

Department of Political and Economic Studies (Development Studies),
Faculty of Social Sciences, University of Helsinki

INSIDE THE EUROPEAN CONSENSUS ON DEVELOPMENT AND TRADE

**ANALYSING THE EU'S NORMATIVE POWER
AND POLICY COHERENCE FOR DEVELOPMENT
IN GLOBAL GOVERNANCE**

Marikki Stocchetti

ACADEMIC DISSERTATION

To be presented for public examination with the permission of
the Faculty of Social Sciences, University of Helsinki,
in Hall 13, Main Building of the University Of Helsinki
on Friday, October 11, 2013 at 12 noon.

Helsinki 2013

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Cover: Riikka Hyypiä

Cover illustration and figures: Miina Blot

Layout: Maria Mitrunen

Distribution and Sales:

Unigrafia Bookstore

<http://kirjakauppa.unigrafia.fi/books@unigrafia.fi>

PL 4 (Vuorikatu 3 A) 00014 Helsingin yliopisto

ISSN-L 2243-3635

ISSN 2243-3635 (Print)

ISSN 2243-3643 (Online)

ISBN 978-952-10-9068-4 (paperback)

ISBN 978-952-10-9069-1 (PDF)

Unigrafia, Helsinki 2013

ABSTRACT

This dissertation revolves around the enigmatic role of development policy in the European Union (EU), and its place and purpose in relation to the EU's trade policy and to the Union at large. In particular, it looks at the preconditions that direct the EU's work for the international development objectives of poverty eradication and sustainable development. In this regard, there has been considerable debate on policy coherence for development, or in other words, on how the EU policies in the field of trade work in favour of, or against, development goals. In fact, the EU has made binding commitments in the EU treaties and in international conventions to advance coherence from a development perspective. However, what actually constitutes policy coherence for development in the EU, and how it is defined and promoted have largely remained unstudied to date. In addition, the question of the power to establish common standards for policy coherence deserves a closer look, both within the EU and in global governance at large.

This contribution aims to fill this research gap by tracing the key development- and trade-related processes and analysing their outcomes. These include the first joint policy statement by the European Commission, the European Council and the Parliament, entitled the European Consensus on Development (2005–), as well as those elements of the EU trade policy that were officially declared to manifest policy coherence for development. Regarding the latter, the EU position in relation to the WTO Doha Development Round, as well as the Economic Partnership Agreements (EPAs), is a case in point. The dissertation addresses these issues in the broader historical, international and institutional settings before the Lisbon Treaty (2009), but also draws lessons for the present.

The primary data consist of official EU documents and 34 semi-structured interviews with development and trade actors involved in these processes. Drawing on two analytical frameworks – power in global governance (Barnett & Duvall 2005) and normative power Europe (Manners 2002, 2006) – I examine the formation of the policy coherence for development principle in the EU's development- and trade-related texts, discourse production and social practices that define, naturalise and reproduce certain norms while dismissing others (cf. Fairclough 1992, 2003).

My findings indicate that the EU's contribution to policy coherence for development is affected by intra- and inter-institutional tensions, as well as by ambiguity surrounding the role and purpose of development policy in the Union. In particular, I demonstrate how the proactive role of the Commission in the policy initiation was triggered primarily by the changes in the security and

trade branches of the external relations, rather than by learning from the past development policies and its own goal attainment. Although these linkages can be seen as a strategic choice to improve the institutional position of European Community development policy both within the Commission as well as between the Commission and the Council, this choice compromised the development policy content. This tendency is particularly clear in the gradually narrowed, administratively and technically oriented approach to policy coherence for development.

In relation to trade, policy coherence was limited mainly to the EU market access proposals for the Least Developed Countries. This aspect of trade liberalisation formed the core for both the international and EU consensus on trade and development. In turn, the reciprocal liberalisation of developing country markets under the Economic Partnership Agreements was initially much weaker. This changed with the dominant role and interests of DG Trade, which adopted the development policy discourse and influenced the Commission policy on development and trade. Consequently, the reciprocal free trade format and the European Commission's interpretation of international trade law (i.e. GATT Article XXIV) also became the official understanding of policy coherence for development in the EU. As a result, the EU's model for policy coherence is inclined towards trade policy coherence and in favour of the overall consistency of the Union, rather than policy coherence for development. Therefore, the EU's normative model risks being inadequate when it comes to safeguarding and advancing development policy goals.

Keywords: European Union, development policy, trade, policy coherence for development, normative power, economic partnership agreements, poverty reduction, sustainable development

ACKNOWLEDGEMENTS

I never imagined it would be such a drama. An almost everlasting process of ups and downs, breaks and flows, trial and error, combined with the joy of discovery and understanding. That is all part of the PhD process, they say. Still, some things took me by surprise. I never thought that I could become this passionate about EU politics. No one would. Yet that is just what happened. Nor did I realise how important this project was to me, until the moment that I was no longer certain whether I would be able to complete it. It is funny how researchers who question things for a living take certain issues, such as health, too much for granted. Now having learnt that lesson, I am humbled and have a great sense of gratitude and relief. The PhD work has finally come to an end.

The years spent studying the EU's development and trade policies have taught me a lot not only about the EU and conducting policy research, but also about other matters. Most importantly, I have come to understand how privileged I have been in terms of people and resources. This research would not have been completed without the encouragement, support and assistance of many people and organisations. Looking back, the best part of my PhD process relates to this experience of sharing and learning that has enriched both my academic and personal life. This alone made it worth the effort.

Very special thanks go to my two supervisors, who never lost faith in me and in my research project over the years. Both of them have spent endless hours reading and discussing my texts from the beginning to the very end of the process. In this endeavour, they have showed commitment that is hard to beat. Professor Emeritus Juhani Koponen became my first supervisor upon my acceptance into the Finnish Graduate School in Development Studies (DEVESTU), hosted by what was then the Institute of Development Studies, University of Helsinki. To him I remain greatly indebted for guiding me, a former International Relations student, to understand the complexities of development policy and trade in the context of Development Studies. Without his active encouragement, I would probably have dropped the whole idea of conducting an EU study from the policy coherence for development perspective. He was also my mentor in teaching and supervising students in development studies. My deepest gratitude also goes to Professor Henri Vogt for having introduced me to the normative power Europe debate and for his EU-related advice in general. With hindsight, his advice to include a strong empirical section in the study proved to be invaluable both for the study as well as for my personal understanding of the research problem. I have always been able to rely on his judgment, well-structured comments and practical guidance

on matters ranging from the English language to conceptual questions. Being very much aware that taming my meandering thoughts and text is not an easy task, I admire the patience and kindness of both supervisors. I hope that I can pay forward what I have learnt from them.

At this final stage, I am also very grateful to Professor Ole Elgström, University of Lund, Sweden for his valuable comments on my dissertation manuscript and his willingness to act as my opponent in the public defense. I also want to thank my second pre-examiner, Jean Monnet Professor Pami Aalto, University of Tampere, for engaging so thoroughly in my manuscript, which helped me a great deal in finalising the work. In addition, I would like to thank Lynn Nikkanen for her superb language editing, and Maria "Ana" Mitrunen and Miina Blot for their meticulous layout and design work.

The idea of embarking on the rocky road of PhD research originated from three different persons. My MA thesis supervisor, the late Vice-Professor of International Studies Anne Eskelinen, was the first. At the time, I laughed at the idea, but Anne was right as always. Second, during my assignment as a Junior Professional Officer in Rome 1999–2001, Dr Franck Amalric showed me how to approach the European Union and its influence on international development beyond the traditional development aid. Our joint project – "Towards a Responsible Europe" – kickstarted my thinking on the EU as a global actor in alternative terms. Third, I would like to thank Docent Matteo Stocchetti, my ex-husband and current co-parent, for pushing me towards an academic career and making it happen accordingly.

I started my research at the former Institute of Development Studies (IDS) at Helsinki University in late 2005. I thought that I had come to work, but I had come home instead. In this regard, I want to extend my warmest thanks to the whole IDS community. I will start with the most eminent group of peers, namely the "Terminal writing group", who turned the pain of the PhD process into a collegial pleasure: Doctors Johanna Hietalahti, Julia Jänis, Päivi Mattila, Anne Rosenlew, and Joni Valkila. We made it! And I would never have made it without you. Thank you for sharing your work and lives with me. I owe a particular debt of gratitude to Päivi, who encouraged me to delve deeper into the jungland of EU bureaucracy in order to explain why the EU works the way it does. I also want to extend thanks to the other *Devestuvias* with whom I had the pleasure of studying during the joint summer schools and workshops organised by Devestu, the Finnish Graduate School in Development Studies. This would not have happened without the Devestu leadership, who made these occasions not only possible, but also pleasurable learning experiences. In this regard, I would like to again thank Professor Emeritus Juhani Koponen, Professors Jeremy Gould, Marja Järvelä and Anja Nygren, as well as Jussi Pakkasvirta, Director of the Department and Acting Professor in Development Studies in 2005–2006.

My thanks at the IDS also go to persons that have provided me with a collegial home in different capacities at different moments: Docent Helena Jerman for her constant support and caring attitude, Docent Pertti Multanen for showing me what a difference a good educator can make, Dr Irmeli Mustalahti and Dr Lauri Siitonen, for their cheerfulness and pleasant cooperation in various teaching endeavours, Henri Onodera for the music, friendship and cat sharing, and Eija Ranta for all the fun and the great spirit that she embodies. Likewise, it was always a pleasure to come to the office and share the space and ideas with such pleasant and skillful roommates as Tiina Kontinen and Lalli Metsola. I also want to express my gratitude to Minna Hakkarainen, Päivi Hasu, Petri Hautaniemi, Katja Hirvonen, Masud Hossain, Riina Isotalo, Hisayo Katsui, Timo Kyllönen, Liisa Laakso, Saija Niemi, Elina Oinas, Pekka Peltola, Sirpa Rovaniemi, Märta Salokoski, Piia Susiluoto, Heini Vihemäki, Elina Vuola, Gutu Olana Waessa, Wolfgang Zeller, Jussi Ylhäisi and Liina-Maija Quist. Thank you for all the good times and collegial advice during my IDS years. To continue with my IDS family, special thanks are due to Mari Lauri and Aija Rossi for their extremely effective administration and heartwarming friendliness at all times, as well as to Riikka Saar, library amanuensis emerita, who not only reads books but also minds. At least as much as working with you, I enjoyed singing with you all! Finally, for his friendship, for the joint courses on world trade and poor countries, our discussions as well as companionship, I would like to thank Jari Lanki. You patiently read and commented on almost everything I wrote and listened to everything that I had to say. I know that it was a lot to expect.

For me, teaching others has proved to be the best way to learn myself, to organise my thoughts, and to get an immediate response. That is why I would like to thank all the inspiring students of development studies and beyond. In particular, I want to mention the talented persons that I had the pleasure of co-supervising and seeing succeed so well in their MA studies: Annukka Lakanen (together with Jeremy Gould), Jussi Kanner and Minna Mayer (together with Juhani Koponen), as well as Kukka Korhonen (together with Timo Kyllönen).

I joined the Finnish Institute of International Affairs (FIIA) European Union research programme at the beginning of 2011 for a three-year period. I would like to extend warm thanks to Director Dr Teija Tiilikainen, EU Programme Director Dr Juha Jokela and Director of Administration Helena Lehtovirta for this opportunity. While at the IDS I was the EU/Development person in the Development group, and at the FIIA I became the Development person in the EU group. Either way, I always felt very much included. First and foremost, I want to thank my fellow FIIA researchers and visiting fellows alike: Timo Behr for his clear insights and kindness, Marlene Gottwald for sharing and caring, Niklas Helwig for karaoke and good humour, Johanna Jacobsson for trade-related friendly talks, Kaisa Korhonen for all her energy and almost contagious

EU enthusiasm, Tiia Lehtonen for wisdom, listening and good laughs, my roommate and power-nap specialist Teemu Sinkkonen for his great sense of humour, sofa and support, and Tanja Tamminen, Kristi Raik and Hanna Ojanen – for setting such an example to look up to. Ladies, thank you for your valuable visions and company at the gym! I also want to express my gratitude to the whole FIIA community at large, especially to Global Security Programme Director Dr Mika Aaltola and Dr Antto Vihma for their fruitful cooperation and kind encouragement. Harri Mikkola deserves a special mention for his Tampere dialect tutorials and entertaining presence, and Dr Barbara Zanchetta *per i nostri momenti d'italianità*. In addition to his serious commitment to the FIIA, I will also miss Charly Saloniemi-Pasternak's team-building spirit, ten-question quizzes and horoscope reading.

