UNIVERSITY OF TWENTE

THE EU DEVELOPMENT POLICY REGIME OF INCOHERENCE TOWARDS THE PACIFIC ACP COUNTRIES WITH SPECIAL REFERENCE TO FIJI AND SAMOA

-THE EU AND THE ACP STATES: A NEW PARTNERSHIP?-

A BACHELOR THESIS SUBMITTED TO
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Preface

On 27 September 2002, the European Union and 77 countries of the African, Caribbean and Pacific (ACP) group began negotiations on Economic Partnership Agreements (EPAs). The result of these discussions is a series of new WTO-compatible Free Trade Agreements (FTA). Since 1 January 2008, these FTAs have been replacing the Lomé system of preferential access to the European market for the ACP. The Lomé regime was based on preferential trade agreements which did not conform to WTO rules. A waiver from WTO rules for these agreements granted in 1995 and 2001 expired at the beginning of 2008. The EPAs are intended to implement the EU-ACP Development Cooperation Agreement, signed in Cotonou in June 2000. The Cotonou Agreement aims to encourage sustainable development and combat poverty in the ACP countries and aid their smooth, gradual integration into the global economy. This thesis focuses on the EU's foreign policy priorities in the EPA negotiations with the ACP states. Fiji and Samoa are used as case studies.

Summary

This thesis will operationalise the following research question:

To what extent is the EU able to actually implement the large array of foreign policy objectives in its current development policy towards the ACP states and create a coherent policy regime?

This thesis is divided into five chapters. In the first chapter, a short introduction to the EU's development policy towards the Developing World, especially towards the ACPs, is outlined and a short summary of the history of EU-ACP relations is given. In Chapter 2, the most relevant theories to the interactions of the policy actors in the EU's development policy sector are explained and applied into practice. Chapter 3 illustrates the methodological design and refers to the main variables that might account for the level of incoherence in the EU development policy. Afterwards in Chapter 4 the EU's foreign policy priorities in this policy area will be analysed and the extent these objectives are in a conflict with one another. To fully illustrate the reasons for policy incoherence, the results of the focused comparison conducted in Fiji and Samoa are summarised. Chapter 5 summarises the findings of the thesis and suggest policy recommendations for the future.

This study uses the methodological design of a focused comparison between the Fiji Islands and Samoa over the time period of the year 2000 until the present time. This has enabled me to compare the results from a fairly high developed country with those of a less developed country in the Pacific. Case-specific Information on the government positions of the two cases Fiji and Samoa has contributed to the comprehensiveness of the analysis.

The results of this thesis show up the various factors that could be of explanatory value for the fragmented nature of the EU development policy. As to be found in other EU policy areas as well, EU decision-making is largely determined by its dichotomous nature between the more supranationally oriented EU institutions (predominantly the European Commission) and the intergovernmental Council of Ministers. In the context of the EU development policy towards the ACP states, the thesis has identified the lack of coordination between the bilateral policies of the member states and the development policy pursued at the EU level as the major stumbling block to the effectiveness of EU policies towards the South.

Concerning the ability of the EU to implement the foreign policy objectives in the development policy domain, it has been found that in spite of post-Lomé reforms of the EU's development policy regime it has not yet managed to improve the situation of poverty and underdevelopment in the ACP countries, including the Pacific ACPs.

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CHAPTER 1

INTRODUCTION

The EU constitutes the world's largest single trading entity and the world's largest trading partner with $ 17.6 trillion (IMF, 2008) and 495.5 million inhabitants. The European Union is the world's biggest trader, accounting for 20% of global imports and exports (European Commission Directorate EU and the World, 2008). Setting the context for this analysis, the EU represents the largest provider of development assistance to the poorest regions of the world. It provided € 46.9 billion (56.67 %) of total net Overseas Development Assistance (ODA) in 2006 (OECD). This became visible in the "Annual report 2007 on the European Community's development policy and the implementation of external assistance in 2006".

EU global activities make up 5.7 % of the total EU budget, which is commensurate to € 7.3 billion. From this amount € 2.3 billion are estimated to be spent on development cooperation in the year 2008. An additional € 2.9 billion from the European Development Fund (EDF) is going to be committed to promote economic, social and cultural development in developing countries. The Union and its member states devoted 47 € billion in 2006 in public aid to developing countries. This was equivalent to 0.43 % of their GNP on aid and was higher than the per capita aid levels of the United States or Japan (Eurostat, 2007). In fact, the EU is the largest donor of humanitarian aid and the quickest provider of relief to regions being in financial distress (Babarinde, 1998, p. 128).

In general, the EU's external relations to developing countries cover three groups:

1) the ACP countries (sub-Saharan Africa, Carribean and Pacific countries)
2) countries of the EU's Mediterranean policy such as the Southern European countries, Middle Eastern and North African countries
3) Asian and Latin American countries

The focus of this bachelor will be on the first cluster. This geographical group has enjoyed a crucial status of privileges in the EU's development policy regime since the very beginning of the EC's history in 1957 when the Treaty of Rome was signed establishing the European Economic Community (EEC). The Cotonou Agreement makes up the largest most institutionalised single aid program in the world in financial and political terms (Cameron, 1998, p. 22). The Cotonou Agreement constitutes the most comprehensive framework of trade agreements vis-á-vis the ACP states as it acknowledges the interconnection between development and various other sectors, amongst other things involving economic development, social and human development and regional integration (Cassels, 2005, p. 85). Since 1990, Commission funding for ACP countries has risen steadily each year and since 2001, more than €850 million of Commission funds have been used to help ACP regions to boost trade and integrate into the world economy (Commission, DG EuropeAid, 2007). Commission funding for economic development in the ACP regions is significant: between 2003 and 2007, the ninth EDF (European Development Fund) provided € 15.2 billion to ACP countries. The tenth EDF runs from 2008 to 2013, and is scheduled to give commitments of €22.7 billion (European Commission Directorate External Trade, 2008).

Since 1975 the group of ACP states have benefited from preferential access to EU markets on a non-reciprocal basis, under four successive Lomé Conventions, and under the Cotonou Agreement. This trade regime has permitted most products coming from ACP countries to enter duty-free on the European market except for some agricultural products regulated by the EU's Common Agricultural Policy. Four commodity protocols, which were annexed to the Lomé Conventions, offer free access for a certain amount of exports from a selected group of ACP producers of bananas, rum, sugar and beef (Bilal, 2007, p. 203).

A few general remarks need to be devoted to the EU rationale for setting up the development policy towards the South. First, through the legal commitments from the Treaty of Rome to preserve the common market (with the creation of the Common Commercial Policy) and the EU Treaty to complete the internal market it became increasingly necessary to have regulated a growing number of policy areas by the EU including the EU development policy. The maintenance of the common market made it inevitable that the foreign policy interests of the individual member states had to be coordinated, especially with regard to the member states' former colonies. Second, the bureaucratic expansion within the European Commission and the extension of policy competences provide a good explanation for the proliferation of the EU relationship towards the ACP countries. Very often the Commission attempts to extend its bureaucratic authority, which serves to enlarge its institutional powers towards the Council of Ministers. This becomes evident in the increased number of Directorates General (DGs) that are responsible for the EU's external relations domain. Also within the DG's the number of directorates and sub-divisions have mushroomed since the emergence of the EU. This has resulted in a complex web of multiple commissioners that are responsible for several DGs at the same time (Babarinde, 1998, pp. 138-140).

While there has been laid down a formal commitment of the Commission to initiate development proposals and implement them there are various Directorates within the Commission that are responsible for policy formulation and each bring their own interests and policies into the policy-making process, which harms the principle of consistency considerably. This accounts already for the fact why the EU development regime towards the ACP states is a very complex one that involves various policy objectives. According to critics (Holland, 2002, p. 211), the ambitious agenda of policy objectives to be achieved is characterised by incoherence and fragmentation. In the contents of the Cotonou document it becomes clear that the large range of policy objectives will harm prospects of policy implementation in the ACP regions.

In order to improve aid effectiveness an Action Plan was approved in April 2006 ("EU aid: delivering more, faster and better"), which introduced the mapping of EU aid at global, regional and local levels ("the Donor Atlas"). The EU's fragmented development assistance especially when it came to duplication and contradiction in aid activities required such a policy response on the side of the Community. With the Action Plan, the amount of assistance that was geographically allocated, € 7.982 billion, assigned nearly half € 3.552 billion to the ACP countries (2006).

Given the considerable role of the EU in advancing the development prospects in the ACP regions, I have found it intriguing to gather information on the extent the EU is

able to implement its foreign policy priorities in this policy domain. On that basis one would be able to demonstrate whether the EU succeeds in improving poverty and underdevelopment in the ACP regions. Therefore, this bachelor thesis will break down the existing priorities of the EU that can be derived from the Cotonou Agreement and will develop a framework of analysis to investigate the level of incoherence present in this EU policy sector and how policy objectives could be brought more in line with one another.

An important underpinning for the differing EU motives in the Cotonou Agreement is offered by examining the government positions of Fiji and Samoa. In doing so, the motivations and interests of one group of the ACP states, the Pacific region, will be focused on. These two focused comparisons serve to add diversity to the elaboration on the EU's foreign policy objectives because it introduces the views of the Pacific into the overall analysis. In the end of this bachelor thesis I will be able to demonstrate the conflict between policy objectives and what the prospects would be to remedy policy incoherence. Also the future challenges to the EU's development policy towards the ACP states are going to be clarified to conclude with the analysis. Throughout the thesis it will be talked about the terms "development policy" and "trade policy" as these two sectors became to be closely interconnected from the beginning of the 1990s.

Central research question

This bachelor thesis will concentrate on the following research question:

To what extent is the EU able to actually implement the large array of foreign policy objectives in its current development policy towards the ACP states and create a coherent policy regime?

Sub-questions

The sub-questions listed below contribute to the solution of the main research question. These sub-questions concern five kinds of attributes of the main research question, which are:

1. What are the EU's foreign policy priorities in its development policy towards the ACP states?
2. Do bureaucratic divisions drive the EU's development policy?
3. Do the preferences of the EU member states exert a stronger influence on the policy contents?
4. What are the positions of the governments of Samoa and Fiji on the EU's development policy? What problems are raised concerning the prospects of policy implementation in the Pacific?

This thesis will investigate why there has occurred a mix of policy objectives and will outline possible measures that bring the objectives more in line to ensure a more coherent framework of EU development policy. Given the fact that insufficient research has been conducted so far in the field of the EU's development policy towards the ACPs it seems even more compelling to shed some light on the nature of this policy domain and its level of coherence. There is a lack of information regarding

the coherence of the EU's development policy as such and in particular the EU's role in the Pacific. The information that is available concentrates on the activity of bilateral donors or on regional development organisations. Also there is only general information on the totality of EU aid policy worldwide not region-wise. ACP studies focus on the broad framework of the EU's development policy or on development policy preferences of specific member states but those of the whole Community was not paid sufficient attention to (Cassels, 2005, pp. 3/4).

