been revised in January 2009 and now state that initiatives that might affect developing countries should be analyzed for their coherence with the objectives of EU development policy (EC PCD report, 2009). Two Impact assessments have been conducted in the case of the EPAs, as mentioned earlier in the thesis. Both of the impact assessments take a rather macro economic approach, it is difficult to say whether the outcomes of these impact assessments have had an influence on the ways the EPAs were constructed and how it was decided which clauses to push for. Another form of retrieving information in order to make a decision and to formulate policy options would be to consult knowledge communities, which would be happy to provide the European Commission with guidance and information about estimated impacts and contentious clauses.

The institutional and administrative mechanism (ECDPM & IDEI, 2005) of the inter-service group on PCD, which is installed within the European Commission, is meant to promote the dialogue among different DGs in order to provide one another with information about consequences of possible policy options. Its members act as interpreters between the different policies. They make proposals and explain how development objectives can be taken into account in other policies of their particular DGs. This should promote better mutual understanding and should pave the way for new and innovative ways of enhancing synergies between policies (EC PCD report, 2009). The inter-service group on PCD and its influence on the EPAs policy making process is very hard to state because there is a lack of transparency in terms of what steps the inter service group has made, which policies they have discussed and adjusted. Nevertheless, it seems there are quite some different options available for servants within the European Commission to gain access to relevant information and to formulate policy options within the constructed institutional settings.

In terms of the nature and the environment of the actor, it is indeed true that the governmental structure is quite complex and that the interaction with other actors on various occasions might prevent the unified actor from taking rational decisions. However most of the actors with whom the unified actor is in contact in the pre policy making stage are actors from within the same institutions, either civil servants from the member states or from the European Commission itself. Only when more details about a policy become known, NSAs will start to exercise targeted influence. On the availability of information and the ability of generating options there are plenty of opportunities to retrieve valuable information and to discuss policy options with one another as explained in the previous paragraph. Therefore not all four of these limitations as brought forward by bounded rationality do seem to form a major obstacle for the unified actor to take rational, utility maximizing decisions. Plus in terms of the complexity of calculations, this does not seem to occur in the case of the EPAs when you take concrete cases like the clauses which were presented in section 6.2

Conclusion

“Rational people are motivated by the urge to fulfill their desires” (Laver 1997).

But if so, then why do these same rational people develop and institutionalize a concept like Policy Coherence for Development? To prevent rational decisions based upon pure economic interest to be taken in the future? In the case of the Economic Partnership Agreements and

the three clauses evaluated within this thesis the EU's economic interests do indeed play a greater role than some of the development objectives at stated within the EU's development policy. If the EU states that the EPAs are meant for development and are not in the interest of the European Union itself then adding clauses like the standstill clause or the MFN clause does not make any sense. As from a development point of view these clauses do certainly not contribute to the smooth and gradual integration of the ACP countries onto the world market. There may well be beneficial effects for the ACP in terms of the EPAs, but still the clauses discussed in this thesis do cause incoherence within the policy, as analyzed in chapter 6.1. The application of rational choice theory has clearly shown in chapter 6.2 that the EU is currently pushing for options that are more favorable to the EU in economic terms and less favorable to the ACP in development terms. Whether this is intended, remains hard to prove, because the Impact assessments conducted by or on behalf of the European Commission are of a macro-economic character. Therefore it is hard to state whether these sorts of impacts were foreseen, in terms of revenue loss, lack of policy space and incoherence to the EU's development policy. The studies conducted by research institutes and NGO are often more concrete and of a micro economic level, focusing on the impact of every clause individually rather than the EPAs at large.

Nonetheless when taking a look at the policy statements (as referred to in chapter 6.2) of Commission officials, when it concerns the need for a MFN clause; *"We are generous but not Naïve"* (former Development Commissioner Louis Michel). Or the statement of former Enterprise Commissioner Verheugen when it concerns the export taxes on for instance raw materials; *we are committed to improve the conditions of access to raw materials, be it within Europe or by creating a level playing field in accessing such materials from abroad."* It seems clear that the EU was thinking about its own economic interest here and not so much about the policy implications of these clauses for the ACP countries.