Speaking of smooth collaboration, I would also like to express heartfelt thanks to the FIIA Seminar dream team: Sannamari Bagge, Annina Aalto and Eeva Innola, as well as their assistants. Sannamari, your great attitude really helped me through. The Coordinators' teamwork and professionalism were also something that I came to rely on. I would like to extend a special thank you to Mimosa Lankinen for her graphics, stick gymnastics and friendliness at all times. Similar gratitude goes to Maija Salonen, Kukka-Maria Kovsky, Olli Hulkko, Juho Hynynen, Tuomas Tikkanen, Eeva Kairisalo, Erja Kangas, Päivi Kulo, Ann-Sophie Holmberg, Anna-Kaisa Hiltunen, Juha Mäkinen, Joonas Pörsti, Matti Sneck and Jouko Rajakili.

I am very grateful for the financial support I received from the Finnish Graduate School for Development Studies, the Kone Foundation, the University of Helsinki (Chancellor's Grant) and the Finnish Institute of International Affairs, where I completed my PhD work. This publication has benefitted enormously from a joint collaboration between academia, civil society and the ministries that I have been able to be a part of. In this regard, particular thanks go to the Policy Coherence for Development working group chaired by Secretary General Rilli Lappalainen at the Finnish Non-Governmental Development Organisation Platform to the EU, *Kehys*. I would also like to thank Suvi Virkkunen from the Finnish Church Aid and Riitta Oksanen from the Finnish Ministry for Foreign Affairs for providing me with valuable insights at the beginning of the process. I am especially grateful for the exchange of views and visions with Professor Maurizio Carbone on EU politics and coherence, Dr Silke Trommer on the Economic Partnership Agreements and life beyond, and Hanna Tuominen on the EU's normativity and for her travel companionship. Thank you, Hanna, for making me understand what my dissertation and conference trips were all about. I will also remain indebted to Dr Elina Multanen, Director of UNWOMEN and next-door neighbour, for her good advice, constant encouragement and practical help.

This study would have been incomplete without the interviewees from the European Commission, member states, the European Parliament, academia and civil society, who kindly agreed to engage in discussions with me. Some might say that they were only doing their job. On most occasions, I can confirm that they were doing much more than that.

There was a period when this publication was in danger of remaining unfinished. That is why I would also like to take the opportunity to thank Occupational Health Doctor Kirsi Jokinen, Physiotherapist Risto Paloheimo and Osteopath Arto Lode for the great care they took of me and the tools they provided to help me help myself. Related to well-being, I would also like to extend my gratitude to our flamenco dance group, our teacher Laura Lahe and the Ladies. It has always been so good to dance away the work and worries with you.

Words cannot express my affection for my dear friends Ellen Tuomaala, Mari Mikkonen, Miina Blot, Annukka Salo, Outi Toivonoja, Ulla Lehtonen, Sirkku Laine and Satu Lehtinen, who have made sure that there is always more to life than this. Ellen, how great it is to have someone like you to share the brightest moments and darkest hours with. I am so glad that I happened to sit next to you on our first day at university. Mari, I want to thank you for the 30 years of friendship we have enjoyed, and all the care you have given my family. Miina, I would particularly like to thank you for Paris, those happy days of breaking free, and much more.

It is great to find new places and to come across people with whom you find you can connect. But little did I know what it would lead to when I first entered Bar Rytmi with my lecture notes and readings. In addition to “the Tiger of Amur” (which I will deal with below), I want to thank Tero Koponen, Emilia Sinisalo, Ville Tiihonen, Riikka Parviainen, Ari Pitkänen, Reetta Parviainen, Ari Lahdenmäki, Hessu Innanen, Mauri, Esa Salminen, Atte Järvinen & Kata, Ana Mitrunen & Juha, and Riku Mäkinen for making my life more entertaining than ever.

Saving the most emotional part until last, I want to thank my beloved parents – my late mother Sylvi Räisänen and my father Unto Räisänen for a safe and sunny life. Also on this list are my loving godmother Helli Räisänen and godfather, my uncle Osmo Räisänen, my siblings Ilkka and Outi Räisänen, my niece Sylvia and nephew Markus as well as my cousins Kaisu and Päivi and their families. Thank you all for being there. At this point in my life, I realise what a wonderful and enabling background I have had.

And finally, my love and deepest gratitude go to Henry Hanikka. Thank you Henkka for playing such a monumental role in my life. Thanks to your intellectual challenges and rock solid support, I made it through this. More I cannot say – you are simply too much for words.

This book is dedicated to my wonderful children Alicia and Alessandro Stocchetti for their love, curiosity and boundless energy. What a great team I have at home! I hope that you will never lose the art of wondering and questioning. Thank you also for making me realise that the moment of the final full stop had arrived: “Mummy, is the book ready which you started when we were little? We can finish it for you”.

Kalasadama, Helsinki, 14 July 2013

Marikki Stocchetti

LIST OF ABBREVIATIONS

AAMS	Associated African and Malagasy States
ACP	African, Caribbean and Pacific countries
AGOA	African Growth and Opportunity Act (US)
ALA	Asia-Latin American (Committee)
AoA	Agreement on Agriculture (WTO)
AU	African Union
CAP	Common Agricultural Policy
CARICOM	Caribbean Community and Common Market
CARIFORUM	Caribbean Forum
CFP	Common Fisheries Policy
CFSP	Common Foreign and Security Policy
COMESA	Common Market for Eastern and Southern Africa
COREPER	Committee of Permanent Representatives
CODEV	Committee of Development (Council of the European Union)
CSO	Civil Society
DAC	Development Assistance Committee of the OECD
DFQF	Duty-free quota-free treatment
DG	Directorate-General (in European Commission)
DGI	Former Directorate-General for External Economic Relations
DGIII	Former Directorate-General for Development
DG Dev	Directorate-General for Development
DG Sanco	Directorate-General for Health and Consumers
DG Taxud	Directorate-General for Taxation and Customs Union
DG Trade	Directorate-General for Trade
EAMA	Associated African States and Madagascar
EAC	East-African Community
EAP	Environmental Action Plan (EU)
EBA	Everything But Arms Initiative (EU)
EC	European Community
ECHO	European Community Humanitarian Office
Ecofin	(Council of) Economic and Finance Ministers
EDF	European Development Fund
EIB	European Investment Bank
EMU	Economic and Monetary Union
EP	European Parliament
EPA	Economic Partnership Agreement
ESAF	Enhanced Structural Adjustment Facility

ESS	European Security Strategy
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
G8	Group of Eight Industrialized Countries
GAERC	General Affairs and External Relations Council
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
HDI	Human Development Index
HIPC	Highly Indebted Poor Countries
IGC	Inter-Governmental Conference
IQSG	Inter-Service Quality Support Group (European Commission)
IMF	International Monetary Fund
INTA	Committee of International Trade (European Parliament)
LDC	Least-Developed Country
LMIC	Lower Middle-Income Country
MEDA	Euro-Mediterranean Assistance Programme
MEP	Member of European Parliament
MERCOSUR	Mercado Común Del Sur
MDG	Millennium Development Goal
MFN	Most Favoured Nation Principle (WTO law)
MS	Member State (EU)
NGO	Non-Governmental Organization
NICs	Newly Industrialized Countries
NIEO	New International Economic Order
NIP	National Indicative Programme
NTBs	Non-tariff barriers to trade
OCT	French Overseas Collectivities and Territories
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OAU	Organization for African Unity
PCD	Policy Coherence for Development
PRSP	Poverty Reduction Strategy Paper
RIP	Regional Indicative Programme
RoO	Rules of Origin
RPTF	Regional Preparatory Task Force
RPS	Regional Strategy Paper
SACU	South African Customs Union
SADC	Southern African Development Community
SAP	Structural Adjustment Policy

SPS	Sanitary and Phytosanitary Measures
SDT	Special and Differential Treatment (WTO)
STABEX	Stabilization of Export Earnings Scheme
SYSMIN	System of Stabilization of Export Earnings from Mining Products
TACIS	Technical Assistance to the Commonwealth of Independent States
TBT	Technical Barriers to Trade
TEU	Treaty on European Union
TRIPS	Trade-Related Aspects of Intellectual Property Rights Agreement (WTO)
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
WCED	World Commission on Environment and Development (UN)
WSSD	World Summit of Sustainable Development (UN)
WTO	World Trade Organization

CONTENTS

Abstract	i
Acknowledgements	iii
List of Abbreviations	ix
1 Introduction	1
1.1 Unpacking the European Consensus on Development and Trade	1
1.2 Research Outline, Methodological Choices and Data.....	5
2 Theoretical and Conceptual Context	12
2.1 Power in Global Governance for International Development	12
2.2 Normative power Europe and Global Governance	19
2.3 Conceptualising Policy Coherence for Development	28
2.4 Power and Policy Coherence in the Development and Trade Nexus.....	34
3 Contextualising the European Consensus	55
3.1 The Jungleground of Institutional Actors	55
3.2 The Burden and Promises of the Past.....	70
3.3 The Commission Reform and the Institutional Position of Development Policy in the Early 2000s.....	92
3.4 The Development Policy Momentum of the Early 2000s	98
3.5 A Shared Show? Security and Trade Matters in the Context of the Development Momentum	102
Chapter Conclusions.....	116
4 Development Policy Process and Policy Coherence	118
4.1 The Genesis of the Consensus: Policy Initiation and the Role of the Commission	119
4.2 The Commission Proposal: “Harnessing Globalisation for Development”	130

4.3	Between Presidency Priorities and Parliament’s Preferences	139
4.4	From Brussels to European Consensus: A short Comparison of Alternative Content	147
	Chapter Conclusions.....	163
5	Critical Discourse Analysis of the European Consensus Statement	166
5.1	Unpacking the European Consensus with CDA.....	166
5.2	The European Union and “The Development Challenge”.....	170
5.3	“The EU Vision of Development” and its Normative Positions...	176
5.4	The Framing of Policy Coherence for Development in the European Consensus	193
5.5	European Community Development Policy: PCD and Trade Aspects	211
	Chapter Conclusions.....	215
6	The Limits of Policy Coherence in Trade and Development	218
6.1	The Doha Development Round: Expectations and Reality	219
6.2	The EPAs and the Emerging Bilateral Trade Agenda	231
6.3	Taking over Policy Coherence for Development: The “Global Europe” Trade Policy.....	236
6.4	Changing Development and Trade Norms in the EPAs.....	242
6.5	The EPAs as a Model for Trade and Development	256
	Chapter Conclusions	262
7	Conclusions: The EU as a Normative Power in International Development.....	266
7.1	EU Normativity, Coherence and Power	266
7.2	Final Reflections in the Post-Lisbon Context.....	278
	Dissertation References	283
	Annex 1) Interview Form A for the European Consensus	302
	Annex 2) Interview Form B for Trade and Development	304
	Annex 3) List of Interviewees	306

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Publications of the Department of Political and Economic Studies 9 (2013)
Development Studies

Opponent

Professor Ole Elgström, Department of Political Science, University of Lund

Pre-examiners

Professor Ole Elgström, Department of Political Science, University of Lund
Jean Monnet Professor Pami Aalto, School of Management, University of Tampere

Supervisors

Professor Emeritus Juhani Koponen, Department of Political and Economic
Studies / Development Studies, University of Helsinki
Professor Henri Vogt, Department of Political Science, University of Turku

Portions of the study were previously published in Stocchetti (2010) "The Development Dimension or Disillusion? EU's Development Policy Goals and the Economic Partnership Agreements," in Y. Ngangjoh-Hodu ja F. Matambalya (eds.) *Trade Relations Between the EU and Africa: Development Challenges and Options beyond the Cotonou Agreement*. Oxon and New York, Routledge: 40-58.