The history of the EU's development policy towards the ACPs

To be able to make a proper assessment on the EU's development policy towards the ACPs, it is necessary to clarify the history of EU towards this geographical group. As identified by Olufemi Babarinde in its article "The European Union's Relations with the South: A Commitment to Development?" (pp. 129-131), the relationship between the EU and the ACPs was foremost triggered through the history of colonialism that started in the 15th century. Following decolonisation that was initiated in the 1940 with British India the relationship was under strong pressure of transformation. With the process of European integration setting in motion and with the Treaty of Rome that was signed in 1957 the relationship between the Europe's colonies and the EC was given explicit treaty status. This was the result of particular insistence on the side of the French government that feared negative consequences flowing from the creation of the common market for its former colonies. This led to the inclusion of an association arrangement of the Overseas Countries and Territories (OCT) into the Treaty of Rome creating a contractual relationship, with other words there existed now a legal obligation to include the OCTs into the customs union. In Article 131 of the EC Treaty the objectives are defined which are to "*promote the economic and social development of the countries (..) and to further the interests of prosperity of the inhabitants of these countries*". This association agreement introduced the principle of reciprocal free trade, which was going to govern development cooperation until 1975.

By the early 1960's almost all of the associated countries and territories had gained political independence, which is why the legal arrangements towards the European Community had to be changed in order to comply with the requirements of international law. The new agreement called Yaoundé Convention was signed in 1963 in Yaoundé (the capital of Cameroon) and created 18 free trade agreements on a reciprocal basis between the EC and 18 Francophone African countries. This means that in return for the EEC preferential treatment for limited industrial exports to the Community the associated countries were required to accept exports of comparable amount from the EEC countries. Its existence was largely justified on grounds of the French dominance of the development policy at that time. This agreement marked a turning point in the EU's development cooperation as it established for the first time a contractual, treaty-based relationship with the developing world on a multilateral basis (Holland, 2002, p. 28). The Convention acknowledged the national sovereignty of the respective countries and the principle of equality between the contracting parties. However, the relationship of the cooperation was still largely perpetuated by colonial ties between the EC and its former colonies. It also created a joint institutional framework including three institutions, namely the Council, the Parliamentary Conference and the Court of Arbitration. Furthermore it granted duty-free and quota-free access of imports by former French colonies to the European market except for some sensitive agricultural sectors. However, the trade preferences

of those producers from formerly French colonies to the EC were gradually eliminated which also accounts for the fact that economic development in the respective economies could not be sufficiently prompted.

The first enlargement of the Union in 1973, particularly as regards the accession of the UK, implied a reconsideration of the arrangement between the British Commonwealth Least Developed Countries (LDCs) in Africa, the Caribbean, the Pacific and Asia and the EC. Obviously the UK was eager to maintain its preferential trading arrangements towards its former colonies. The result was a coherent and comprehensive economic agreement between the EC and 46 ACP countries that was signed in Lomé (the capital of Togo) in February 1975. The Lomé Convention was renegotiated and renewed in 1980, in 1985 and in 1990 implying only minor modifications to the original convention. Separate trading protocols on sugar, beef and veal and bananas were added to the Lomé Convention granting duty-free access for ACP producers to the EU market for specific quotas of bananas, for instance. During the Lomé regime most ACP products were given non-reciprocal, duty-free and quota-free access to the EU market. Also the former membership selectivity focused on former colonies was abolished incorporating criteria of economic development as well. Furthermore the principle of equal partnership and close cooperation between the EC and the ACPs became of fundamental importance (Holland, 2002, pp. 32-35).

Moreover, the conventions introduced two insurance compensatory schemes in order to counterbalance the adverse effects of commodity price fluctuations on ACP countries whose domestic economies were largely dependent on their export revenues of agricultural products to Europe. Therefore, a Stabilisation of Exports (STABEX) scheme was introduced under Lomé I and under Lomé II a System for Mineral Products (SYSMIN) was established for ACP exports of mineral products. Also the joint institutional framework was slightly amended. The main institutions were now called: the ACP-EU Council of Ministers, the Committee of Ambassadors and the Joint Consultative Assembly. Against the background of the oil crisis and the economic recession in the developing world that followed in the 1970s the EU had to realise that a stronger focus supporting the ACPs with adjusting to fluctuations in global market prices was necessary. This was, however, also triggered by the EU's dependence on oil and other raw materials (Holland, 2002, pp. 36-38).

In 1981 Greece joined the EC and Spain and Portugal in 1986 did the same. These countries had no historical ties with the ACP countries but with Latin America which led to an increased number of bilateral agreements with the Spanish former colonies in Latin America and with Mediterranean non-member countries. The division of Europe after the Second World War and the ensuing Cold War between the US-dominated Western alliance and the Soviet-led Eastern supporters proved a watershed to the previous development policy towards the ACP. Therefore, during the times of the Lomé negotiations in the 1970s the resources (primarily Africa's raw materials) that Europe could obtain via the relationships towards its former colonies proved crucial to set limits to Soviet expansionist inclinations but also to secure Europe's energy supply for the future (Ravenhill, 2002, p. 21). The fall of the Berlin Wall in 1989 and the Eastern European revolution in 1990 led to a process of integrating the Central and Eastern Europe Countries (CEEC) into the European landscape and enhancing their levels of economic development. What followed was the contribution of a considerable amount of technical and financial assistance to support the CEEC

with transforming their economies into liberal market systems. This also meant that the EU support of the reform process in the CEEC took precedence over the EU's poverty reduction efforts in the ACP regions (Babarinde, 1998, p. 138-145).

Lomé III did not change the previous legal framework to a large extent but it introduced an increased tendency towards conditionality which became apparent in the structural adjustment programmes. Thus, the distribution of aid has been linked to the application of conditionality. Against the background of market liberalisation, globalisation and free trade the ideologies how to manage increasing poverty in developing countries changed considerably. The old conception of aid as triggering economic development became increasingly outdated. The emphasis on conditionality was further extended with Lomé IV but this time incorporating both the economic and political sphere. Whereas Yaoundé granted the ACP countries considerable discretion in how to spend the EU funds in their respective economies, from Lomé III on the provision of funds was partly made conditional on economic performance, which weakened the principle of "partnership" substantially (Holland, 2002, pp. 40-42). There has occurred a shift from the colonial legacy of the initial association agreements, the Treaty of Rome and Yaoundé towards an approach increasingly incorporating criteria of economic development explicitly apparent from Lomé IV and the Cotonou Agreement (Babarinde, 1998, pp. 141-144).

To sum up, the Lomé Conventions was considered the most comprehensive of the EU's agreements towards the developing countries and has led to a stronger combination of aid, trade and political aspects than it has been the case with the previous arrangement of Yaoundé. Moreover, the contractual nature of the agreement provided the ACP governments with a certain amount of security given the length of the agreements (the fourth Lomé Convention ran for ten years from 1990). However, the uniform preferential trade access failed to increase the market share of ACP products to the European market.

CHAPTER 2

EXPLANATION OF ESSENTIAL THEORIES

In order to shed some light on the complexity of the trade policy regime I will make use of the two international relations theories: neo-realism and liberalism. Next to that, I will use social science theory of new institutionalism. These theories will attempt to explain the factors that influence development policy formation. Each theory will try to explain one particular aspect of the policy-making process. As various EU policy formation theories exist at present, I decided for these three theories as they are each able to explain one particular aspect of the complex puzzle of the EU policy-making process in this realm. The first theory ("neo-realism") illustrates the influence of the member states' national interests in the EU development policy whereas the second theory ("liberalism") focuses more on the power of supranational institutions in this policy sector. Again another perspective is taken by the third theory ("new institutionalism") where the decision-making

procedures and rules of the EU institutions are of great importance in determining the final outcome.

Neo-realism

According to neo-realism, the reason for the power struggles between states can be found in the anarchy of the international system that is composed of states only and no other actors. It is a system-level theory that examines the behaviour of states in the international system. The security interests between states are in conflict to each other, which is why it is presumed that politics describes a "zero-sum game" implying that only one state can win, the other must inevitably loose. This highlights that cooperation between states will create outcomes based on the lowest common denominator given the fact that states behave rationally to fulfil their self interests to the maximum. Besides, international institutions are weak and not able to enforce a public good. It also argues that international agreements are only developed because there has been a single dominant actor that can benefit politically from the agreement and more strongly than others. It follows from this that the development policy of the EU is largely dominated by the geopolitical and security interests of its member states, for instance the territorial integrity of a state (Hix, 1999, pp. 331/332).

If one translates this theory into the EU-ACP context, some similarities become apparent. For instance, the introduction of a development policy towards the former French colonies and then towards the ACPs is fully attributable to national interests on the side of France and the UK (Holland, 2002, p. 237). Another example relates to the Cotonou negotiations. Those products that some member states and their respective domestic interests wanted to see protected (such as rice, sugar and bananas) have been eventually excluded from the agreement for a transitional period. Therefore the member states have a very important role to play when it comes to constraining the Commission's negotiating mandate. However, the fulfilment of security interests has not found any corroboration in application to the EU-ACP relationship. Here economic interests played the most important role. This theory can only be used to explain the relevance of national interests in the policy process and their importance in initiating international agreements but the lacking role that it assigns to supranational institutions such as the European Commission limits the theory's applicability in this context. This aspect is better explained by the theory of liberalism, to which I will turn next.

Liberalism

According to liberalism, states increasingly engage in inter-state cooperation and relationships between states are not only characterised by rivalry. Due to the increasing economic interdependence states intend to solve problems more jointly by working together with other states within the framework of international institutions. Liberalism is a state-level theory that examines the behaviour of state on the basis of the special features of states. Thus the interests of states are a product of the competition between domestic interests and ideologies that are mainly dominated by economic interests. In the context of international negotiations, it would follow that global economic relations result from the enormous power of rival economic interests in the EU's member states and the general conviction that states would benefit from the free market as they could specialise in the production of goods in which they have

a "comparative advantage". However, the role of non-state economic actors and multinational corporations is also considered relevant in influencing EU outcomes (Hix, 1999, pp. 332/333).