After having received critique from various NSAs and ACP countries themselves on the contents of the clauses which were discussed, in two out of the three cases the EU did move closer to the objectives of the ACP countries. Maybe due to the wise words of Robert Keohane; *Cooperation involves mutual adjustment and can only arise when both parties agree to the adjustments.* But still, if the ACP countries are requested to open up their market economies for 60 to 80%, then moving closer to the ACP in terms of these clauses is the least the EU can offer. For both parties to accept particular adjustments there needs to be a more

even amount of adjustments requested from both sides of the negotiation table. In the case of the EPA negotiations for instance the fact that the EU keeps holding on to its own agricultural subsidies in the light of the CAP does not contribute to reaching an agreement either. If the EU is serious about concluding the EPAs, it needs to seriously consider its current state of affairs and behavior in the negotiations which are leading nowhere at the moment. Listening carefully to the developmental concerns and objectives of the ACP would be a first step, considering more flexibility in terms of the EPAs as a whole would be a second. Because what is the use of having fixed agreements like the EPAs with countries like the ACP who should receive the opportunity to rapidly develop themselves.

Going back to the central research question to this thesis, namely in the policy making process of the EPAs did the EU's economic interest play a greater role than its commitments towards Policy Coherence Development? In the previous years yes, but it is not too late yet as the policy making process in terms of the negotiations is still ongoing. However, when it concerns Policy Coherence for Development, there are limitations to this institutionalized concept, which have to be considered. These limitations have become visible within this thesis and prevent the concept from being effective.

These limitations can be divided in terms of political and technical limitations. The first political limitation to PCD is the political context in which actors are operating. The political context represents the political space (and thus the political will) to operate and to be able to maneuver. The political space is closely related to the economic conditions of a country, as the economic conditions will determine the wellbeing of the citizens in terms of employment and social benefits. These same citizens will hold their government accountable for their socio-economic situation. This means that when the economy is not doing so well, this tends to be the main priority for a government, rather than the well being of developing countries. This clearly seems to be the case in relation to the EPAs and the contentious clauses discussed in this thesis. Another similar example would be the milk export subsidies which were re-introduced, when the European dairy economy was under pressure in February 2009. This leads to another political limitation to PCD, namely the strong influence of corporate and agricultural lobbies in the EU; after all it is them to which the politicians are to be held accountable. These corporate and agricultural lobbies are also to be traced back in the 'PCD system' which was presented in chapter 3, as one of the external factors namely the NSAs. In this thesis we have only considered the NSAs who were advocating on the side of developing

countries. In order to get a better overview of the whole spectrum of exercising influence it would be a good idea to also analyze the corporate lobbies of the European industry, who are demanding better access to global markets and market stability.

Next to the political limitations to PCD, there are technical limitations. First of all we have to accept that development policy has become more complex in recent years. As globalization has proceeded, the market economies of the world are very much interconnected, there are many policies which have an impact elsewhere. Policy areas such as trade and agriculture are known for the incoherencies which can be existent. However nowadays policy areas such as climate change, migration and investment policy can be added to the list. Besides, development policy has become more demanding and includes conditionality's in relation to for instance human rights and democracy. This means that policy makers in charge of policies interlinked with development policy (in different DGs of the European Commission) have to be aware of all these policy interlinkages. Adding to that the structure of the EU does not make accomplishing coherence any easier as becomes also apparent in 6.3, coordination plays an important role here as well. Next to the European level of coordinating coherence there is also the global level which plays a significant role; many policies like the EPAs are connected to WTO policy or the International Monetary Fund (IMF).

If European policy makers do want to prevent economic interests to be playing a greater role than development objectives in the future, then they need to become more determined when it comes to Policy Coherence for Development. Of course perfect coherence is hardly possible, but if you do decide to strive for more coherence for development then you need to invest more resources into it. For instance by strengthening the existing mechanisms and making them more transparent. Considering that PCD has only been institutionalized after the European Consensus on Development was signed, which was five years ago and considering the recent developments around PCD in the past year, there is certainly hope for more coherence in the future.

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