1 INTRODUCTION

1.1 UNPACKING THE EUROPEAN CONSENSUS ON DEVELOPMENT AND TRADE

This dissertation revolves around the enigmatic role of development policy in the European Union (EU), and its place and purpose in relation to the EU's trade policy and to the Union at large. In the light of the EU Treaties, these policies are designed to cover everything: advancing grand objectives of sustainable development and poverty eradication while promoting the Union's interests in the world. This puzzle is my point of departure for exploring the EU's normative power in global governance. My aim is to provide a better understanding of the EU's capacity, or absence thereof, to act jointly and coherently in international development. More precisely, I explore the foundations of the Union's normative positions and the pre-conditions for policy coherence from a development perspective. I will pose questions such as: What has been the normative approach put forward by the Union for tackling world poverty with the development and trade policies before the Treaty of Lisbon (2009)? How did this approach emerge within the EU institutions and how was it crystallized into the official EU policies? And eventually, what does this kind of analysis tell us about the Union as a power in international development?

In this endeavour, I use the *Policy Coherence for Development (PCD)* concept in two ways. First, I refer to it as an organising principle in the debate on the development and trade inter-relationship, which has its roots in recent discussions on the role and limits of international development (aid) politics. Second, I assess in particular how the concept is understood within the EU institutions and strategically shaped in the EU development and trade policies. Essentially, policy coherence, or more specifically, policy coherence for development (PCD) in the language used by the Organization for Economic Co-operation and Development (OECD) and the European Union, is a treaty obligation stating that all EU policies that are likely to affect developing countries should take into account development policy objectives.¹ However, this loose commitment is only the first step in a long, and fundamentally political, process of defining what actually constitutes a coherent Union action in development and trade, and what constitutes policy coherence *for development* in particular. In this respect, the EU's claim to fame is its *de facto* position as the world's

¹ See Article 178 Treaty of Amsterdam 1998, (Article 130v Treaty of Maastricht 1993).

leading trading power and the biggest donor of official development aid (ODA) in the world. Consequently, the Union has potentially significant power to set and shape international norms in development and trade. This quite unique, yet constantly challenged, position begs a closer look at the strategic nature of the EU's approach to policy coherence for the development principle. By using different sources of power, the Union contributes to defining, producing and reproducing the way in which development- and trade-related policies are generally perceived in the world. Furthermore, it conveys an image of itself as an actor in global governance.

The research emerged from the dilemma that I faced in my capacity as a researcher and participant in the field of development policy. Despite the wide consensus on the need for coherence between development and trade policies in the EU official discourse and even in the treaty obligations, in the real world the perceptions seemed to vary a great deal. In fact, there appeared to be very little undisputed evidence that EU policies actually pull in the same direction, or that the Union's institutional jungleland² would provide an ideal environment for making coherent pro-development policies. Yet the Union places a lot of weight on its external relations and global role based on European values and its belief in being a model of regional integration and an actor in the developing world.

When discussing the theme of my research, I have often experienced mixed reactions of suspicion and amusement, especially outside the usual mesh of those involved with the Union. "Do you really believe that the EU could – or even *should* – focus on world poverty, and make a difference in global governance?" "And, what kind of difference would that be then?" Frankly, I did not know how to reply at first. In a way I felt trapped between the official high rhetoric of the Union and concerned voices from outside. One way of breaking free and clarifying my thoughts was to pin down the concrete proposals that the EU has made for international development and to trace how these proposals were produced and promoted. My point of departure became the European Consensus on Development policy (2005-) and those elements of EU trade policy that were officially declared to manifest "policy coherence". In this respect, the Union took on a special and perhaps demanding task; not only would its own policies be influenced by the global processes taking place, but increasingly, the grand aim of the policies was to create a specific "EU way" of responding to important international concerns. Yet, the fundamental question remains: Why was the EU so willing to get involved as an international *development* actor in the first place?

The beginning of the research process coincided with an interesting period of time. On the one hand, there was a new wave of development optimism in the Union – and in the world at large – at the turn of the millennium. First,

² Expression inspired by Bruce Springsteen.

there was the major momentum sparked by the UN Millennium Development Declaration (2001) and Millennium Development Goals (MDGs) in 2001 to reduce world poverty. Furthermore, the concerns of the Least Developed Countries (LDCs) were brought to the fore in the third UN Conference on the LDCs in Brussels in 2001. In a similar vein, the first WTO round of international trade negotiations was given the promising epithet of the Doha “Development Round” to attract developing countries back on board in 2001 – while the UN Johannesburg World Summit on Sustainable Development (WSSD) called for mutually supportive trade, development and environmental policies in 2002. Simultaneously, to secure adequate resources for the new development efforts, the UN Conference on Financing for Development in Monterrey in 2002 brought world leaders together for this purpose with new pledges of increased development aid. In order to put these commitments into practice, the Paris Declaration on Aid Effectiveness was launched in 2005. On the other hand, the optimism was overshadowed by the gloomy events of 9/11, which also affected the developmental priorities and strengthened the security concerns on the international agenda. The EU was busy on all these fronts.

Moreover, the EU had also strategically chosen to increase its role in the nexus of development and trade on both multilateral and bilateral bases. The revival of the 2000 Cotonou Agreement between the states of Africa, the Caribbean, and the Pacific (ACP) and the European Union, its subsequent Economic Partnership Agreement (EPA) negotiations with the same regions with their own twists and turns, and the Everything But Arms (EBA) initiative (2001) welcoming the least developed countries’ products onto the single market from all over the world, all symbolised alleged reforms in the EU development and trade approach.

In this context, 2005 promised to be a watershed year for European Union Development policy, with a historical statement entitled “The European Consensus on Development” as its climax. In this statement, all the EU member states, the Commission and the Parliament together formulated a common EU vision of development reinforcing the preceding international commitments made to promote global development. For the first time in the history of development policy, the jointly adopted EU vision was based on a set of common values, principles and means designed to deliver in respect of the goal of eradicating world poverty.

By adopting this new development policy approach, the EU actors took on what appeared to be an unprecedentedly strong normative stand in the field of development policy. The normative position was evident even in the choice of the title “European Consensus”, no doubt aimed at distancing the position of the Union from the notorious “Washington Consensus” of the International Financial Institutions (IFIs) and the US Treasury of past decades – a policy

that was also strongly supported by some key EU member states at that time.³ Indeed, the “European Consensus” statement can be read as an attempt to create a specific European model based on European values and ideas for governing global development politics.

To break the spell of the official EU discourse, one must pay careful attention to the process and contextual factors both within and outside the Union that played a role in the emergence of this new European Consensus on Development. The “European Consensus” was just like any other “new policy” within the European Union, a product of internal processes within and between various EU actors. In this particular case these processes were especially intense since the European Consensus statement was envisioned to lay the foundation of “a modern *European* development policy” for the first time.⁴ This vision of a “Common European Development Policy” was based on an idea of a common framework which would guide development policy-related activities both in the Community and in the member states in this area of joint competency, as defined by the Maastricht Treaty. Therefore, the dynamics and tensions between the different European actors involved both at the Community and member-state levels were decisive in terms of the eventual formulation of the “European Consensus”.

Because of the shared competency, development policymaking took place in the institutional setting that has provoked some of the core debates since the beginning of European integration: the question of power between, on the one hand, the Community level and member-state governments and, on the other hand, between the Community institutions of the Commission, the Council and the European Parliament.⁵ In other words, this study revolves around questions of whether the branch of EU external relations could and should have a Common “Europeanised” development policy dimension in the first place. From the institutional perspective, who has the power to define the EU vision of development in a shared competency – the Commission “as the guardian of EU interests” or the Council Presidency, representing the member states in the Union? And finally, there is the question of how the new development policy was designed to internally promote the principle of policy coherence for development and, in particular, what kind of response was *actually* given to this call from the trade policy side of the institutional fence of the Union.

3 For more on the Washington Consensus, see Williamson 2008. On the EU and the Washington Consensus, see Brown 2004.

4 The terms “modern” and “European” were commonly used by Development Commissioner Louis Michel (2004-2009) to describe the European Consensus Statement.

5 See, for instance, Wallace & Wallace 1996, Moravcsik 1998, Wallace 2005, Peterson & Shackleton 2006 and Schmidt 2006.

1.2 RESEARCH OUTLINE, METHODOLOGICAL CHOICES AND DATA

In this study, I approach the EU's normative power in Global Governance from four perspectives. These perspectives encompass first, internal and external *contexts* (including institutional settings and historical backgrounds); second, the *process* of development policy formulation; third, development policy *content*, and finally, the development policy *interrelationship* with trade policy. Subsequently, Chapter 3 contextualizes, Chapter 4 presents the policy process, Chapter 5 analyses the content and Chapter 6 explores the relationship between development and trade. Each perspective has its particular research questions and methods that are outlined below. For the sake of clarity, a more detailed explanation of the applied methods is also included at the beginning of each analytical section.

The analysis of Chapter 3 through Chapter 6 is underpinned by **Chapter 2** “Theoretical and Conceptual Context”. It also presents the main motivations that drive this research. The first two – power and normativity – are clearly more theoretical in nature, whereas the debate on policy coherence is related to the practical implications of all these theoretical concerns. More specifically, in Sub-chapters 2.1 – 2.3, I discuss the notion of power and its foundations in global governance (Barnett and Duval 2005) as well as the conceptualizations of “normative power Europe” (Manners 2002, Manners and Lucarelli 2007) in this larger setting. The latter notion includes the treaty basis for policy coherence as the backbone of the EU's normativity and values. This is also where I discuss the relevance of my study and its linkages to these debates. In Sub-Chapters 2.4 – 2.5 I look at the framings of policy coherence and consistency that should, according to the EU treaty, direct the EU's agency in international development. Here I also introduce a normative power Europe perspective to the development and trade nexus. Sub-Chapter 2.6 deepens the perspective by discussing linkages that exist between poverty, trade and sustainable development in the theoretical literature. The purpose of this section is to discuss the complexity in the interrelationship between development and trade and, in so doing, to point out different aspects and even controversies related to “policy coherence for development” in global governance.

The Research Focus and Questions

The first empirical chapter, **Chapter 3**, entitled “*Contextualizing European Consensus*”, provides a map for understanding the EU's normative action from both the institutional and historical perspectives. In Sub-Chapter 3.1, I enter the EU's institutional jungle in order to see how the Union is designed to promote

international development in terms of its institutions and competencies. In turn, Sub-Chapter 3.2 traces the historical evolution of the EU's development policy and its interrelationship with trade policy both in terms of policies and institutional positions. In addition, I discuss the normative framework that has evolved from the association agreements with former colonies into an institutionalized partnership under the EC-ACP Lomé Convention and the "Development policy momentum of the early 2000s" (Sub-Chapters 3.2 – 3.4). In so doing, I aim to explain the historical development of the EU's normative model. In Sub-chapters 3.5 – 3.6 I explore factors that pushed forward the development policy reform. My approach here is twofold. First, I analyse the inter-institutional power relations between the Commission and Council member states, focusing on the role of the Commission and Council Presidency in development policy. Second, I look at the pressures that emerged from the other branches of EU external relations, especially from European Security Policy and Trade.

In **Chapter 4**, I embark on tracing the process of European Consensus on Development policy formulation from policy initiation to eventual policy adoption. In Sub-Chapters 4.1 – 4.4 I analyse, on the one hand, the evolution of the content and discourse production⁶ defining the EU's normative stand in international development, including the EU position of policy coherence for development. On the other hand, I look at the inter-action between the Commission and the Council Presidency at the different stages of the policy process that led to the formation of the historic outcome. As such, Chapter 4 is designed to explore the pre-conditions for policy coherence within the EU machinery.