When one puts that into the context of the EU-ACP external relations, this theory explains well what kind of forces are at play in the policy-making process of the EU development policy described in the introduction. The interests of the EU member states are largely determined by their domestic economic interests and their median voters. Therefore it appears that economic instead of security interests are the most probable driving forces for the member states to follow such a development policy. Alternatively national interests can also be defined at the European level by private economic actors with no national affiliation, for instance multinational corporations and sectoral associations like the European Round-Table of Industrialists (Hix, 1999, p. 351). In the context of the EU development policy, this theory explains well the strong role that the interests of supranational and international institutions play and it accounts well for their influence on the final policy outcome. To give one example, in the negotiations of the Cotonou Agreement the guidelines of the Commission were crucial when it came to directing the reform debate on topics like regional integration and to setting the overall framework of the Agreement (Holland, 2002, p. 240). This aspect will become clearer in the part "variables of the analysis".

New institutionalism

In order to account for the central role of supranational institutions in the EU policy-making process I deem it necessary to bring the theory of new institutionalism into the analysis. In contrast to the former two theories it takes a social science approach at the systemic level of EU decision-making. Here the EU policy decisions being made are shaped by the influence of supranational institutions and the rules which justify their existence. Institutions develop and adapt to the current historical contexts. As a result, policy outcomes are not always ideal; they involve policy gaps and unintended consequences which are developing due to short-term institutional horizons (Holland, 2002, p. 241). This theory underlines that the decision-making processes that apply in a certain policy area influence the outcomes crucially. Future decisions are set by past decisions and "path dependency"[1]. As a result changes to the status quo are extremely difficult to achieve (Pierson, 2000). In application to the EU-ACP context, this theory helps to explain what crucial role the institutional design of trade policy-making plays and how relevant supranational institutions are.

According to Simon Hix in his book "The Political System of the European Union" (p. 353), it is maintained that supranational institutions shape EU global policies through 1) the existence of a supranational actor, 2) the institutional design of policy-making and 3) decision-rules and institutional norms in the field. In the field of the EU development policy, the Commission constitutes an influential supranational actor with strong agenda-setting and policy implementation powers as well as a vested interest in furthering political integration. There is strong evidence that the

[1] The principle of path dependency denotes that "specific patterns of timing and sequence matter, starting from similar conditions large consequences may result from relatively "small" or contingent events. Particular courses of action, once introduced, can be virtually impossible to reverse, and consequently, political development is often punctuated by critical moments or junctures that shape the basic contours of social life" (Collier and Collier, 1991)

Commission managed to exert a strong influence on the final policy outcome given the fact that the Cotonou Agreement largely represents a new liberal development approach balancing the differences in treatment between the ACP states and the other developing countries.

As regards the institutional design and the decision-making rules in this field, through the use of the consultation procedure applying in this field and the requirement to accept Commission proposals by a majority and reject it by unanimity the ability of anti-free-trade states in the Commission to veto the free policy outcome is severely limited. As the majority in the College of Commissioners is strongly free-trade oriented the leverage of free-trade states in the Commission is enhanced. This constitutes an important factor why the current Partnership Agreement between the EU and the ACPs shows such a strong tendency towards free trade and the integration of the ACPs into the global economy. However, when decisions are made unanimously and the Commission has limited negotiating autonomy the outcome that no agreement is possible if a consensus within the Union is threatened forces the negotiating opponent into making concessions to the most reluctant country (Meunier, 1998, p. 196). This was the case for instance in the run to the negotiations of the Uruguay Round in April 1994 when France contested the Commission's authority to negotiate international agreements in the name of the Council of Ministers.

CHAPTER 3

METHODOLOGY

In order to answer the central research question stated above I will conduct a literature review with using the design of a focused comparison for the Fiji Islands and the Samoa over the time period of the year 2000 until the present time. Given the limited time frame I have for conducting my research I will do a literature review in which the most important sources on the topic will be recapped and evaluated. In order to get a sharpened understanding of the EU's development politics in the Pacific I decided to focus on just two countries in that region, namely the Fiji Islands and Samoa, which enable in-depth and longitudinal examination. A focused comparison implies a number of general questions that are asked for each case under study in order to standardize the data collection. It is "focused" as it deals only with certain aspects of the cases examined (George, A.L. and A. Bennett, 2005, p. 67).

This case study design serves the aim to incorporate the positions of Fiji and Samoa into the analysis of foreign policy priorities. I chose here a relatively high developed and a less developed country in the Pacific region to see what the country's attitudes were regarding the independent variables. Also I chose to focus on the level of the governments of the two Pacific Islands because during the EPA negotiations the governments would constitute the most relevant input into the final policy result. As will be explained later, the independent variables are: 1) cleavage between the interests of the EU member states and 2) EU bureaucratic politics. Thus, I will ask what the Fijian and Samoan governments would demand or expect from the EU in the EPA negotiations in terms of these two variables. In the end, I will be able to compare

the results from a fairly high developed country with those of a less developed country in the Pacific. If both countries confirm the picture of a fragmented development policy regime there seems reasonable justification that there indeed exists a connection between the explanatory variables I set up and the outcome variable EU development policy formation.

Regarding the methodology of this study a few comments will be devoted. The case selection I decided for might seem a little unusual given the fact that I also could have concentrated on those less-developed countries in Africa such as Angola, the Democratic Republic of Congo or others and then elaborate on the differences towards a more developed country in the Pacific. However, the opportunity to gather information on the spot provided a compelling reason for focusing solely on the Pacific region in this analysis. From February until June 2008 I was given the chance to work for the project "European Union Pacific Policy I" against the background of an internship I could follow at the National Centre for Research on Europe (NCRE) in Christchurch (New Zealand). The NCRE is a medium-sized research centre that brings together undergraduates, graduates, post-doctoral fellows and academics from a large range of academic disciplines to research and study the European Union and Europe-related issues. The project was initiated in March 2003 in an attempt to examine the political aspects of the EU's European Partnership Agreements (EPA's) with the Pacific Islands. The proximity to the Pacific region and particularly the presence of suitable data on the economic and social situation of the Pacific Islands with the help of the Central Library of the University of Canterbury (Christchurch) enabled me to make myself a clearer picture about the perceptions of the EU development policy in the Pacific region than I was able to gain in the Netherlands. Due to the lack of research on the EU's role in the Pacific it was deemed essential to shed light on this particular region.

Next, the criteria on what basis I selected the cases of Fiji and Samoa will be clarified. The two countries have been selected on the basis of their differing economic situation. This is demonstrated on the basis of their total imports and exports of commodities, their GDP rates and finally their economic growth rates. The Republic of the Fiji Islands is an island nation consisting of 322 islands in the South Pacific Ocean; east of Vanuatu, west of Tonga and south of Tuvalu. I chose the Fiji Islands as the first case because its economy is the largest and most developed in the South Pacific region (excluding Papua New Guinea). Further the total exports of Fiji came up to US$ 679 million (in 2006), which is fairly high for Pacific standards. Fijian imports constituted US$ 1.8 billion (in 2006). Its GDP per capita is US $ 3,480 (2008). Growth improved in 2006 because of an improvement in sugar production, expansion in construction, and growth in services. The economy grew by an estimated 2.4 % in 2007 despite a decline in tourism and the closure of the country's gold mine.

Samoa has been selected as a small country in the South-Pacific Ocean, whose economy is largely dependent on development assistance, remittances from overseas and agricultural exports. Total exports of Samoa equalled $11.97 million in 2006 (WTO, 2006), which is low compared with the Fiji Islands. Similarly, its total imports were fairly weak: $248 million (WTO, 2006). Its GDP per capita was US $ 2,270 (2006), which is again lower than that of the Fiji Islands. The economy in the June quarter of 2006 recorded a strong growth rate (4.6%), which is still reminiscent from

the expansion of the construction sector in preparation for the South Pacific Games that took place in 2007.

To sum up, the countries' substantial economic differences regarding imports/exports, GDP rates and to a lower extent economic growth make the two countries highly suitable cases for analysing their expectations from the EU in the EPA negotiations in terms of the explanatory variables of this study. The data derived from the two cases will enhance the internal validity of the proposal because it will enable me to accept or refute the findings on the ambiguity of policy priorities in the EU development policy that I have gained from the literature review given the fact that it adds the external views of the Pacific to the analysis. This makes the proposal internally consistent and coherent.

As I will be studying the phenomenon of the EU development politics qualitative data will be used most of the time and also to a marginal extent quantitative data. Qualitative data that will be consulted are primarily scientific articles from academics in the field of international trade and development policy. Quantitative data include official statistics, such as trade policy reviews from the databases of the IMF (International Monetary Fund), the World Bank, the WTO (World Trade Organisation) and UNCTAD (United Nations Conference on Trade and Development). Sub-question 1 on the EU's foreign policy priorities uses only qualitative data from scientific articles on the EU foreign policy formation. Sub-question 2 and 3 on bureaucratic divisions and the influence of the member states' interests respectively are also based on qualitative data from articles and scientific books on this topic.

The fourth sub-question on the position of the governments of Samoa and Fiji combines qualitative and quantitative data because I aim to underpin the demands expressed by the two governments with empirical data about the economic situation in general. As a mixture between the two data types (qualitative and quantitative) is applied in this analysis the internal validity of the thesis will be enhanced as a combination of the two data types will support the whole argument and will make the whole logic of the study more clear and internally consistent.

The data sources I use are largely secondary in character, which involves that I only make use of documents already employed by others such as articles from scientific journals and economic reports. I will also deploy legal sources especially the document of the "Economic Partnership Agreements", the document of the Cotonou Convention and of the EC/EU Treaty, which are primary sources.

Conceptualisation

Foreign policy objectives

In order to assess the coherence of the EU's development policy towards the ACP states this thesis will clarify the EU's foreign economic policy objectives as derived from the provisions of the EU Treaty and the Cotonou Agreement. The Treaty on the EU is the overarching source which sets the policy objectives to be followed by the Community and its member states. As stipulated in Article 130 of the Treaty on the EU the Community policy in the sphere of development cooperation shall foster "the

sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them, the smooth and gradual integration of the developing countries into the world economy and the campaign against poverty in the developing countries". Next to these objectives of the Maastricht Treaty it became essential since the inception of Lomé IV that the fulfilment of political criteria would be conducive to economic development in the regions concerned. These criteria as already mentioned in the introductory chapter include the respect for human rights, democratic principles and the rule of law as well as local ownership, civil participation and the partnership between the EC and ACP countries.

The South Pacific

This thesis will attempt to incorporate the negotiating positions of the South Pacific on the basis of the case studies conducted in Fiji and Samoa. The "South Pacific" came to be identified with the island states stretching from the geographical boundaries of the Pitcairn Islands in the East, to Palau and Papua New Guinea in the West, from Micronesia in the North to Australia and New Zealand in the South. The region of the South Pacific also became known as "Oceania" which generally includes the Pacific Islands, New Zealand, parts of Australasia such as Australia and New Guinea and all or parts of the Malay Archipelago. This thesis will follow such a broad geographical definition to allow incorporating all the numerous key Pacific actors in the region. Important regional organizations in that respect are the Pacific Island Forum and the Melanesian Spearhead Group. To keep the volume of this study within a reasonable length it is sufficient to state that these organizations aim to enhance the economic cooperation between the countries of the Pacific Ocean. Focus here is, however, on the 14 independent Pacific Island countries belonging to the group of 78 ACP states (Thomas, 2003, p. 5).

Coherence

For this context "policy coherence" can be understood as the attempt to attain synergies between development policy objectives and objectives of non-aid policy sectors (such as trade, environment, security, agriculture, migration and so forth) in order to enable the developing countries to reach the MDGs by the year 2015 (Communication from the European Commission "Policy Coherence for Development", 12 April 2005). Policy coherence is firmly enshrined in Article 178 of the Maastricht Treaty of 1992 and thus constitutes a legal obligation to ensure continuity of its external activities while at the same time respecting and building upon the acquis communautaire (Art. 3, EU Treaty). Therefore the Community is obligated to take into account the development objectives in any policy that is likely to affect the developing countries (Article 178, EC Treaty).

Variables of the analysis

There are two main variables that are expected to account for the ambiguous policy priorities of the EU development policy. They were as follows:

1) cleavage between the interests of the EU member states
2) EU bureaucratic politics

The first variable refers to division within the technical Councils of the Council of Ministers between liberal-oriented states and protectionist-oriented states and how this clash of interests often leads to the introduction of safeguard measures. National governments often aim to maximise their ability to satisfy domestic pressures and thus have different interests to represent. The preferences of the member states have a large impact on the formulation of the final development policy outcome towards the ACP countries. The main institutional actors in EU trade policy-making are the European Commission which initiates proposals and the Council which takes decisions with implications for EU trade policy by qualified majority voting. Within the Council, the General Affairs and External Relations Council (GAERC) takes care of coordinating trade policy issues. In the Council of Ministers they attempt to put their national interests into action. Particularly the interests of the most resourceful state and societal actors are salient in influencing the final policy result (Carbone, pp. 44-45).

The preferences of the member states can be categorised into two ideological classes: the liberal group and the protectionist group. The liberal group supports the liberalisation of global trade and the protectionist group considers the potentially negative impact of trade liberalisation on the CAP policy and on the EU budget. France and Italy are examples of the protectionist group whereas Germany and the Netherlands belong to the liberal group. In practice, regarding politically sensitive issues the protectionist states will form an alliance with other protectionist states especially South European States (Italy, Spain, Portugal, Greece) in order to oppose a proposal that has a liberal tendency. More liberal-oriented states such as Germany and the UK will attempt to build a coalition with Northern European countries that support free global trade such as the Netherlands, Sweden, Denmark and Finland. Therefore the EU development policy reflects a continuous competition between liberal-oriented and protectionist member states aiming at satisfying their median voters. A good example that reflects the importance of the interests of the member states in the EU policy-making process in this sector is the final policy outcome of the Cotonou Agreement. Three sensitive goods including rice, sugar and bananas have been delayed from the liberalisation process. Bananas should have been fully liberalised from 2006 and rice and sugar from 2009. Next to that some trade protection instruments could be utilised as well (Carbone, pp. 43/44). This dichotomy between the protectionist South from the free-trading North in the Community could harm the coherence of the EU's development policy considerably. As Van Reisen takes a strong position on this issue when arguing that such "tension between two economic paradigms, leading to different practices at various policy levels creates contradictory policies that are incoherent with the objectives of EU development policy" (1999, p. 130).

The second variable relates to the internal divisions within the Directorates of the Commission because of differing interests between each of the four Directorates that are involved in the policy-making process.

The European Commission has the power to initiate development proposals and is thus vested with large agenda-setting powers and competences in policy implementation, which it managed to extend gradually during the course of Treaty reforms. The European Commission is a divided institution in the sense that individual Commissioners are responsible for specific functional issues in cooperation with the Councils of Ministers representing foreign affairs, economics and finance, environment or agricultural issues. With the EPAs it could promote the political and economic integration of the Union even further and thus enlarge its institutional powers. Within the Commission, there is a number of different DGs (Directorate General) that are important for the policy process. As each of the DGs have different interests and strategies and as the opinions of all DGs have to be incorporated into the policy proposal the process of coming to an agreement is further complicated (Carbone, 2007, pp. 45). These DGs develop and prepare the legislation and monitor their implementation. While drafting the legislative proposals the domestic economic interests and civil society organisations attempt to lobby the various DGs extensively (Hix, 1999, p. 41).

For this context, the DG Trade, DG External Relations and European Neighbourhood Policy, DG Agriculture and Rural Development, DG Development and Humanitarian Aid as well as the DG Environment play a crucial role. Of particular importance in this respect is the creation of geographic responsibilities within the Commission in 1995. The main external relations directorate was split into four DGs. Moreover, general external relations groups ("Relex") were created for the commissioners and directors in the same year to allow for policy coordination within the external relations directorate (Cameron, 1998, pp. 30-35). In 1999 the Commission's structure was again reorganised which removed the responsibilities in the field of trade from the Development Directorate to the Trade Directorate.

DG Trade and DG External Relations and European Neighbourhood Policy are strong advocators of liberalised trade and multilateralism and have influenced the current liberal tendency of policy proposals to a large extent. The DG Agriculture and Rural Development is more protectionist in attitude and is wary about the negative effects of free global trade on Europe's domestic producers. Of particular importance is here the consideration of the potential impact of the EPAs on sensitive products such as sugar. Yet, increasingly the harmful effect of the subsidies from the Common Agricultural Policy (CAP) regime on food security in the developing world has been recognized and measures have been envisaged that prepare for the liberalisation of the European agricultural sector. The DG Development and Humanitarian Aid has forcefully argued for a strong link between trade relations of the EU and the ACP countries and economic development in the regions concerned. Finally, DG Environment refers to the negative effects of globalisation for the environment and sustainable development. The College of the Commissioners negotiate with the functionally divided Councils of Ministers, predominantly the General Affairs and External Relations Council (GAERC) and the Agricultural Council. It has been often noted that the interaction between the Commission and the Council are characterised by fragmentation and weak coordination. This stems particularly from the fact that the DGs within the

Commission and the Councils within the Council of Ministers are less able to coordinate a common position among themselves, which they could communicate to the Commission or the Council or Ministers respectively. Furthermore, the European Commission is driven by bureaucratic divisions which concern the largely technocratic trade policy framework and the intricate international trade rules of the WTO (Van den Hoven, 2007, p. 60).

OPERATIONALISATION

Next an overview will follow on the operationalisation measures needed for the explanatory variables of the analysis outlined in previous section.

Regarding the first variable ("cleavage between the interests of the EU member states"), the theory of neo-realism is suitable to explain the importance of national interests in the policy-making process especially when it comes to protecting their economic interests. Overall, the Council of Ministers is the institution that delegates the authority to the European Commission to negotiate trade agreements. Thus any national concern expressed by the Member State, for instance the fear that certain sensitive sectors could face unfair external competition, will have to be incorporated into the final agreement. As already explained in the section "variables of the analysis" reference will be made to the scientific article "EBA, EU trade policy and the ACP" by Maurizio Carbone that categorises member states' preferences into the two categories: the liberal and protectionist group. This ideological division among the member states in the Council will have a large impact on the policy result leading most of time to the inclusion of trade protection instruments.

To put the second variable ("EU bureaucratic politics") into operation I will apply the theory of new institutionalism to account for the influence of decision-making procedures governing EU development policy on the position of supranational institutions in the policy-making process. Furthermore I will use the scientific article "Bureaucratic competition in EU trade policy" by Maurizio Carbone" to demonstrate the large effect of bureaucratic divisions within the European Commission on the EU trade policy. In the context of the EU development policy there seem to be different interests and strategies at stake between the different DG's (Agriculture, Trade, Development, and Environment). Different DG's engage in multilateral trade negotiations aiming at ratifying their proposals in different institutional settings at the European level.

CHAPTER 4

DATA/ANALYSIS

Before the precise foreign policy objectives in the Cotonou Agreement are analysed some information on the trade relations between the EU and the ACPs, particularly the Pacific region, is given.

For most of the ACP countries and for almost all African ACP countries the EU is the main trading partner. Trade between the ACP and the EU has always been regarded very important by the ACP states. However, it is only of marginal importance for the EU (Faber, Orbie, 2007, p. 6). The low economic importance of the ACP markets for the EU connects well to the previously described theory of "liberalism" (Chapter 2). Given the fact that trade relations towards the ACP states are less beneficial for the EU member states than the Developing World, domestic economic interests groups in the member states will be more inclined to focus their trade policies on other regions where they could find larger business markets than in the ACP countries. The growing network of regionally focused framework cooperation agreements with developing countries in Asia and Latin America are one illustration. The EU's enhanced trading relations with other parts of the world surely affect the economic situation in the ACP regions as well. Thus, this theory explains to a certain extent the influence of national economic interests on the EU trade and development policy towards the ACP states. To demonstrate this aspect, a few figures are helpful. The ACP position with the EU regarding trade has deteriorated continuously. In 1994 the ACP group had the lowest developing country share of EU imports (3.4 %), behind Latin America (4.9 %), the Mediterranean (5.7 %) and Asia (15.5 %) (Holland, 2002, p. 147). However, other factors such as the end of the Cold War in 1989 and the expansion of the Community also played a considerable role in this respect.

According to current Eurostat trade figures on the EU-ACP trade relations (December 2006), a noticeable increase was registered in 2005 and 2006 in trade with ACP countries. Both imports and exports exceeded EUR 50 billion and trade increased steadily in the period from 2000-2006. The total value of EU imports was slightly over those of EU exports and the trade balance showed a deficit ranging between EUR 6.7 billion (in 2001) and EUR 2.1 billion (2004). Goods worth EUR 55.6 billion were exported which measures up to 12 % of total EU exports while the number of imported good was worth EUR 59.0 billion which comes up to only 24 % of total EU imports.

There are ten main trading partners among the ACP with whom the EU trades. In 2006, these ten countries were responsible for 68% of all EU-27 exports to ACP countries and 71% of all EU-27 imports from ACP countries. Among the ACP group of countries, South Africa and Nigeria are the EU's main trading partners, both for imports and exports. South Africa is the main partner by a large margin, being responsible for 35.7% of the total EU-27 exports to the ACPs and for 31.3% of the total imports from the ACPs. Petroleum products were by far the most imported goods, while road vehicles represented the most exported product.