In this section I pose the following questions:

How was the European Consensus on Development formulated, and what does this process of formulation tell us about the development policy-making in the EU in terms of

- a) inter-institutional cooperation and competition, and b) the position of development policy in the external relations of the EU?
- Thus, what were the main elements and ideas that came to constitute the discourse of the European Consensus on Development, and through whose efforts did they emerge on the EU agenda?

6 By the EU's development discourse I refer to the rather established and distinct way of conceptualising and presenting development policy; its elements and contexts as formulated by the EU actors in the policy-making processes. I return to Critical Discourse Analysis methodology in Chapter 5.

In **Chapter 5**, entitled “*Critical Discourse Analysis of the European Consensus Statement*”, I look more closely at the final content – in particular the discourse on development – that is jointly agreed to constitute the “European Consensus”. In Sub-chapter 5.1, I explain the critical discourse analysis method and its application. I also summarise the rationale and rhetoric of the Consensus formation. In Sub-chapters 5.2 – 5.5, I analyse the Consensus as a basis for the EU’s contribution to global development governance. My approach here is again two-fold: on the one hand I focus on development cooperation and aid as well as development and trade-related policy coherence for development as the key elements of the document. On the other hand, I look at the conceptualisations related to development policy, to its mission, objectives and the roles of the involved parties more generally.

More specifically, I ask:

- What is the alleged European normative “alternative” for global governance of international development politics in particular?
- What kind of model of coherence between development policy and trade policy is the EU promoting for this purpose?
- What kind(s) of conceptions of the interrelationship between development and trade seem to underpin the EU’s development policy formulation? And how are these conceptions manifested in the EU’s model of policy coherence for development that is set to guide the Union’s agency both in its development cooperation and in international development politics more generally?

Lastly, in **Chapter 6**, entitled “*The Limits of Policy Coherence in Trade and Development*”, I shift the perspective from the development policy field to trade. My intention here is to analyse how development objectives have been seen in the field of the EU’s trade policy. In this respect, I look at the interrelationship between trade and development in the actual practices of EU trade policy both in the multilateral and bilateral spheres, with a particular emphasis on EU-Africa, Caribbean and Pacific (ACP) Economic Partnership Agreements (EPAs). In this context, development and trade issues are officially bound together by the Cotonou Agreement (2000-2020), by international trade norms (within the WTO) and by the EU’s intended development policy commitments. Thus, this context provides an ideal test case for the EU’s understanding(s) of the kind of trade policy that is seen as being consistent with the EU’s adopted development policy objectives. Sub-chapters 6.1-6.2 re-examine the context in which EPAs were made, starting with the Doha Development Round and the emergence of bilateral trade agreements. In Sub-chapter 6.3, I proceed to the analysis of

the EPAs as a part of the EU's trade policy Global Europe (2006). Sub-chapter 6.4 demonstrates how the content of the envisioned Economic Partnerships has changed and thereby shaped the EU model of policy coherence. Lastly, in Sub-chapter 6.5 I define the boundaries that shape the EU approach to policy coherence in this normative context.

Specifically, I explore the following questions:

- How did the EU position on development and trade emerge, and what were its main normative features?
- What constitutes the content – as well as the limits – of the principle of the Policy Coherence for Development in this trade and development nexus?
- What does this reveal about inter-sectoral relations within the EU in the formation of policy coherence for development?

Chapter 7 closes the circle and draws the main conclusions from Chapters 3-6, focusing on the key concepts of Normativity, Coherence and Power that define the role of development policy vis-à-vis trade in the EU's system and international governance. In my final remarks I also discuss my main findings in the post-2009 Lisbon Treaty context.

Methodological Choices and Data

As I will introduce my methodological choices in each section separately, a few introductory remarks will suffice at this point. The research applies two kinds of methodological frameworks. On the one hand, it is informed by Norman Fairclough's (1992: 73, 2003) three dimensional approach to political discourses. These dimensions include the production of discourses (i.e. what Fairclough calls discourse practices), their actual content (i.e. text) and the way in which discourses influence our way of thinking and perception of reality (i.e. what Fairclough defines as social practices and naturalization of the dominant view). As such, the process of discourse formation, the discourse in itself and its implications relate closely to the framework of power and normativity. On the other hand, the analysis of policies requires yet another method: that of understanding the policy processes and the contextual factors that influence it. Therefore, **Chapter 3** constitutes the contextual backbone of the study both in terms of development and trade practices as well as their role in the wider context of the EU's normativity in global governance. In **Chapter 4**, "Development Policy Process and Policy Coherence", I embark on a policy-process tracing. More specifically, I track and reconstruct the process through which the European Consensus on development policy was produced between

the Commission, the UK Council Presidency and the European Parliament. In this endeavour, I draw on Hill's (2009) model of the different stages in the policy process while analysing the respective contributions from the Commission, the Council and the Parliament at these junctures. In this dissertation, these stages include first, policy initiation (also encompassing preparatory work and consultations); second, agenda-setting for policy formulation and finally, policy adoption. In the context of agenda-setting and formulation, I also look at the struggle over leadership between the Commission and the Council Presidency.⁷

I consider the international and institutional settings as well as the rivalry over priorities and leadership, essential features of the EU's development discourse production – or discourse practices in Fairclough's terms. They inform **Chapter 5**, in which I conduct a Critical Discourse Analysis on the first Common part of the European Consensus on Development. Here, drawing on Fairclough's model (see Sub-chapter 5.2), I look more closely at the emerging EU discourse in terms of its textual, contextual and normative features.

In **Chapter 6**, I combine the contextual, process and content analysis to understand the limits of the EU's policy coherence for development approach in the arena of international trade. In a similar way, I start with the international and institutional context of the Doha Development Round and look at the evolution of the key elements that constitute the EU's position in this setting. From there, I proceed to the level of bilateral trade agreements and finally to the EU-ACP Economic Partnership Agreements.

In particular, I focus on how the EU itself narrows down the space for policy coherence for development with ideas, assumptions, interests and institutional constraints, while referring back to sustainable development and poverty eradication for justification. In particular, I look at the normative model that the EU proposes for North-South trade under the WTO rules as “the only” alternative.

Regarding the research data, the dissertation relies on two main pillars: document sources and semi-structured research interviews with 34 persons involved in the policy processes. The research process has in itself evolved from theoretical interests to document analysis, and from there to direct encounters with the interviewees before returning to the more theoretical questions. My interest in the EU documents was inspired by McCulloch's (2004: 6-7) notion of documents as social and historical constructs. In fact, just like personal documents, the official documentation by a political entity may reveal something about the identity of the actor. In addition to the text itself and the

7 In this task, I benefit from Carbone's (2007a) model of a strong role for the Commission, which he refers to as an institutional entrepreneur, using different tactics to gain more power in relation to the member states. This issue is discussed in more detail in Chapter 5.2.

information it provides, it is important to understand documents in relation to their institutional milieus and to relate the text to its present and historical context. Thus, it is necessary to find out as much as possible about the document production and how it was received. This also motivated my extensive interviews and exchanges with different persons that were actively involved in the European Consensus and EPA processes. The core interviewees were selected based mainly on the importance of their role in the related policy processes as well as in the institutions they represented. For instance, regarding the European Consensus, my interviewees included representatives from the Council (CODEV Chair), the Commission DG Development and the European Parliament that had led the drafting process. Similarly for the EPAs, I interviewed the persons responsible for the economic partnership negotiations as well as those holding trade and development or policy coherence for development portfolios in DG DEV, DG Trade and DG Agriculture. In addition, civil society actors and members of the academic community provided an external perspective on the processes. I conducted the interviews mainly at the EU institutions in Brussels in 2008-2009. The recordings amounted to nearly 45 hours of (personally transcribed) thematically structured discussions. Annex 1 presents the main structure for development policy-focused questions (Interview form A) while Annex 2 outlines the key questions for the interviewees on the trade policy side (Interview form B). The purpose of the interview forms was to guide and balance the exchange between the interviewee and myself. Depending on the person's expertise and interests, I also asked additional questions or deepened the discussion on certain points. In addition, I posed development-related questions to people working on trade and vice versa. Moreover, I had unofficial exchanges with the same interviewees on other occasions. In order to respect anonymity, each interviewee has a code number and only their institutional affiliation (i.e. European Commission (EC), European Parliament (EP), European Council (Council), Academia or Civil Society (CSO)) is marked in the reference. Annex 3 includes the list of all interviewees in alphabetical order.

The interviews served two main purposes. First, they provided crucial background information on the processes as well as an avenue for additional fact-finding regarding information that is not publicly available. This was particularly important for the process tracing and the internal debates on the EPAs. However, I also acknowledge that fact-finding based on personal interviews highlights the subjective understanding of the issue in question. Therefore, when the interviews are used for fact-finding purposes, the excerpts in the text are used to illustrate the issue, which is then cross-checked with other interviews and sources. On the other hand, a note is made when the same issue reoccurs in many interviews. In addition, the interviews revealed a lot of "unintentional, sideline information" such as ideas, assumptions, attitudes,

prejudices and beliefs that define the debates in the development and trade nexus. Most importantly, these were related to the interrelationship between the actors, institutions and policy issues in the Union and in the partner countries, as well as in global governance at large.

As said, the emphasis given to the documentary data and interviewees varies between the three main parts of the study. Due to the classified nature of the preparatory CODEV documents, in **Chapter 4** I draw heavily on interviews, especially in the process tracing after the Commission proposal up to the resulting European Consensus. However, the preparatory documents by the Commission, member states and the European Parliament were of paramount importance for understanding the turns in the EU discourse. **Chapter 5** is in turn largely based on official documentary sources, in particular on the resulting and final document of the first EU development policy statement, whereas in **Chapter 6** I combine both types of sources, those of official EU documents related to the Cotonou Agreement and EPA negotiations, as well as data gathered through the research interviews.

2 THEORETICAL AND CONCEPTUAL CONTEXT

2.1 POWER IN GLOBAL GOVERNANCE FOR INTERNATIONAL DEVELOPMENT

Global governance studies have become an increasingly important field of International Relations since the end of the Cold War. Essentially, global governance refers to some sort of international order consisting of rules, patterns, institutions and norms steering international agency in a stipulated direction.⁸ However, as for example Hoffman and Ba (2005: 2-6) note, the label “global governance” includes a great number of different, sometimes even conflicting perspectives. In order to explore these, they divided global governance literature into three broad categories: global governance as management of global problems (such as poverty or environmental destruction); global governance as a project and global governance as a worldview.

Väyrynen (1999) defines global governance as “collective action to establish international institutions and norms to cope with the causes and consequences of adverse supranational, transnational, or national problems”.⁹ Held and McGrew (1999, 2002) focus on the key domains of economic and political globalisation, as well as environmental change in their approach to governance. They define globalisation as a “historical process which transforms the spatial organization of social relations and transactions, generating transcontinental or inter-regional networks of interaction and the exercise of power”.¹⁰ Both notions aptly convey the essence of the concept for this study.

Interestingly, the EU constitutes a supranational political system in itself as Hix (2005) defines it, which seeks to govern efforts to manage global problems as well as “globalisation” through its development and trade policies. Thus, it also forms an area of collective action in Väyrynen’s (1999) sense. At the same time, the Union also claims a role as a global actor¹¹ in the governance of globalisation processes, for instance in the field of international trade and development policy in the international community. In this context, two

8 See Hoffman and Ba 2005: 2, Bomberg 2004: 61.

9 Väyrynen 1999: 25 in Ba & Hoffman 2005: 4.

10 Held et al.:1999.

11 On the EU as a global actor in external relations including the development policy perspective, see Orbie 2008, Bretherton & Vogler 2006, Mold 2007 and Vogt & Mayer 2006.

“memberships” are particularly relevant: the EU (in this case, the EC and member states) as a member of the international donor community under the OECD Development Assistance Committee (DAC) as well as a participant in the related bodies and processes of the United Nations *and*, in terms of global trade, the EU as a member and advocate of trade liberalisation in poorer countries under the WTO. By virtue of the relationship with the partner countries and regions in both areas, the EU is well positioned to generate inter-regional networks, and exercises power as Held and McGrew discuss (1999, 2002).