The EU-27 trade balance with ACP countries remained constantly negative by a small margin. In 2006 the deficit reached EUR 3.4 billion. The share of the ACP group in

total EU imports from third countries has fallen by more than half from 8 % in 1975 to 2.8 % in 2000. Germany, France and the United Kingdom counted for over 50% of the total exports to ACP countries. The UK and Spain were the biggest importers from the ACP States. 81% of the EU exports to the ACP group of countries in 2006 consisted of manufactured goods. Primary products represented the majority (61%) of EU imports from ACP countries, especially 'Energy' (34%), followed by food products (16%).

Regarding trade relations towards the Pacific region, EU imports to the ACP Pacific totalled € 1.245 million in 2005, which constitutes an increase of 17 % compared to the year 2004. In 2005 34 % of all Pacific imports came from the EU whereas only 2 % of all EU exports came from the Pacific in the same year (commensurate to € 567.9 million). Thus the EU-Pacific trade balance came up to a deficit of € 677.6 million.

EU imports to Fiji approximated € 103.2 million in 2005 (95 % of the total Fiji imports) whereas EU exports from Fiji came up to € 49.0 million in that year (9 % of the total EU exports). Therefore, the trade balance between the EU and the Fiji Islands corresponded to a deficit of € 54.2 million. The main products that the EU imports from Fiji are cane/beef sugar, coconut, fruits, nuts and fish. The main products that the EU exports to Fiji are internal combustion pistons, soya-bean oil, electrical apparatuses for telephone lines, furniture and electrical wires.

EU imports to Samoa corresponded to € 2.9 million in the year 2005 (46 % of the total Samoan imports) while EU exports to Samoa matched € 3.0 million in the same year (7 % of total EU exports). Main imported products from Samoa to the European market amount to coconut, palm kernel, babassu oil, razorblades, pullovers, furniture, data processing machines and yachts. These data confirm my initial presumption that for both Island States imports from the EU are crucial for the economic development of the countries but in the reverse products from the Pacific do not belong to the most important import products for EU producers.

The Cotonou Agreement and the EPAs

Given the fact that the Lomé regime characterised by tariff-free access for ACP exports to the EU market did not prove successful increasing the ACP share of EU imports and improving the economic development of the ACP states significantly, the EC recognized a strong need for revising the rules for development cooperation with the ACPs. The result was the signature of the Cotonou Agreement.

The successor to the Lomé IV convention was signed in the Benin capital of Cotonou on the 23 June 2000 between the EC and the 77 ACP states. The democratisation processes that were supported by the EU in the CEEC largely contributed to a stronger emphasis on political dialogue and issues of democratic governance and human rights in the EU-ACP relations. With the Treaty of Maastricht signed in 1992 the objectives for a common development policy were laid down for the first time. It aimed mainly to make the bilateral development policies of the member states consistent with those of the Community. The following principles were the hallmark of this development policy: complementarity, coordination and consistency. As stipulated in Article 130 of the Treaty on the EU the Community policy in the sphere

of development cooperation "shall be complementary to the policies pursued by the Member States". In order to do so, "the Community and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programs, including in international organizations and during international conferences" (Holland, 2002, pp. 113-115).

The Cotonou Agreement largely maintained the acquis from the Lomé regime but it envisaged more clearly the connection between trade liberalisation and economic development with a view towards complying fully with WTO rules. Also it focused more strongly on democratic institution-building and the support of civil society (Holland, pp. 197-199). The main objectives of the Partnership Agreement read as follows:

"*to promote and expedite the economic, cultural and social development of the ACP States, with a view to contributing to peace and security and to promoting a stable and democratic political environment. The partnership shall be centred on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy.*" (Partnership Agreement, 2000, Art. 1)

Also four "fundamental principles" are given in Article 2 which are: "the equality of the partners and local ownership of development strategies", "the widest possible involvement and participation in political and economic affairs" involving "all sections of society", "dialogue and the fulfilment of mutual obligations" as well as "differentiation and regionalisation" in the arrangements for ACP countries and for regions. The last principle of "differentiation" is the most important difference to the past Lomé arrangements because it distinguishes between more strongly developed ACPs and the LDCs. Thus the integrity of the ACP group as a negotiating partner was to come under attack (Cassels, 2005, p. 77). The LDCs continue to be governed by the non-reciprocal preferential trade regime of Lomé and those ACP states that are more strongly developed would have the option of agreeing on free trade agreements with the EU. Another fundamental principle concerns "good governance" and corruption which enabled the EU to hold the ACP countries accountable for their democratic standards. Moreover, Article 9 of the Agreement mentions three "essential elements" which include: respect for human rights, democratic principles and the rule of law. Breaches of these essential elements and cases of financial corruption (Cotonou Agreement, Art. 96) could lead to the suspension of the respective state from the Agreement (Holland, pp. 200-203).

In order to be able to properly assess the EU's development policy towards the ACPs, it is essential to provide a proper definition for the EPAs. Currently the European Union is discussing regional trade agreements with the ACP countries. The so-called EPAs follow the objectives of the Cotonou Agreement and are recognized as the instruments that shall implement the provisions of Cotonou. The Cotonou objectives read as follows: "the sustainable development of ACP countries, their smooth and gradual integration into the global economy and eradication of poverty". Further it is stated that EPAs shall "promote sustained growth; increase the production and supply capacity of the ACP countries; foster the structural transformation of the ACP economies and their diversification; and support regional integration" (European Commission, 2003). EPAs intend to build up an economic governance framework

which involves the setting up of clear and transparent trading rules. This will create the necessary conditions for attracting domestic and foreign investment and for diversifying the domestic economies of the ACP countries (Holland, 2002, pp. 212-214).

With the EPAs the ACPs will have to open up their markets on a reciprocal basis to most EU products. This would require considerable adjustment periods on the side of the ACP economies given the fact that ACP producers would have to compete with EU industries and with those EU agricultural products that are heavily subsidised by the CAP regime. So far each of the main ACP regional groupings has entered into negotiations with the EU on the conclusion of regional EPAs. As scheduled the negotiations of EPAs were meant to come into effect no later than the first of January 2008. However, the transitional periods for the ACP economies to adjust sufficiently to trade liberalisation could be up to twelve years (Holland, 2002, p. 210).

Policy-making process of the EU development policy and its policy actors

To answer the central research question, I would like to elaborate on the policy making procedures inherent in the EU development and trade policy. The EU's development policy is a shared competence between the European Community and the member states and thus constitutes a combination of intergovernmental and supranational procedures. The policy is divided into the bilateral policies of its member states and the collective policies of the Community.

In the field of the EU development policy towards the ACP states, the EC's policy of a Common Commercial Policy (CCP) introduced with the Treaty of Rome is highly relevant as it clarifies the decision-making procedures for concluding international trade agreements. Given the fact that trade policy often has implications for development policy it is considered necessary. As stipulated in the CCP, the European Commission has a very important task to fulfil: to negotiate the trade agreements in the name of the member states. In Article 133 of the EC Treaty it is stated: "Where agreements with one or more States or international organisations need to be negotiated, the Commission shall make recommendations to the Council, which shall authorise the Commission to open the necessary negotiations." It goes on by saying that "The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task (..). The Commission shall report regularly to the special committee on the progress of negotiations. Regarding the conclusion of agreements, "the Council shall act by a qualified majority". On the basis of Article 133 the European Community was able to speak with a single voice in international trade negotiations (Holland, 2002, p. 141).

More precisely, Article 133 of the EC Treaty sets out three phases in policy-making. First, on the basis of a proposal from the Commission, the Council sets the objectives for trade negotiations. The broad guidelines for Union development policy are set beforehand by the European Council. The "Article 133 Committee", which is composed of representatives from the member states and DG for External Economic Relations, might add changes by consensus and passes them on to the Committee of Permanent Representatives (COREPER). COREPER discusses the proposal and clarifies politically sensitive issues at hand. At this stage the EU member states can

also demand to include safeguard measures into the proposal by a qualified majority to protect their interests.

The proposal is then transferred to the General Affairs and External Relations Council (GAERC) that develops the negotiating mandate. Afterwards the Council decides on the negotiating mandate under qualified majority or unanimity. Second, if the decision is being made on the negotiation mandate the Commission conducts the negotiation of the trade agreements on the condition that the matter refers to trade in goods. In that event the Commission conducts the negotiations on the behalf of the member states. Third, the final result is decided in the Council by a qualified majority or unanimity contingent on the respective treaty basis. The European Parliament has no strong powers when it comes to trade agreements with third countries but its assent is needed for treaty or association agreements with third countries or for budgetary issues (Holland, 2002, p. 141/142). Decisions about development cooperation with the ACPs are mostly based on compromise and reflect the lowest common denominator. This confirms the picture drawn by the theory of "neo-realism", which demonstrates the influence of the member states' interests on the EU development policy contents. The negotiating mandate and the final development policy proposal are eventually decided upon by the EU member states and could be vetoed anytime by any single member state. The pressingness, however, to accept the final proposal after usually lengthy periods of negotiations is large especially against the background of protecting the image of the EU to take policy decisions effectively.

The policy-making process of the EU development policy corroborates also the theory of "new institutionalism". Depending on the voting procedures (qualified majority or unanimity) a totally different outcome could be expected. With majority voting free-trade oriented states in the Commission could increase their leverage and influence the policy proposal in this direction and with unanimity anti-free trade oriented countries could attempt to implement their national interests into the proposal. As a result, the insights of this theory prove very helpful to demonstrate how consequential the decision-making rules of supranational institutions are for the final direction that the development policy proposal takes.