On the development policy side of the nexus, the EU contribution includes designing, maintaining, advocating and implementing certain activities such as development assistance, and promoting the principle of policy coherence for development. The latter would ideally imply, for instance, creating new ways of controlling negative impacts and, where possible, directing other policy sectors to support development policy goals. Within the nexus between development and trade, the PCD approach would entail promoting multilateral trade institutions and rules as well as bilateral trade agreements that take into account the diverse developmental needs of poorer countries. However, the EU’s trade relations with poorer countries constitute a less central, yet strongly interlinked feature on the greater external trade agenda – a feature that is likely to affect the EU’s conceptions of policy coherence for development and global governance of north-south trade.

That said, the need for collective action to manage global problems is obviously only the point of departure, as there are differing visions of the kind of collective activity that harnessing global problems entails.¹² Barnett and Duvall (2005) argue that despite the impressive attention to the concept and the workings of global governance, the debate has not included a sustained consideration of *power*. They believe that this can to a certain extent be understood by the need to reject the traditional realist “power-oriented” analysis of world politics.¹³ For these two scholars, governance involves the rules, structures, and institutions that guide, regulate, and control social life, and as such are fundamentally elements of power.¹⁴ Therefore, they propose to address new types of questions such as who actually governs in global governance, and how institutions are designed to support this. My approach

12 Hoffman and Ba 2005: 4 label these approaches as managerial, and institutional and civil society based. Whereas the former represents and legitimizes the status quo, the latter seeks to break away from the traditional approaches of world politics as well as bring in social movements and non-state actors as a driving force for change.

13 Barnett and Duvall 2005: 2, 7.

14 Barnett and Duvall 2005: 2.

to the EU's normative role in global governance draws on Barnett and Duvall's conceptualisation of power in this context. In particular, their idea of different modes of power provides a framework to address the issue of policy coherence with "lenses of power" as presented below.

For Barnett and Duvall the starting point for understanding power in global governance is to identify the instances that generate different modes of power. In general terms, *power is the production, in and through social relations, of effects that shape the capacities of actors to determine their own circumstances and fate.* To make the production of power more tangible, Barnett and Duvall identify two analytical dimensions. The first dimension has to do with the nature (*kinds*) of social relations through which power works related to social identities and capacities. Here, power can work in the interaction between *pre-constituted actors* towards one another, which affects the ability of others to control the circumstances of their existence. In this conception, power is largely an attribute that the actor possesses and may wittingly use over others. Alternatively, power may work through *constituting social relations*, which reproduce different kinds of social relations and understandings of actors' capacities.¹⁵ The second dimension regards the specificity of social relations that concerns the degree to which the social relations are *direct or socially specific* or *indirect and socially diffuse*. Consequently, power can be used either instantly in the context of socially specific instances or through diffuse processes embedded in international institutions which, for instance, establish who gets to participate in debates and make decisions. Hence power in global governance is also about the social construction of power relations and their reinforcement through discourses.¹⁶

Furthermore, Barnett and Duvall also divide the direct/indirect types of power into four categories. In so doing, they provide a framework for understanding how global outcomes are influenced, and how the way in which actors are variously enabled and constrained requires a consideration of different forms of power in international politics. The four categories into which they divide power in global governance are: *compulsory power*, *institutional power*, *structural power* and *productive or discursive power*.¹⁷ In this work, I focus on the *institutional* and *discursive powers*, as the *structural power* and *compulsory power* dimensions have different roles. In fact, I propose that the institutional and discursive modes of power sustain the structural power dimension, but the power structure in itself or the direct use of compulsory

15 Barnett and Duvall 2005: 9-10.

16 Barnett and Duvall 2005: 8-9.

17 Barnett and Duvall 2005: 3-4.

power are not at the core of this research.¹⁸ In other words, I am more interested in the way in which institutional and productive power produce and reproduce certain *types of governance and norms* which sustain the power structures between and within “developed” and “developing societies” than the power structures themselves or the direct use of power.

Institutional power is in effect when actors exercise indirect control over others, such as when states design international institutions in ways that work to their long-term advantage and to the disadvantage of others. Institutional power can also work as compulsory power, provided that the actor truly has control over an institution, which is seldom the case in practice. Rather, the power in this concept is based on Actor A’s power to affect the behaviour or conditions of others through institutional arrangements such as decisional rules, division of labour, agenda-setting, and structures of dependencies because it stands in a particular position in the relevant institution to allocate differential rewards to the participants.¹⁹ As this is essentially a question of political organisation, this power dimension can be assessed by looking inside the EU’s own institutional framework and policy processes, as well as by looking at the institutions of global governance in which the EU participates.

Productive power refers to the socially diffuse production of subjectivity and of meaning and signification. For instance, a particular meaning of development or, importantly for this study, “policy coherence for development”, orients social activity in particular directions.²⁰ For Barnett and Duvall, productive power is the constitution of all social subjects with various social powers through discursive and social practices. Their point of departure is that discourse practices produce, fix, and transform meaning and are thus sites of social relations of power. Furthermore, discourses produce and reproduce social identities and capacities as they give meaning to them. Discourses are fundamental as they define subjects with certain types of identities; establish

18 *Structural power* concerns the constitution of social capacities and interests of actors in direct relation to one another. One expression of this form of power is the workings of the capitalist world economy and the international trading or financial system, where global production relations are the constitutive structures defining what kind of social beings actors are. For instance, Gramscians and historical materialists see that the structure of global capitalism largely determines the capacities and resources of actors (Barnett and Duval 18-20; see for instance the work of Robert Cox and Stephen Gill). *Compulsory power* refers to relations of interaction that allow one actor to have direct control over another. According to Barnett and Duvall’s (2005: 13-15) definition, compulsory power operates through conditionality and material and immaterial coercion.

19 Barnett and Duvall 2005: 15-17.

20 Barnett and Duvall 2005: 3-4.

practices, rights, responsibilities, hierarchies and categories of classification. Related to these is how the “other” comes to be defined and how that definition is associated with the practices and policies that are possible, imaginable, permissible, and desirable. In addition, questions addressing issues such as how a particular discourse becomes dominant in governing global social life, how “problems” come to be constructed the way they do, and who is authorised “to govern” and who needs to be “governed” become equally important.

Table 1. Types of Power in Global Governance

		Relational Specificity	
		Direct	Diffuse
Power works through		Compulsory power	Institutional power
		Structural power	Productive/Discursive power

Source: Barnett and Duval 2005: 12.

One of Barnett and Duvall’s key arguments is that global governance without the power dimension looks very different from global governance with power. The former entails only the technical mechanisms of coordination whereas the latter takes into account the strong values that underpin the mechanisms. Barnett and Duvall consider that the governance without power approach actually emphasises global governance as a project to maintain liberal order. In Barnett and Duvall’s words:

Liberalism as an idea of progress is the driving force behind global governance; that modernization processes and interdependence (or, now globalization) are transforming the character of global politics; that institutions can be established to help manage these changes; that democracy is a principled objective, as well as

a question of peace and security; and that states and international organisations have an obligation to protect individuals, promote universal values, and create conditions that encourage political and economic freedom.²¹

Barnett and Duvall stress that the very language of global governance is about the possibility and desirability of effecting progressive political change in global life through the establishment of a normative consensus around liberal values.²² Following Barnett and Duvall's line of thought, the prevailing liberal undertones of global governance largely mask the presence of power.²³ Therefore I see strong linkages to the normative power Europe debate of the next chapter. Before dwelling on the normative power debate per se, I will briefly explain how I identify these dimensions of power in my work.

I will use the concept of *institutional power* to examine the EU's contributions in the context of international trade and bilateral trade agreements. In order to do so, I address it through the lenses of political organization and institutional design. In this dissertation, institutional power is addressed in two contexts: inside the European Union to understand how the Union's own structures effect the development and trade nexus; and outside in the wider institutional structure of global governance in the World Trade Organization, where the EU participates in establishing norms for developing countries' trade. For this purpose, two definitions of the impact of the institutional design are central. First, Schattschneider (1975:69)²⁴ defines institutional organisation as the mobilisation of bias: some issues are organised into politics while others are organized out. Second, Hall's (1986:266)²⁵ elaboration on how the chosen organisational structures tend to lead policy-makers into some courses of action and away from others; and each course of action tends to favour the interests of some social groups over others. Whereas classical institutional theory concentrates on analysing the influence of formal institutions such as constitutional rules, new institutionalism has increasingly focused on informal institutions such as procedures, codes and norms. For this study, it is relevant that both the formal and informal rules of decision-making bodies specify how decisions are to be made, narrow down the agenda, prescribe certain types of solutions, and specify actors' obligations and even roles to play. By performing these functions, institutions provide a degree of certainty by structuring

21 Barnett and Duvall 2005: 4-5, referring to Doyle 1997, 1995, Zacher and Matthews 1995, Keohane 1990, Deudney and Ikenberry 1999.

22 Barnett and Duvall 2005: 5-6.

23 Barnett and Duvall 2005: 6.

24 As quoted in Daughbjerg and Swinbank 2009: 30.

25 As quoted in Daughbjerg and Swinbank 2009: 30.

expectations on the other actors' behaviour and the issues being addressed, how they are processed and, not least, how decisions are made and implemented. Therefore, institutions have an independent effect on policy decisions since they constrain certain actions and facilitate others.²⁶

Finally, the concept of *productive power* will be the backbone of the analysis of the EU's development discourse and production of "collective purpose" as defined by the content of the "European Consensus Statement". Among the variety of productive functions that such a statement has, one can be elevated above the others, namely that of the production of legitimacy. By legitimacy, Suchman (1995) refers to a generalized perception or assumption that the actions of an entity, in this case the European Union, are desirable, proper and appropriate within some socially constructed system of norms, values, beliefs and definitions. What follows is that as long as the same value base, beliefs and conceptions are shared by the involved parties, power is considered legitimate.

However, in line with the liberal approach to global governance, it is generally assumed that actors have *shared interests* and *ideas* if they adopt common goals for managing global problems. In other words, actors allegedly share the same understandings of what are considered desirable objectives for a joint action and can eventually also agree on the actual means of getting there. Similarly, shared interests would more likely lead to more similar understandings or ideas over norms and principles such as policy coherence for development. But if we address this from the perspective of power, the picture looks much more complex and nuanced, whereby it is relevant to ask who actually has the power to produce its actual content, why this particular content is chosen and who should abide by it?

Whereas the role of interests in policy-making is more widely discussed, the importance of ideas has traditionally occupied less space.²⁷ However, ideas do have very concrete implications. Goldstein and Keohane (1993:18) argue that ideas influence policy outcomes in three ways in policy formulation. First, ideas serve as road maps when actors are uncertain about the consequences of various means to obtain their goals. The choice of means is based on the *expected* effects of action. Ideas on causation "help determine which of the many means will be used to reach desired goals, and therefore, help to provide actors with strategies with which to further their objectives". Second, Goldstein and Keohane argue that ideas may even serve as guidelines for decision-making when political actors must choose between a set of potential outcomes which all represent improvements for all, and when there are no "objective" criteria

26 Daughjerg and Swinbank 2009: 30-31.

27 Daughjer and Swinbank 2009: 30.

on which to base their choice. Finally, ideas are institutionalised and may have impacts on future policy choices, even though the interest which an idea served is weakened over time. Furthermore, Hay and Rosamund (2002: 150) point out that actors tend to treat ideas as material straitjackets for defining what is actually possible or not. On the other hand, ideas are fuel for discourses as they do not surface by themselves. Ideas are the force that gets the discourse off the ground.²⁸

In this study, I understand the interrelationship between values, norms and interests in the following way. On the one hand, norms refer to a certain *standard* mode of behaviour to conduct international affairs and, on the other hand, to an *ideal* way of organizing world politics in order to protect and promote certain core values. Essentially, actors, such as the European Union, establish norms to safeguard certain values. However, norms are not fixed but they are always shaped and influenced by perceived interests and prevailing ideas in a given context. What follows is that norms are underpinned with tensions. Thus one of the core functions of productive and institutional powers is to promote certain ideas so that they can become a norm by mobilising consent for a norm, legitimising it and making it dominant through diffusion.

2.2 NORMATIVE POWER EUROPE AND GLOBAL GOVERNANCE

Having defined the classifications of power in global governance, I look next at the debate on the EU's normativity. The aim of this sub-chapter is to bridge the debates on the EU as a normative power and that of a power in global governance so as to better understand the EU's norm-shaping role. In addition, this sub-chapter presents previous studies that have shared the normative power Europe perspective, and identifies a gap in the field that this study is designed to fill. On the one hand, this mapping relates to the different forms of power that shape normative power in global governance as defined by Barnett and Duvall (2005), and to the need to address policy coherence for development in this context, on the other hand. Essentially, I suggest that the EU's normative role cannot be understood independently of the uses of productive and institutional power that underpin EU action in the development and trade nexus.

In fact, EU studies have increasingly focused on the normative or ideological features of the EU's external relations. In essence, they suggest that the true power of the Union lies in its ability to project its core values beyond its borders and, in so doing, in its ability to redefine what is "normal", "acceptable" or even "preferable" in international relations or, in this context,

28 Derichs & Heberer 2006: 1.

in global governance.²⁹ In these discussions, norms refer on the one hand to a certain *standard* mode of behaviour in conducting international affairs and, on the other hand to an *ideal* way of organising world politics according to some normative standards, in order to protect and promote certain core values while dismissing others. However, the normative power is not necessarily a force for good as it can be used to legitimise norms and practices that are detrimental or dysfunctional. Rather, the rationale behind this debate seeks to understand the EU's international role beyond the traditional concerns over whether the EU should or could be a civilian or military power in world politics. The "Normative Power Europe" debate has revolved around Manners' argument (2002: 242) that the historical evolution of a normative basis for the EU, through the development of treaties, declarations, policies, criteria and conditions, provides a solid foundation for understanding its actions. According to Manners, the EU is constructed on a normative basis and this predisposes it to act in a normative way in world politics. " ... the most important factor shaping the international role of the EU is not what it does or says, but what it is." In the article in which he introduced the concept "Normative power Europe: A Contradiction in terms?" (2002: 252) Manners concludes that the EU can be *conceptualised* as a changer of norms in the international system; that the EU *acts* to change norms in the international system; and that the EU *should act* to extend its norms into the international system. However, in Manners' work on "Values and Principles in European Union Foreign Policy" with Lucarelli (2006: 7), the authors clarify their stance on whether the EU *should* act in a normative way in the international system. As a matter of fact, the normative agency is not necessarily a benign or soft one, and worst practices can be based on strong values. That is to say that the EU can function both as a "force for good" or "bad" in international relations.

Drawing on Whitehead (1996), Manners and Whitman (1998), and Kinnvall (1995), Manners (2002: 244-245) suggests that the EU's normative power materialises through six channels (or what he calls factors). These channels firstly include *contagion*, namely the unintentional diffusion of ideas from the EU to other political actors. The second channel is *informational diffusion*, which is the result of a range of strategic communications. The third channel

29 The concept of Normative power Europe has its roots in the discussion launched by Duchêne (1972), who depicted Europe as a "civilian power" that uses economic and political means rather than military ones. Authors that have particularly influenced my work on the EU's normativity include in addition to Manners 2002, Manners and Whitman 2003, Lightfoot and Burchell 2005, Manners & Lucarelli 2006, Scheipers & Sicurelli 2007, Laïdi 2008, Ferraira Nunes 2011, Manners 2012, and Pollack 2012. On the EU and its global role and agency, volumes by Bretherton & Vogler 2005, and Orbie 2008 (ed) are among those that have been influential.

refers to *procedural diffusion*, involving the institutionalisation of a relationship between the EU and a third party. The fourth is *transference*, which is a form of exchanging goods, trade, aid or technical assistance through largely substantive or financial means. The fifth form of diffusion is *overt diffusion*, which occurs as a result of the physical presence of the EU in third states and international organisations. The final channel shaping norm diffusion is what Manners calls the *cultural filter*, which affects the impact of international learning, adaptation or rejection in third states and organisations. In addition, Manners identifies a set of core norms (2002, 2006) that are common to the development and trade nexus that the EU seeks to promote through these channels. I will discuss them in more detail in Sub-chapter 2.4, Power and Policy Coherence in the Development and Trade Nexus. All these channels of normative power can be pinpointed both in formal and informal EU-ACP/Africa relations as well as at the level of global governance (the fifth channel) that prompts further exploration of the Normative Power Europe in these contexts. In this regard, my aim is not to investigate the actual use or impact of normative power in relations with developing countries, but rather to take a more in-depth look at the underlying issues that set pre-conditions on the Union's normative model in the development and trade policy nexus. This kind of study has not been conducted to date.

If, as Manners argues, the EU's predisposition to act in a normative way stems from its treaty base and its official policies, the basis for normative action in development and trade can easily be identified at a superficial level. The status of development policy as an EU policy was established in the 1992 Treaty on the European Union (TEU), known as the Maastricht Treaty, with a juridical basis and common objectives.³⁰ Although the Treaty provided a new institutional foundation for this policy, it was designed to govern the existing and expanding aid and economic co-operation relations formed since the 1957 Treaty of Rome. Under the Maastricht Treaty, the Community development policy was defined as complementary to policies pursued by the member states with three main objectives: the promotion of *sustainable economic and social development of developing countries*; their smooth and gradual *integration into the world economy*; and – most importantly for our purposes here – *a campaign against poverty in developing countries*.³¹

30 Title XVII Development Co-operation Articles 130u, 130v, 130w, 130x and 130y. The 1997 Treaty of Amsterdam provided amendments to the TEU but did not change the content for development co-operation. Note that in the Amsterdam Treaty Development Co-operation is dealt with under Title XX, with new numbering of Articles 177 (ex 130u), 178 (ex 130v), 179 (ex 130w), 180 (ex 130x) and 181 (ex 130y).

31 Article 130u/177.

In addition to the principle of complementarity in the Treaty, two other principles were established to support the pursuit of the policy objectives. These formed the so-called triple Cs: complementarity, co-ordination and coherence, which were later complemented with a fourth C component: consistency of EU external relations. The coherence principle refers to the relations of development policy objectives to other EU policies, and Article 178 (Ex Article 130v) of the Amsterdam Treaty states (1998) that:

The Community shall take account of the objectives referred to in Article 177 in the policies that it implements which are likely to affect developing countries.

Since the establishment of the EU development policy, the “campaign against poverty” policy objective has been made more central by the EU’s involvement in international development processes as discussed in the Introduction. With respect to the commitments made to support the Millennium Development Goals, the EU has pledged to achieve them by the year 2015 both at the Community as well as at the Member State levels.³² In this context, the “campaign against poverty” objective has been redefined as *poverty eradication*. At the same time, the principle of *coherence* has become one of the main tools to govern the process towards this goal in EU development policy. This shift was consolidated in the “European Consensus” as follows:

We reaffirm our commitment to promoting policy coherence for development, based upon ensuring that the EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives.³³

In particular, the EU states that its non-aid policies, especially in areas such as trade, agriculture, fisheries, food safety, transport and energy, all have a *direct bearing* on the ability of developing countries to generate domestic economic growth, which in turn forms the basis of any sustained progress towards the MDGs, and particularly towards poverty reduction.³⁴ This aspect of EU public policy impact is dealt with specifically in the official communications concerning the already mentioned principle of Policy Coherence for Development (PCD), which are based on the legal obligations of the EC Treaties as described above.³⁵

³² COM (2005e): 3.

³³ Ibid.: par. 9.

³⁴ COM (2005b): 7.

³⁵ TEU article 178 (ex 130v).

Therefore, the EU's commitment towards policy coherence is not only a political commitment in the context of the MDGs, but it also has a *legally binding* basis in the EC Treaty (Art. 178).³⁶

However, for the purpose of this analysis, the normative basis only offers a point of departure for a more in-depth examination of the issue. As Manners and Whitman argue (2003: 398), the external identity of the EU is constructed around specific interpretations of internationally shared norms. In this case, my interest lies in exploring what the EU interpretations of the appropriate action under policy coherence for development entails, and how productive and institutional powers constitute the pre-conditions for the EU's normative action. Although the channels of power that Manners indicates resemble those of Barnett and Duvall (2005), a fundamental difference is that Manners' approach leaves the power element in itself largely unpacked, including its possible negative implications. Perhaps because of the theme of Manners' first case study of the issue, the abolition of the death penalty, these dimensions were left to successive contributors to elaborate. Orbie (2008: 20) also observes that the EU's normative and value-driven aspirations are now the focus of the EU literature, but the power dimension is less present in the explorations of the EU's global role. In the field of development and trade, the EU's normative power is largely based on the Union's role as the largest donor of official development aid and its active involvement in the global trading system as the biggest trading block in the world. At the same time, this role must be seen in the larger context of the EU's influence, or as Carbone (2009: 3) defines it, "the EU is a venue in which a large number of policies affecting developing countries are decided". This is where strong economic interests also come into play. As Laïdi (2010: 1) rightly notes, "the concept of European norms is ambiguous: does it express a sort of European virtue claiming universal validity or is it a weapon in the hands of Europe to promote its own interests?"

Without questioning the value of Manners' rather optimistic view of the EU's normative power, the case of policy coherence for development calls for a more critical account. In this regard, Forsberg (2011: 1190-1198) makes a crucial distinction between different features of normative power. These include "normative identity" (cf. Manners), "normative interests", "normative behavior", "normative means of power" and "normative outcome". By the same token, there are different mechanisms through which the EU uses its normative power. These include persuasion, invoking of norms, shaping discourse and leading through example. All these forms are very much present in the EU

36 Furthermore, the draft text of the EU Constitution upheld this commitment to coherence in even stronger terms (Art. III - 292, Art. III - 316). The Lisbon Treaty re-affirmed the commitment in Article 208 on the functioning of the European Union.

development and trade policy nexus. In particular, the power to shape discourse as well as the promotion of certain kinds of norms are key to this study as well. However, my aim is to go one step further. By looking at the institutional and historical contexts, as well as the processes that have produced EU discourse, my task is to show their impact on the EU's normative power.

Applying Dryzek's (1997: 201; 204) observations on the use of power in defining concepts and discourse, we can assume that the way in which issues related to poverty eradication and sustainable development are constructed, interpreted, discussed and analysed has significant consequences for the type of policies that will emerge as a part of policy coherence for the development agenda. In the case of normative governance, the discourse and interpretation of policy coherence for development represents an important power struggle in the direction of the action. This struggle involves different interests with different substantive concerns trying to stake their claims in the conceptual territory of "What constitutes policy coherent norms for development", and cast the terms of understanding the concept in terms favourable to them. Thus, my contribution to this debate is to reveal tensions that underpin the EU's normative take on policy coherence. These tensions relate to the moral justification that certain core norms – such as sustainable development – feed into the EU's efforts to advance its own standards, ideas and interests as international norms and practices.

Overview of Previous Discussions on the EU's Normativity in the Trade and Development Nexus

An overview of previous literature of the EU's normativity highlights three interesting features. First, there seems to be an inconsistency between the EU's rhetoric and self-presentations as a normative power. In Nicolaidis and Howse's (2002) words, the EU is in fact projecting an "EUtopia rather than "the EU as it is" on the grounds of its normative foundations. Second, while acknowledging this gap between "what the EU is and what the EU wishes to be", previous studies point to the EU's relatively strong commitment to international efforts, for instance in the internationalisation of human rights and environmental policy (compared to the US, or to China or India in particular). Scheipers and Sicurelli (2007: 250-253) claim that it is the Union itself that typically stresses the appropriateness of specific instruments such as multilateralism to tackle global problems. It also presents itself as being more concerned about the creation of binding rules for the global community, since it aims at international law-making, namely the establishment of multilateral treaties and legal institutions. The third observation is related to this previous point, namely that the EU's aspirations to act as a normative power in the context of the

WTO have triggered quite active academic interest, whereas the development aspects of trade, not to mention development policy or PCD, have remained less covered.