Case description Fiji and Samoa

1. Samoa

Table of macroeconomic indicators

		2005
Basic data		
1	Population (in 1000)	0.184
	- annual change in %	
2a	Nominal GDP (in millions €)	315
2b	Nominal GDP per capita (in millions €)	1714
2c	- annual change in %	8
3	Real GDP (annual change in %)	5.1
4	Gross fixed capital formation (in % of GDP)	
International transactions		
5	Exports of goods and services (in % of GDP)	2%
	- Of which the most important: … (in % of GDP)	Fresh Fish
6	Trade balance (in % of GDP)	-21.3
7	Current account balance (in % of GDP)	-3.6
8	Net inflows of foreign direct investment (in % of GDP)	
9	External debt (in % of GDP)	37.6
10	Service of external debt (in % of exports of goods and non-factor services)	5.5
11	Foreign exchange reserves (in months of imports of goods and non-factor services)	3.3
Government		
12	Revenues (in % of GDP)	34.5
	- of which: grants (in % of GDP)	16.2
13	Expenditure (in % of GDP)	38.3
	- of which: capital expenditure (in % of GDP)	8.9
14a	Deficit (in % of GDP) including grants	1.1
14b	Deficit (in % of GDP) excluding grants	4.6
15	Debt (in % of GDP)	37.6
	- of which: external (in % of total public debt)	5.5
Other		
16	Consumer price inflation (annual average change in %)	1.8
17	Interest rate (for money, annual rate in %)	
18	Exchange rate (annual average of national currency per 1 €)	0.2980
19	Unemployment (in % of labour force, ILO definition)	
20	Employment in agriculture (in % of total employment)	

European Commission, "Independent State of Samoa – Country Strategy Paper and National Indicative Programme for the period 2008-2013", 2007

Samoa is a country that is situated in the Pacific Ocean and this consists of two large islands and six smaller ones. It has a land area of 2,935 sq km. It is a Polynesian country with an ethnically homogenous population of 185,000 people. Samoa became the first independent island country of the Pacific in 1962. On that year Samoa adopted its constitution where traditional elements of Samoan culture are blended with Western liberal principles (individual rights, equality under the law). Since its independence Samoa has maintained a good level of development and political stability in spite of having a couple of disastrous cyclones. The most recent ones were

the cyclones Ofa in 1990 and Val in 1991. The damage caused in these two years was estimated at US$ 368 million. The Samoan government is working hard to fulfil the UN Millennium Development Goals (MDGs) which include the improvement of the children's health and the reduction of poverty rates. Samoa's system of government is based on the English Westminster model (Huffer and So'o, 2000, pp. 2-5). The last general elections took place in March 2006 where three new parties (the Samoa Party, the Christian Party and the Samoa Progressive Party) competed against the ruling Human Rights Protection Party (HRPP) that has been in power for over 22 years. In the end, the elections were again won by the HRPP by a strong majority. Although Samoa has been classified as a „Least Developed Country" (LDC) by the UN, its level of development is above the Pacific average. This is also the reason why the classification of the Samoa is currently under review. Besides many Samoans live abroad (approximately 200,000) and support their home families with incomes from remittances. Remittances amounted to 24 % of GDP in 2004 (European Commission, 2005). During the 1970's and 1980's around one third of the Samoan population moved overseas, particularly to the United States, New Zealand and Australia.

In the middle of the 1990's the Samoan government introduced economic reforms in order to enhance private sector initiatives, improve the efficiency in the public sector and to release controls in the financial sector. These reforms have contributed greatly to the currently advanced level of governance in the country. However, shortly after the reforms have been implemented allegations were raised of corruption, unaudited public accounts and violations against the independent press. Also the reforms were unsuccessful in enhancing the export base of the country and to prepare Samoa against external shocks (Huffer and So'o, 2000, pp.4/5).

Although the conditions of „good governance" are close to being met, some legislative and administrative weaknesses should be noted here. For instance the Parliament has been prevented of being able to sufficiently scrutinise government expenditures. Other system failures relate to the lack of procedures in order to attain checks on the exercise of governmental power. Obviously the Max Weber system of bureaucracy characterised by impartial administration cannot be reproduced in the Samoan context which is mainly due to their focus on the family, religious worship and discussions of the council of chiefs (*fono a matai*). In the Samoan system of social organisation the government authority is exercised by chiefs who represent the interests of Samoa's main social unit, the extended families. These chiefs exert a strong influence on public policy outcomes given their hereditary privileges (Huffer, So'o, 2000, p. 8). Thus there is no clear separation between the sphere of work and non-work related issues. Samoan people are all member of a kin group and have thus social obligations to fulfil, which are superior to work obligations. Skills-based authority as to be found in the Weberian system cannot be applied to the Samoan context where power and authority are exercised by the chiefs of the communities. Only people holding chief titles (*matai*) can hold seats in Parliament which results in confusion between those members of Parliament whose power is derived from the previous election or from their title as a chief (Huffer, So'o, 2000, p. 19-32). The chiefs govern the country and have given themselves a five-year term of office. The checks on the power of the chiefs are insufficiently exercised. Summing up, corruption still exists in the society of Samoa at high levels despite its supposed transition to a more democratic system of governance (Huffer, So'o, 2000, p. 198).

The Samoan economy showed solid growth, low inflation, improved public finances and international reserve levels in recent years. Samoa's small economy is dependent on a narrow resource base. The most important economic sectors are agriculture, tourism, light manufacturing and fisheries. As a result external factors influence the economic performance to a large degree, for instance fluctuations in commodity export prices and in the amount of aid resources. The GDP per capita was US$ 2,270 in 2006. Samoa's economy has a good level of stability which is helped by the economic and political support given by Australia and New Zealand. Besides Samoa's tourism sector has scope for growth in the near future. However, GDP growth will experience a slowdown due to the end of the construction boom associated with the South Pacific Games in 2007 and to moderate growth in the agricultural sector. The South Pacific Games have left the Samoan economy in debt. Currently Samoa imports (US$248 million, 2006) more than it can export (US$11.97 million, 2006) leading to a trade deficit. Samoa's GDP per capita currently comes up to US $ 2,270 (WTO, 2006). Its GDP per output was US $520.5 million (The World Factbook, 2006). Its GDP growth corresponds to 4.6 % (WTO, 2006). Its principal export products include fresh fish, beer, coconut cream (2006). Its main import products are mineral fuels, food & live animals, crude non-fuel materials (2006). Its principal export partners are the USA, Australia, Indonesia, American Samoa and New Zealand while Samoa mainly imports from New Zealand, Fiji, Singapore, Australia and Japan. Furthermore Samoa's accession negotiations with the WTO are still in progress and Samoa is strongly committed to support the liberalisation of world trade (European Commission, 2007).

2. Fiji

Macroeconomic Indicators

Population (2002, preliminary est.)	824,596
Population growth (1995-2002)	1.1%
GDP per capita (FJ$ 2004)	4674
Unemployment rate (2003)	8.1 %
Annual GDP growth rate (2004)	3.8%
Annual inflation rate (2004)	2.8%
Government balance (% GDP, 2004)	-3.2
Domestic public sector debt (% GDP, 2004)	44.7
Expenditure on Education as a % of the 2004 national budget	18.5%
Expenditure on Health as a % of the 2004 national budget	9.4%

Asian Development Bank, 2004

Other Indicators

	2002	2003	2004	2005
	Year	Year	Year	Year
Foreign Trade, BOP and External Debt				
Trade balance (Customs data, US$million)	-310.5	-423.5	-620.1	-763.8
Exports of goods (Customs data, US$million)	489.4	640.4	665.6	697.8
(% change, previous year)	-4.8	30.9	3.9	4.8
Key export: Sugar (% change in value, previous year)	8.4	11.1	1.4	9.6
Imports of goods (Customs data, US$million)	799.9	1063.9	1285.7	1461.6
(% change, previous year)	2.9	33.0	20.8	13.7
Current account balance (US$million)	-20.5	-94.6	-370.4	-396.4
(percent GDP)	-1.1	-4.1	-13.6	-13.2
Foreign direct investment (US$million)	26.2	29.1	102.7	-15.0
Total external debt (US$million)	281	357	357	396
(% GDP)	15.7	15.5	13.1	13.2
Short-term debt (US$million)	36.7	86.1	75.3	111
Debt service ratio (% exports of g&s)	1.8	1.7	1.5	1.3
Reserves, including gold (US$million)	437.9	547.9	635.6	471.3
(months of imports of goods and non factor services)	6.3	5.6	5.6	4.0
Financial Markets				
Domestic credit (private, % change, previous year)	5.0	16.8	18.0	24.5
Short-term interest rate	1.25	1.19	1.75	2.25
Exchange rate (end-of-period)	2.06	1.72	1.65	1.74
Real effective exchange rate (2000=100 and + = appn)	100.8	107.6	109.8	109.2
(% change, previous year)	0.3	6.7	2.0	-0.5
Stock market index (end-period, Aug 88=100)	..	..	..	..
Memo: GDP in US$ million	1796.8	2309.3	2728	2997.9

World Bank, "East Asia & Pacific Update", 2008

Fiji comprises around 330 islands and coral atolls of which some 105 are inhabited. Its total land area comprises around 18,000 square kilometers. It is located approximately 2,200 kilometers north of New Zealand and 3,500 kilometers to the North East of Australia. Under the World Bank's criteria of classification of countries Fiji belongs to the lower-middle-income category of countries. Statistics of the WTO show that Fiji's per capita income in 2008 is US$ 3,480 (The WTO, 2008). Fiji is a very small country with an estimated population of 838,317 (World Bank, 2004). Fiji is also small in terms of its gross output: its gross domestic product (GDP) was US$ 2.6 billion in 2004. The GDP is the value of goods and services produced within a

country during a certain period. Its economy is very open to other international markets and belongs to the Asian Pacific region (European Commission, 2004).

Fiji's interim government took power after the December 2006 military coup through which Commodore Josaia Voreqe Bainimarama, Commander of the Republic of Fiji Military Forces, became the Prime Minister of the country. Fiji is a multicultural nation with the ethnic Fijians (Melanesians) being the largest ethnic group (53.2 % of total population, 2004) and the Fiji Indians as the remaining group (38.0 % of total population, 2004). The Fiji Indians were brought into the country as manual workers for the sugar industry under the British Administration of 1874 when Fiji became a colony of the United Kingdom. The remaining 5% are Europeans, Chinese and Rotumans who are living on an island some 500 km north of Suva. The ethnic tensions between the ethnic Fijians and the Fiji Indians hamper political stability on the long-term. Since independence there have been four coups in Fiji: two in 1987, one in 2000 and one in late 2006.

Fiji declared its independence from the United Kingdom on 10 October 1970. Its political system is based on the Westminster model of democracy. Due to the two political coups in May 1987, in which the Fiji Military displaced the government at that time, many skilled Fiji Indians emigrated to high-income countries. In this respect the context of this political conflict needs to be clarified (Gani, 2007, pp. 1-2). Since independence Fiji has been governed by the Alliance Party, which has been predominantly ethnic Fijian, in coalition with the General Electors Party, whose members have mainly been non-Fijian and non-Fiji Indian. The Fiji Labour Party (FLP) that had to a large degree Fiji Indians as members was formed in 1984. The FLP aimed at building an opposition against the Alliance Party in power since independence and also to challenge the existing party that represented the Fiji Indians, namly the National Federation Party (NFP). With the 1987 elections the FLP could convince the electorate and formed the government in coalition with the NFP. As the ethnic Fijian community could not accept the election outcome, influenced by senior civil servants and high ranking police and military personnel the ethnic Fijian Lieutnant Colonel Sitiveni Ligarnamada Rabuka together with 10 of his soldiers started the first military coup against the government on 14 May that year. The coup in 1987 led to falling investments, slow economic growth and to deteriorating political institutions (Gani, 2007, pp. 17-21).