With regard to the EU's power in global governance, Van den Hoven (2007: 186) argues that the EU's power in the WTO contrasts markedly with its lack of power in international relations more generally. As a result, trade policy has become a kind of foreign policy through which the EU is able to actively project its own values and principles onto the world stage. This can be noted in the EU's external promotion of its own interpretation of market liberalism and free trade as the primary economic value underpinning the European project. Of course, the common agricultural policy has been a notable exception to this rule. However, van den Hoven (2007: 187-188) points to the fact that the EU has progressively liberalised its economy in the multilateral trading system and respective GATT/WTO rounds. This has taken place in close association with the EU integration process following a distinct EU model that van den Hoven calls regulatory capitalism. According to van den Hoven, it is this model that the EU seeks to promote internationally in order to turn the WTO into a global regulator. Since 1996, the EU has called for a "comprehensive round" of trade negotiations at the WTO, based on EU interests and values in multilateral trade negotiations. In van den Hoven's (2007: 185-188) analysis, the Union contribution has shifted the focus of the international trading system away from removing barriers to trade (often referred to as negative integration) towards the promotion of common rules to regulate the world economy through common domestic regulation and legal systems (positive integration). This broad agenda consists of trade-related issues that the EU wishes to be negotiated in the WTO, including investment, competition and transparency rules. To a certain extent, the EU is trying to shape the WTO in its own image.

Similarly, Dür and Zimmermann (2007: 771-787) consider foreign trade negotiations to be among the most important and consequential manifestations of the EU as a global actor with a truly supranational, Commission-led representation and mandate. In particular, Zimmermann makes a strong case for the EU's power, arguing that the EU also uses trade policy for the broader strategic goals of its external relations. While this conclusion on the EU as a major force in international trade negotiations is usually shared among EU scholars, the lack of trade policy coherence and inconsistency between the EU's trade liberalisation agenda and protectionist approach to agricultural trade is seen as the key factor hindering the EU's leadership in the WTO.³⁷ However, as Young (2007) has shown, the question of EU trade policies in different sectors is more

37 Bretherton and Vogler 1999, Dür 2006, Meunier and Nicolaïdis 2006, Elgström 2007 and Daugbjerg & Swinbank 2009.

nanced beyond the simple liberal-protectionist dichotomy. This indicates in my view that the EU has indeed a range of different strategic options at its disposal to organise different sectoral (as well as internal/external) trade policies.

In addition, EU member states' motivations to delegate policy authority to the European level vary, even if this has been largely perceived as an attempt to insulate the policy process against protectionist pressures. Further, as Dür and Zimmermann (2007: 781) tentatively argued, the Commission seems to have more autonomy when negotiating with a relatively small country than when negotiating with China or in the WTO. This point calls for further elaboration in the context of regional free trade agreements with a relatively small number of poorer countries. Even though the Commission's autonomy may differ from case to case, according to Meunier (2007: 905), the Commission's authority stems from its ability to repackage member states' preferences into a consensual doctrine. To summarise, the previous studies point to the fact that the EU's normative role in the WTO is evident, but of a strategic nature which varies from one case to another. Moreover, the role is shaped by internal factors, most clearly by interests and member states' preferences.

To shift the perspective from trade to development, the works of Lightfoot and Burchell (2005), Storey (2006) and Orbie (2008) suggest that there is more to be discovered in this under-explored field. Interestingly for my research, Lightfoot and Burchell (2005) present a critical account of the EU's normative agency on the sustainable development-trade-environment policy nexus at the World Summit of Sustainable Development (WSSD) in 2002. In their contribution, they questioned the depth of the EU's commitment to sustainable development in that international setting due to actors' differences in recognising and conceptualising sustainable development as a norm. They point to the fact that within the EU, "sustainable development" does not fall neatly into its traditional bureaucratic competencies, but reflects the remits of different DGs and Councils. This, they argue, affects the EU's capability to shape the WSSD outcome although environmental policy has been a growing area of EU competence and international action. However, as Lightfoot and Burchell (2005: 78) explain, "the EU has a strategic interest in shaping how the norm of sustainable development is understood in global policy terms, and that action is taken via multilateral agreements to prevent damage to the Union's economic competitiveness".

In the context of EU-ACP trade relations, Storey (2006) revisits Normative Power Europe and the African Economic Partnership Agreements, showing how the European norm of social solidarity is absent in the EC-promoted form of good "economic" governance. In his work, Storey (2006: 342-343) also reflects upon the interrelationship between norms and interests. In his view, interests may refer both to short-term agendas of certain interest groups and, even more importantly, to the broader political economy concerns of European capital, EU

governments, the Commission and others. He illustrates this with an example of the EU promoting a norm of market liberalisation because it is committed to the extension and reinforcement of global capitalist relations – which it may genuinely see as the best route to development for poorer countries – even if this does not lead to any immediate profits accruing to European companies. Thus the EU, according to Storey, may promote a norm of “good governance” (including market liberalisation) for reasons that combine both (long-term, perceived) self-interest and normative commitment. This may indeed constitute an attempt to project onto other countries and actors a specific model of behaviour, which supports the argument that the EU functions as a normative power. However, what Storey (2006: 334) is concerned about is that, in this case, the model could be ill-suited to respond to EPA partners’ needs and priorities.

Sharing similar mixed emotions on the EU’s global role, Orbie (2008: 56-58) explores the EU’s bilateral relations to the ACP countries, which he sees as the most important venue for Europe’s activities in the trade and development nexus. Orbie points here to the growing emphasis on pursuing normative objectives through trade, including development of the poorer countries and the promotion of environmental and societal goals. This constitutes an analytically distinct political cleavage which cannot be translated into the protectionist-free trade dichotomy. In his analysis of the EU’s trade policy under the slogan of harnessing globalisation,³⁸ Orbie (2008: 61-63) concludes that the EU’s commitment to realising normative non-trade objectives through trade policy is subordinate to the pursuit of market enhancing initiatives, in which the Union has been successful. The success has been based on the firm idea of progress and prosperity through the market, and the hybrid institutional setting that is characterised by, on the one hand, the asymmetric state of European integration and, on the other, by community competency.

To conclude, the specific aim of this study is to address the issue of the EU’s normative power, primarily from the point of view of development policy and policy coherence for development. Drawing on the findings of previous studies, particularly those on trade policy, I tackle the issue of power in a field that has remained largely understudied. Yet the development policy angle provides an interesting basis from which to dig deeper into the different dimensions of power. Here, the global context of norm-setting includes the WTO and OECD DAC donor community in which the EU operates, while my specific interest lies in the EU’s relations with developing countries, most importantly in the EU-ACP relations in the development and trade nexus. As regards the global context, the interaction is predominantly indirect, whereas the EU-ACP relations are of a more direct nature. Furthermore, this setting provides a perspective on different

38 I will return to this rhetoric of “harnessing globalisation” in Sub-chapters 4.2 and 6.1.

types of power, most importantly institutional power, productive (discursive) power, and compulsory power, which sustain the global structures. Given that the nexus between development and trade policies is highly charged with values and both immaterial and material interests, my contribution focuses on the interplay between these elements.

2.3 CONCEPTUALISING POLICY COHERENCE FOR DEVELOPMENT

Policy Coherence and Consistency in the Political Context

What makes the concept of policy coherence for development (PCD) particularly intriguing is that it is closely and often somewhat confusingly connected to two other related concepts, namely “consistency” and “policy coherence” in general. In addition, the concept is inherently politically sensitive as it implies assessing other, non-development policies vis-à-vis their possible impacts on the development policy objectives. Moreover, there is no uniform definition of policy coherence, much less of policy coherence **for** development, either in the academic or in the development practitioners’ debates. In different languages or in different academic disciplines the concepts have different connotations and degrees of interchangeability.³⁹ Studying the European Union instead of national politics adds yet another challenge for conceptualising the PCD coherence debate in its multilevel institutional context. Here, the quest for coordination, on the one hand, and power relations on the other, becomes even more pressing. In the case of development policy, the Treaty text already obliges the principal actors – the Commission and the member states – to coordinate and complement each other in this area of joint competence.

At a very general level, both Coherence and Consistency refer to the absence of and freedom from contradictions.⁴⁰ But whereas consistency refers to a rather static, unchanging condition, coherence is a dynamic concept and more “a matter of degree” than an absolute state of something. Both concepts are always inter-relational. For instance, policy coherence does not stand alone as a concept but is to be assessed in relation to something, namely something coheres **with** something or is coherent **to** something. Coherence can also be conceptualised as a **process** (how something is achieved) and as an **outcome** (what is achieved).⁴¹ This approach is particularly helpful in a two-fold sense. First, in discussing

39 See note on languages, Carbone 2009: 1-3; 18. On different disciplines, see Hoebink 2004: 184-187.

40 Hoebink 2004: 185.

41 Di Francesco 2001, as quoted in Carbone 2009: 4.

policy coherence for development in the context of development policy and its formulation, and second, in analysing the development and trade policy interface in the context of Economic Partnership Agreements (EPAs). The alleged purpose of those agreements was to function as instruments **for** development and, in this sense, as manifest PCD-coherent trade policy.

Furthermore, I stress the importance of *perspective* in my research, namely what should cohere with what and what are the criteria against which coherence, or a lack thereof, is evaluated. This leads to the very fundamental question of how we conceptualise development policy objectives, what means we regard as appropriate to pursue them, to what extent these views are shared with different actors in different sectors, and to what extent other policies should be changed for the sake of greater coherence.

Since the Treaty of Amsterdam (1998), strong emphasis has been placed on the consistency of EU external relations, including security, economic and development policies.⁴² However, the linkage in EU policies is not always that straightforward. Many scholars see that the motivation for emphasising consistency was to consolidate the EU as “a single institutional framework” and “an actor speaking with a single voice”.⁴³ However, the call for greater external consistency may also put limits on discussing policy coherence for development, if overriding priority is given to the unity of the Union. In this case, pointing out incoherencies might be perceived as delegitimising the single approach. On the other hand, overly obvious incoherencies may have the effect of undermining the entire system.

In reality, every sectoral policy has its own policy objectives in accordance with the Treaties which define the policy priorities for each area. In this respect, the EU external relations “family” is no exception. The respective policy goals not only direct the policy actions but also justify and legitimise the very existence of a given policy area in the wider political system of the Union. However, the Treaty provisions on policy coherence can be interpreted in different ways. As an example of a strong interpretation of policy coherence, the following extract from former European Commission Director General for Development Dieter Frisch (2008: 23) aptly illustrates the matter.

Making coherence an imperative was intended to remove development policy from its isolation and turn it into a cross-cutting task. That meant that the measures planned in other fields – agricultural policy, environmental policy and so on – had to be examined to find out whether they were compatible with development policy and, where necessary, *adjusted*.

42 Article C of the Amsterdam Treaty.

43 Carbone 2009: 2.

While this provision did not go as far as to give development policy primacy over other policies, it did make it necessary to *harmonize other policies as far as possible with the goals of development policy.*' [Emphasis added].

What is notable in this account is that policy coherence (for development) as a Treaty provision is understood to impose changes in other non-development policies so as to harmonise them with development policy goals. In taking this task out of the development policy frame, we can find a parallel in environmental policy and in the necessity to integrate environmental policy principles into other policies, in a cross-sectoral manner. Importantly, policy integration at this level assumes a form of reciprocity between the policies in question. If one of the components is much weaker, it is likely to be diluted into, rather than integrated with, the others.⁴⁴ This observation clearly reflects the debate over policy coherence for development. As Hoebink (2004:185) phrases it, “notwithstanding the efforts to achieve coherence of policy, incoherence is often given”. This is simply something that is inherent to politics, so a certain degree of incoherence is inevitable in a pluralist and compartmentalised political system, such as the EU. May et al. (2006) argue that a policy that has greater issue focus and is dominated by few interests is likely to have stronger policy coherence. However, so the argument goes, even very crowded policy areas can still cohere if they contain what May et al. call “integrative properties” that glue issues and interests together, such as a clear set of goals, a compelling policy image, well-defined targeting, and the strong involvement of the executive agency.