In 1994 Rabuka won the elections again but lost the 1999 general elections against the FLP with the new Prime Minister Mahendra Pal Chaudhary, who became the first Fiji Indian Prime Minister. It formed a coalition government with three smaller ethnic Fijian parties. In the year 2000 armed civilians led by George Speight, a failed businessman, seized the parliament, overthrew the elected government and held several members of the Labour Government hostage for 56 days (Gani, 2007, pp. 20-25). Speight aimed to abolish the constitution that was signed in 1997, remove the President and secure an amnesty for the coup committers. In the end Speight was convicted on charges of high treason and the constitution was restored. Following new political elections in August 2001, the government of Fiji was led by an indigenous-Fijian former banker, Laisenia Qarase, whose party, the Soqosoqo Duavata ni Lewenivanua (SDL), had won a relative majority. As the current government failed to include representatives of Mr Chaudhry's Fiji Labour Party (FLP) in parliament, the formation of the new Government was legally challenged in

the Court by the Fiji Labour Party. As stipulated in the Constitution of Fiji political parties that have won more than 10% of the seats at the elections, must be represented in the Parliament. When the Prime Minister offered FLP members 14 Cabinet portfolios to enter into a multi-party Cabinet in August 2003 and the FLP refused to accept this offer, the FLP formally became the opposition party in the Parliament.

In December 2006, the Fiji Military Forces removed the government again from office as a result of increasing corruption and poor governance. Given these political events, problems of governance are clearly evident in the Fijian society. Those that deserve closer attention are long periods of political instability (more than 18 years), public sector corruption, collapse of financial institutions, institutional failures, a regulated business environment, control of public voice and freedom as well as weak executive governments (Gani, 2007, p. 113). Currently international donors are putting pressure on the administration to hold a general election because of allegations Prime Minister Bainimarama would be intimidating opposition members and the media. However, another election is not likely to happen until the beginning of 2009. Foreign powers (especially the EU, Australia and New Zealand) will withhold aid until the government holds another election.

Although various organisations found an absence of absolute poverty in the country the percentage of poor people is growing, between 35-50% of the population, especially in decentralised rural areas and in disadvantaged urban areas (European Commission, 2004). Unemployment and emigration are also rising, partly due to the lack of confidence in the political situation in the country following the May 2000 Coup. Social services such as public utilities, health services and education, in particular in rural areas, need substantial support.

Economically speaking the country has been very productive which is certainly helped by its fertile agricultural land, its large expanse of sea area, its educated population, a version of the British system of government and judiciary and a good communications infrastructure. Fiji's major source of income has long derived from the agricultural sector focusing on the export of cane sugar. The sugar industry has been very successful until the mid-1990s when it collapsed due to unresolved land tenure issues. Its economic activity has now been broadened to tourism industry, which has been a major industrial sector since the independence of the country but experienced a special boost in the last years. The tourism sector received 507,000 visitors in 2004 mainly from countries like Australia, Japan, New Zealand, Europe and the United States of America. The agricultural sector now makes up only 12 % of the GDP whereas the sectors manufacturing (in particular garments) and services has been showing higher growth rates (2005).

Next to the sugar and manufacturing sectors economic development is registered in the economic sectors of fisheries, forestry and minerals (gold, copper, lead and zinc). Fiji's primary agricultural production is concentrated on sugar cane, paddy rice, fisheries, copra, cocoa, ginger and rice (Gani, A., 2007, pp. 3-14). Between 1970 and 2001 Fiji imported more products than it exported except for some years in the late 1980’s (Gani, A., p. 36). Fiji’s imports mainly include mineral fuels, machines and transport equipment (2006). Fiji’s exports concentrate on a narrow range of products including agricultural, mineral, services and manufactured exports.

Over the period from 1987 until 2002, economic growth averaged only 1.2 % per annum. Since the two military coups in the country in 1987, economic growth contracted and economic recession set in. Low economic growth resulted from the prolonged period of political instability and the non-resolution of land leases since 1987. Economic decline continued to be case until 1991. Between 1992 and 1996 the economy experienced positive growth which is due to economic reform programmes that were introduced already in 1987 involving the privatisation of government owned enterprises, foreign investment policy liberalisation and labour market reforms. Growth rates fell again in the years 1997 and 1998 in the context of the East Asian financial crisis in 1997 and the two cyclones *Gavin* and *June* in 1997.

In 2000 another coup distraught the country and increased economic recession even further. Problems to be noted were falling investment, corruption, unresolved land tenure issues and the worsening of the system of law and public safety. In the last three years after the coup in 2000 Fiji's economic performance has been fairly reasonable but its export performance has been weak. Particularly the macroeconomic reforms initiated by the government of Qarase have been successful in generating economic stability in the tourism and construction sectors. In 2004 the country's economy weakened again. In the year 2007, growth, which has been slow, was largely determined by the tourism, sugar, building and construction industries. Current economic growth is sluggish and strongly influenced by the international pressure for a next election in the country which delays vital restructuring in the sugar industry.

Fiji's trading partners stretch from countries in Oceania (Australia, New Zealand and the Pacific Islands) to countries in Western Europe, the United States of America and Asia (predominantly Japan, India and China). Fiji's main exports markets are the USA, Australia, Japan and the UK while it imports mainly from Australia, Singapore, China, Thailand and New Zealand. Furthermore Fiji is a member of the WTO. In multilateral negotiations Fiji is able to benefit from market access concessions made to larger countries.

Therefore it can be summarised from this that Fiji's economy has reached now a slightly higher level of development than three decades ago. Fiji's economy is seen as the most resistant among the neighbouring island countries in the South Pacific region and more advanced despite the political upheavals in the country. This stems mainly from Fiji's strong sugar industry in the 1990's, its profitable tourism sector in the past twelve years and its excellent transport and communication system. Regarding economic growth Fiji's economy has been on a continuous decline and below the average of the countries in the lower-middle-income countries and in the region of East Asia and the Pacific (Gani, 2007, pp. 17-25). The Fijian economy is very sensitive towards external economic shocks such as changes in commodity prices and reduction in world demand. This is so because Fiji does not possess enough natural resources (minerals, oil, gas) and technology for production in its own country, which makes it dependent on external suppliers of raw materials and basic manufactures, machines and transport equipment. Furthermore Fiji's continuing political instability and poor economic growth are affecting its current levels of economic development negatively (Gani, A., 2007, pp. 17-33).

Concerning Fiji's trade policy towards the EU, Fiji enjoyed preferential market access to the European market under the Lomé Agreement since its independence. It also had

close trade relations towards the UK with whom it could export its sugar cane at preferential prices. The UK also constituted a crucial market for its imports. Since 1990 exports to the UK declined, however. Relying on sugar as the main export base Fiji failed to diversify its range of products to be traded internationally, especially when it came to merchandise and service exports. Under the Sugar Protocol, the EU gave guaranteed market access and prices for sugar cane exported from Fiji and other states. However, in the course of the reforms of the EU's CAP the support for agricultural subsidies in order to produce sugar beet was reduced.

Given the fact that Fiji has been constantly in a "post-coup situation" since 1987, a number of restrictions were imposed on development aid to Fiji following the coup on 19 May 2000 including, as a result of Article 96, the temporary freezing of the allocation of the 9th EDF. On 17 November 2003 the Council decided to resume aid to Fiji without restrictions after acknowledging various efforts by the Fijian government fostering a sustainable national reconciliation process, strengthening the rule of law and democratic principles. As a result, on 6 February 2004 the Country Strategy Paper (CSP) was signed between the government of Fiji and the EU as well as the National Indicative Programme (NIP) that covered the period up to 2007. Following the military takeover in December 2006 the EU considered Fiji to be in breach of the essential elements of the Cotonou Agreement. The EU invited Fiji then to consultations which took place on 18 April 2007. Both parties agreed on commitments on the side of the Fijian government including the respect of democratic principles, the rule of law, human rights and follow-up arrangements leading to an early return to democracy. Most importantly, the government of Fiji committed itself to a roadmap for elections to be held by 28 February 2009.

Government positions of Fiji and Samoa

In the Pacific the lack of viable regional institutions with which the EU could negotiate EPAs is visible. There does not exist a regional trade agreement amongst the Pacific Islands. The only regional institution is the Pacific Islands Forum which also consists of Australia and New Zealand. The Pacific Islands Forum was founded in August 1971 and includes 16 independent and self-governing states in the Pacific. It is the main political and economic policy organisation in the region and decisions of its members are based on consensus (Website of the Pacific Islands Forum, June 2008). However, there are certain limitations that should be born in mind when it comes to negotiating EPAs with the Pacific. It becomes problematic if the Pacific Islands would have to grant EU imports more favourable treatment than those from the two Oceanic countries. This could imply the loss of preferred access of the Pacific Island Countries (PICs) to Australian and New Zealand markets, which is currently regulated under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). SPARTECA was signed in 1980 between Australia, New Zealand and members of the Pacific Island Forum and constitutes a regional trade agreement that grants non-reciprocal duty-free access for the products of Forum Island Countries to the markets of Australia and New Zealand (Website of the Australian Treaty Series, March 2008).

A good example for the governments positions of Fiji and Samoa on the EU's donor activity in the South Pacific within the context of the EC-ACP Cotonou Agreement is

provided by referring to the master thesis of Henrietta Lucy Cassels who conducted an interview with the Senior Technical Adviser on EU issues in the Development and Economic Policy Division of the Pacific Islands Forum in October 2004. In the following the contents of the interview are briefly summarised.

First of all, the EU was estimated by the interviewee to be an "important partner for the region" and that Pacific ACP states value their membership of the ACP highly. Furthermore the EU's institutional structure of its development policy has been conceived positively in comparison to bilateral programmes given the fact that it is negotiated over long periods of time (20 years under the Cotonou Agreement) and thus ensures stability for the often weak and vulnerable Pacific ACP states. Regarding donor effectiveness, the relationship between the Pacific Islands Forum' Secretariat and the European Commission was praised and regarded as being effective both when it comes to funding applications and implementation. Also the EU was evaluated to be very competent in supporting the Pacific with infrastructural development, for example through the provision of hospitals, roads and communications (Cassels, 2005, pp. 116/117).

However, concerning community projects the contribution of EU funds in this realm has been conceived to be insufficient. Moreover lengthy and strenuous disbursement procedures have been criticized. By the end of Lomé IV, over € 10 billion of ACP funds were still unspent due to EU disbursement problems. Besides the implementation of EU aid was assessed to be slow and inefficient which is due to the long bureaucratic procedures for the approval of aid projects. Furthermore the personnel in the European Institutions responsible for development policy issues change periodically which makes the maintenance of relationships and thus a quicker implementation of aid initiatives more demanding. However, in conclusion the development partnership between the EU and the Pacific ACPs was assessed as very effective and as one that could serve as a model for other donors (Cassels, 2005, p. 118).

Next to the government positions of the Fiji Islands and Samoa I aim to highlight some general weaknesses of the current EU development regime towards the ACP states.

First there seems to be a lack of involvement of the ACP group in the overall policy-making process which appears to contradict the partnership aspect outlined in the Cotonou Agreement.

Second, the EU's development policy is characterised by a lack of coordination between the bilateral policies of the member states and the development policy pursued at the EU level with a strong emphasis on the former. This becomes evident when one gives closer attention to the issue of EU aid assistance. The main funding mechanism for European aid since 1957 has been the European Development Fund (EDF). The EDF is composed mainly of contributions from the EU member states where the European Commission only fills in funding gaps. Usually the nominal increases to the EDF that were set periodically led to strong dissatisfaction on the side of the ACP governments because the changes in real terms were only of marginal nature and the development budgets are shrinking steadily (Cassels, 2005, pp. 86-88).

A problematic aspect of the Lomé regime has been the long periods for the disbursement of funds to the regions concerned. Therefore in order to receive the programme aid the duration of EDF commitments could overlap and the beneficiary countries would have to wait longer than stipulated in the funding period for the funds to be implemented. Also due to a variety of delivery agents of aid the administrative costs are substantial. Furthermore through this dichotomy between the influence of the member states and of the EU on its development policy the linkage between different poverty reduction strategies of the member states and the EU has been found to be lacking.

Third, reference is made to the "Everything But Arms" (EBA) initiative which was adopted in February 2001 and which has contributed to the fragmentation of the EU's development policy regime. With this proposal the EU has provided non-reciprocal duty-free and quota-free access for all EU exports from the world's 48 LDCs except for arms and certain agricultural products. LDC economies are members of almost all of the regional groupings that were envisaged by the EU to serve as partners for negotiating EPAs (Ravenhill, 2002, p. 19). Therefore a situation could arise where negotiations with regional groupings among the ACPs could be exacerbated given the fact that the likeliness for the LDC ACPs to give up their preferential arrangements under the Lomé/Cotonou arrangements and to agree to set up regional free trade agreements with the EU is fairly low. Thus any incentive for the 40 LDC ACPs to enter into regional free trade agreements with the EU has been eliminated. However, if LDCs decide to sign an EPA, as stated by EU Trade Commissioner Peter Mandelson they "will not have to offer the EU reciprocal market access" (House of Commons, 2005, p. 18). Hence the preferential access to the EU market which has been enjoyed so far under the Lomé Convention can be maintained and even be improved for those agricultural products included in the CAP without them being obliged to offer reciprocity to the EU. Furthermore differential treatment between LDCs and non-LDCs within the ACP groupings could have negative implications for regional integration efforts (Bilal, 2007, pp. 203/204).

For reasons of clarification, within the ACP groupings one distinguishes two categories: the former refers to free trade agreements based on the principle of reciprocity of preferences and the latter to a system of non-reciprocal preferences to all products except for arms and during a transitional period for sugar, rice and bananas from LDCs. This new system of trade preferences accorded to the ACPs creates a dichotomous picture between the 40 LDC ACPs and the 39 non-LDC ACPs. The EBA initiative would imply an improvement for the LDCs in terms of market access to the EU market whereas the EPAs would impose less stringent rules of origin and less other administrative obstacles on the signatory countries. Also the EBA constitutes only a unilateral measure which implies that it does not impose a contractual obligation on the EU. This would represent an important reason for advocating the EPA system considering the fact that it ensures legal certainty with regards to EU market access.

Based on these identified weaknesses, some general comments will follow concerning the prospects of implementing the three governing principles of the Cotonou Agreement in the South Pacific. Three principles governed the development approach of the Cotonou Agreement: the one of differentiation, regional integration and political conditionality.

Looking at the probable effects for the implementation of the principle of differentiation, the South Pacific region would face serious challenges. This regional group consists of 5 LDCs, namely Kiribati, Samoa, the Solomon Islands, Vanuatu and Tuvalu, and 9 non-LDCs (Cook Islands, Micronesia, Fiji, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea and Tonga). Considering that Lomé trade provisions of non-reciprocity have led to the deterioration of development in the ACPs it remains questionable why the LDCs that will continue to operate under this trading regime will perform any better. Regarding the principle of regional integration, the polarisation within the Pacific regional grouping depending on the system of trade preferences will make regional economic integration efforts particularly challenging. Also such regional integration is less wished by the Pacific ACPs itself as each state still aims to protect the relatively new political independence which was gained only in the 1960s and 1970s (Cassels, 2005, pp. 146/147))

Political conditionality is a concept that "links rewards (such as a preferential trading agreement, aid) with both the expectation and the execution of policies in a third country that promote the goals of democracy, human rights, the rule of law and good governance" (Holland, 2002, p. 119). Applying the principle into practice, it proves to be less efficient to set Western democratic standards for the application of aid programmes if these political criteria are not firmly enshrined and accepted in the Pacific society with a traditional system of political organisation. Political conditionality was first developed with reference to the end of the Cold War (Smith, 1997, p. 8/9). The explicit inclusion of the principle of conditionality with reference to human rights into the Agreement of Lomé IV signed in 1989 jeopardized the concept of partnership that has defined European-ACP relations until then. The continuing decline of primary product economies in the post-1970 period contributed to this development (Holland, 2002, p. 129). It needs to be noted here, however, that the suspension of agreements by the EU in case of serious human rights violations is only to be regarded as a last resort measure. Therefore the positive measures by the EU including the granting of aid in the event of progress being made with democratic reforms in the beneficiary countries is clearly emphasized over the application of sanctions.

It should be critically noted, however, that the consistent application of its guidelines is deficient especially if the interests of some of its member states suggest a different approach than to be followed according to the principle of political conditionality. The member states can still benefit from the decision-making procedures that favour unanimity over majority voting as they can block any sanctions against countries towards which important commercial or political relations are at stake (Smith, 1997, p. 22).

CHAPTER 5: CONCLUSIONS

The EU constitutes a regional organisation whose decision-making is largely determined by its dichotomous nature between the more supranationally oriented EU institutions (predominantly the European Commission) and the intergovernmental Council of Ministers that is dominated by the national interests of its member states. This institutional tension becomes especially visible with reference to the policy-making process of the EU's development policy towards the ACP states, which is particularly characterised by fragmentation and incoherence.

To give an answer to the central research question on the ability of the EU to implement the foreign policy objectives in the development policy domain the following conclusions can be derived. This bachelor thesis has identified the lack of coordination between the bilateral policies of the member states and the development policy pursued at the EU level as the major stumbling block to the effectiveness of EU policies towards the South. Despite post-Lomé reforms of its development policy regime the EU has not yet managed to improve the situation of poverty and underdevelopment in the ACP countries, including the Pacific ACPs.

Another major obstacle relates to the introduction of the EBA initiative in February 2001, which led to a division within the ACP group among LDCs and non-LDCs depending on the respective system of EU market access. With this regulation the EU has provided non-reciprocal duty-free and quota-free access for all EU exports from the world's 48 LDCs except for arms and certain agricultural products. This proposal could have the negative implication that any incentive for the 40 LDC ACPs to enter into regional free trade agreements with the EU could have been eliminated. Thus, such a two-fold trade framework could have the unpleasant secondary effect that the already fragmented integrity of the ACP group is further divided in the negotiations on the EPAs.

Furthermore, the EU's view to promote a system of preferential market access under the EBA initiative seems less evident as the 30-year-long Lomé/Cotonou non-reciprocal regime of preferences did not succeed in enhancing economic growth and development in the countries concerned. For this to occur, EU development policy would have to accompany domestic reforms to create favourable economic and regulatory conditions conducive to economic growth.

However, the current legal framework of EU development policy towards the ACPs, the Cotonou Agreement, did initiate some substantial changes especially when it came to the linkage between trade and aid and to the principle of "differentiation" between ACP partners. This shift in direction marked a turning point in the EU's development policy as it focused more clearly on creating the preconditions in the ACP countries for the implementation of the principle of global trade liberalisation.

As a result, stronger and more effective coordination between the EU member states and the EU institutions as well as the ACP governments is needed in order to approach the central Cotonou objectives of poverty eradication and the integration of the ACP economies into the world economy. So far, intergovernmental decision-making have continued to constrain the cohesiveness of the EU development policy whenever the member states saw their economic or security interests harmed.

Therefore, a stronger alignment of the EU's development policies with those of the member states would be needed in order to enhance the EU's presence in international affairs.

Moreover, in order to attain the EU's objective to act as a single international actor as regards foreign policy the goals enshrined in the Cotonou Agreement should be much more focused and realisable. Such a comprehensive set of objectives ranging from economic, social, cultural and political policies should be narrowed down to less sensitive issue areas (economic reforms), which could be extended anytime progress in the countries' economic development would be visible. Particularly political standards based on Western ideals of social organisation including democracy and human rights will be less easily enforced in non-Western countries as has been shown with this focused comparison in Fiji and Samoa.

REFLECTIONS

The insights this thesis provided were the product of a comprehensive literature review and a comparison focused on two diverse cases in the Pacific. During this research process the Central Library of the University of Canterbury and the Macmillan Brown Library provided extremely helpful literature and country-specific data on the two cases Fiji and Samoa. The Macmillan Brown Library was crucial in that respect because it possesses a substantial collection of New Zealand and Pacific Islands material. Also special regard should be devoted to the supervising activity of Prof. Martin Holland, my external supervisor during my internship at the NCRE in New Zealand. He gave me the chance to discuss the contents of the thesis and gave me useful comments on the research methodology whenever I needed support. I was also given the opportunity to participate three days a week in the course "The European Union and Global Development", which has been given by Professor Malakai Koloamatangi. In various discussions with Prof. Koloamatangi I made myself a picture of the perceptions on the EU and its development policy in the Pacific region but also of the complications that have been encountered with the policy implementation by the EU. Based upon the support by the NCRE I have attempted to turn direct attention to the complexity of the EU development policy and to the weaknesses in implementation that appeared to me most notable.

Much more research is needed to shed light on the effectiveness of the EU development policy towards the ACP countries and the Pacific in particular. Therefore future research should focus much more on the EU's aid and development policy worldwide but also within all of the ACP regions. Current research concentrates largely on the African region provided that they are region-based studies but less so on the Caribbean and Pacific region. Information obtained through bilateral donors and regional development organizations is much too subjective in that respect and does not facilitate a coherent picture on the EU's global development role. Besides ACP studies should focus more on the whole Community development policy in the Developing World incorporating both the EU's and the national development policies of the member states. Currently information is only one-sided and partial in that respect.

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