To illustrate this dilemma of consistency and coherence in practice, we can simply compare the core objectives of the EU's trade strategy of 2006, entitled “Global Europe”, with those of development policy, namely the Union's global competitiveness and growth through free trade versus poverty eradication, sustainable development and the specific Millennium Development goals. In addition, the aspects of EU trade policy for which the EU is most often criticised are its approach to agricultural protection and resistance to the liberalisation of world trade in agricultural products, which deviates from, and even contradicts its general trade policy approach.⁴⁵ In this respect, the Common Agricultural Policy (CAP) has been the origin of a number of disputes in the WTO and has had a profound effect on many developing countries.⁴⁶ So what we have here is a situation which challenges the consistency of the EU's external agency, on the one hand, and policy coherence for development, on the other.

44 Liberatore 1997: 119.

45 O'Shaughnessy 2006: 190; Daughberg and Swinbank 2009.

46 Flint 2008: 103.

The Different Types of Policy Coherence

Forster and Stokke (1999:21-23) were the first to outline the basic categories for coherence in the overall context of development policy. These categories are *a) coherence of aid policy; b) coherence of policies towards the South; c) coherence of donors' policies towards the South, and aid policy in particular, and d) donor-recipient coherence, with particular reference to development policies*. Regarding these categories, my interest is mainly in the “b” and “c” types of coherence. This is because I am focusing on the EU development and trade policy interplay vis-à-vis the South and the EU’s role as a donor in the larger development community in global governance.

In a similar manner, but with a specific focus on the EU, Hoebink (1999; 2004) starts by defining “coherence” through the absence of “incoherence”, and suggests that “coherence of policy could be defined as: *the non-occurrence of effects of policy that are contrary to the intended results or aims of policy*”. On this basic definition, Hoebink (2004: 187-188) builds different classifications of (in)coherencies. The first division that he makes is between **narrow** or restricted type and **broad (in)coherencies**. In his rather complicated model, the first, narrow (in)coherence is further split into two subcategories. These subcategories of narrow (in)coherence refer, on the one hand, to *(in)coherence within development policy*, and *(in)coherence within EU external relations*, on the other. The second, broad definition looks at the way in which development policy goals are supported or thwarted by other EU policies in other fields. In practice, he notes, these may include those policies most likely to affect developing countries: the common agricultural policy, the common fisheries policy, certain consumer protection policies, and parts of (global) environmental policies and industrial policies.⁴⁷

Another highly relevant distinction for the purposes of this study is the distinction between **horizontal** and **vertical** coherence. The horizontal type involves the (in)coherence of the policies of different “Brussels bureaucracies”, as Hoebink (2004:192) phrases it. In practice, he looks at the different Commission services and cases where the policy on trade, agriculture and fisheries, the environment and possibly other subjects may clash with the objectives of development. From the point of view of this study, this horizontal dimension is particularly relevant. The vertical type concerns the coherence of the policy of the member states and developing countries, of the European Commission and of international institutions. Hoebink stresses that verticality does not necessarily mean a hierarchy, but refers in this field to diverse local and global spheres of decision-making.

47 Cf. Hoebink 2004: 189-191. For the entire list of different kinds of classifications, see Hoebink 2004: 187-196.

In my study, horizontal coherence is closely linked to the question of consistency, especially between the EU external policies as discussed above. In addition, the Commission as the guardian of the Union's interests and the executive centre of the Community, is often expected to keep a grip on the various policies of the EU system and the overall consistency. Both horizontal and vertical coherence are linked to the questions of competences between different services (i.e. DG Development and DG Trade) and between member states and the Community, defining who can speak and act on behalf of the Union in international organisations or with third parties in general.

Drawing on the works of Hoebink (2004), Nuttall (2005) and Picciotto (2005), Carbone (2009:4) adds yet another layer to this coherence puzzle, namely that of **multilateral coherence**. This concept refers to the interaction between international organisations, such as the UN and the International Financial Institutions, which he sees as often promoting incompatible goals. In discussing this interaction between multilateral institutions, Simms (2005: 81-83) points out that in the current international system, social and environmental actors and agreements slip further down the power scale than those of the economy. Similarly, Ivanova (2005) points to the dominance of international economic institutions, which form the strongest of the three structures with a regime centred on the international financial and trade institutions, including the World Bank, the IMF and the WTO.⁴⁸ Furthermore, the members of these institutions are not equal themselves as the power is defined by their economic weight. This again highlights the power aspects in global governance.

(In)coherence can also be **intentional** and **unintentional**, as also noted by Hoebink (1999:335; 2004:193). In his view, incoherence is intended when the policy-maker or decision-maker acknowledges and accepts the negative impacts of a certain policy, as they believe that the positive impacts are more important. Unintentional incoherence exists where policy-makers are not aware of the impacts of a certain policy on development policy sectors and goals in a certain context. Reasons for unintentional coherence may include lack of information, problems with coordination, or simply that a policy context on the ground changes so rapidly that a policy cannot adequately respond.

The Difficult "Coherence for Development"

Whereas Hoebink as well as Forster and Stokke take incoherence as their starting point, Ashoff (2005: 1) uses the term "policy coherence for development" in two senses. On the negative side, it means the absence of incoherence, which

⁴⁸ See Sampson 2005 for more on WTO-WB-IMF and WTO-UN Coherence.

occurs when other policies deliberately or accidentally impair the effects of development policy or run counter to its intentions. On the positive side, it means the interaction of policies that are relevant in the given context with a view to the achievement of development objectives. This type of conceptualisation has been increasingly used in the EU to emphasise the possibilities of finding win-win solutions between different policy goals.⁴⁹

In addition to the different policy coherence typologies, in order to analyse the EU conception of PCD, I have also used a definition put forth by the OECD (1996: 8) on policy coherence, and have applied it to the context of the development and trade interface. According to this definition, the principle of policy coherence in its narrowest sense implies that the *objectives, strategies, mechanisms, intentions, motives* and *outcome* pursued within a given policy framework are consistent with each other and are at the minimum – and most importantly here – not conflicting with the *objectives, strategies, mechanisms, intentions, motives* and *outcome* of other policy frameworks of the system. This definition can be applied to the EU development and trade relationship by embracing trade and development policies within it, and considering the EU's external relations the policy framework and the Union the political system. Since it is in our interests to see how coherence works **for** development objectives, this “preposition” is necessary in terms of focusing the question of coherence on the very goals of the development policy. It also directs the assessment of the non-development policy, namely how it works for or against the attainment of the objectives of poverty eradication and sustainable development. The advantage of this definition is that it opens up the concept by singling out different elements that are crucial for PCD beyond just focusing on stated policy objectives.

Incoherence of policy – emerging from conflicting interests and values and reinforced by compartmentalisation of politics and public administration – is considered the main rationale for seeking policy coherence.⁵⁰ However, the institutional structures of a political system itself may also constrain options for PCD. In particular, Elgström and Pilegaard (2009) point to the structure of autonomous sectoral policies as well as labour division, in accordance with the EU law. Elgström and Pilegaard (2009) have also studied this phenomenon in the context of the ACP-EU Economic Partnership Agreements and conceptualised this kind of situation by calling it **imposed coherence**. Essentially, imposed coherence implies the dominance of one sectoral policy over another. This dominance is manifested in the primacy of principles and interests that are

49 See the biannual EU Policy Coherence for Development (PCD) Reports of 2007, 2009 and 2011 compiled by the European Commission.

50 Forster and Stokke 1999: 3.

characteristics of the dominant policy field that overshadows the principles and interests of other policy sectors. However, this dominance can be masked by referring to sectoral responsibilities that are allotted to one institutional actor, such as the responsibility to conduct international negotiations, in this case bilateral trade negotiations between the EU and the ACP countries. Defining the negotiations as the competency of the dominant sector tempers the apparent incoherency and inconsistency, as well as any inconsistency inherited from the institutional system.⁵¹

Therefore, imposed coherence constitutes a sharp contrast to the *ideal* model of policy coherence for development, whereby development objectives should provide the yardstick for coherence. This would require a shared common understanding – a consensus on the objectives and what their achievement would entail. In reality, however, this type of consensus seldom exists. Or, if it does exist – as the European Consensus for instance suggests, the question is: Who has had the power to define the terms? In addition, the absence of clear criteria complicates the matter, as discussed in the next section.

2.4 POWER AND POLICY COHERENCE IN THE DEVELOPMENT AND TRADE NEXUS

If the core purpose of policy coherence for development is to advance the development policy objectives of sustainable development and poverty eradication, then the criteria for a “coherent policy” should logically stem from the policy objectives themselves. However, a cursory glance at the theoretical debates around the objectives reveals the inconvenient truth that the pursuit of sustainable development and poverty eradication is a highly complex issue in various respects. For instance, what does a coherent policy for sustainable development imply in a given context? Does it require an overhaul of the entire governance system or can it be achieved through gradual changes in policies and procedures? The purpose of this sub-chapter is to shed light on these complex inter-linkages, and on the fundamentally political nature of the objectives themselves. I start with a short note on governance for sustainable development and poverty eradication, and proceed by discussing these concerns for a “Normative Power Europe” in this context. Finally, I shift the focus to the role of development policy, aid and trade in the broader framework of global governance.

⁵¹ Elgstöm & Pilegaard 2009: 55.

Global Governance for Sustainable Development and Poverty Eradication

Essentially, global governance to promote “sustainable development” stems from the necessity to redirect human action towards more equitable and ecological paths. In this sense, sustainable development is a highly relevant issue for global governance and for policy coherence for development. The primary source for the concept or its conceptual core is the concluding report from the World Commission on Sustainable Development, *Our Common Future* (WCED 1987). This is the report that laid the foundation for the UNCED process leading up to the Rio de Janeiro Earth Summit in 1992 (and its follow-up conferences in Johannesburg ten years later, as well as Rio de Janeiro once again 20 years later), and provided the normative framework for the conventions and agreements adopted in the summit by all UN member states.⁵² However, the origins of sustainable development thinking can be traced back to environmental activism and an increased understanding of the degradation of the natural environment based on scientific evidence gathered since the late 1950s and 1960s.⁵³ These concerns were then coupled with questions of development and social justice brought up mainly by developing country governments in the 1970s. “Sustainable development” as defined by the WCED was the first attempt to embrace all of these dimensions globally.

A few points are of particular importance from the point of view of this dissertation. First, as regards global governance, the task put forward by the WCED was clear: there is a greater need than ever for co-ordinated multilateral political action engaging both rich and poor countries but with differentiated responsibilities. The problem of unsustainable development cannot be resolved through a compartmentalised approach to the environment or to poverty, or consequently by those who deal with environmental issues or with development

52 Lafferty 2004: 13.

53 For more on this background, see Baker 2006, Dresner 2002, Adams 1995, Purvis & Grainger 2004, and Weiss et. al 2004. The concerns of the first wave of environmentalism were partially taken onto the inter-governmental agenda, as the United Nations (UN) increased its activity on behalf of ecology from 1964 onwards and organised the first UN Conference on the Human Environment in Stockholm in 1972. The circle was closed between the UN and the early Environmentalist as the newly founded United Nations Environmental Programme (UNEP) commissioned the study *Limits of Growth* through the Club of Rome in 1972. In turn, political environmentalism was sparked by a set of popularised scientific works, most notably by Rachel Carson and her book *Silent Spring* (1962) on the destruction of wildlife by the use of the pesticide DDT, economist Kenneth Bouldin’s *The Economics of the Coming Spaceship Earth* (1966), Edward Mishan’s *The Costs of Economic Growth* (1967), as well as *Population Bomb* by Paul Ehrlich (1968). Perhaps the most influential was the Club of Rome report *Limits of Growth* (1972) by Meadows et al. Its findings were also published in a more popularised format in *Blueprint for Survival* (1972) by the *Ecologist* magazine.

assistance. Instead, these two dimensions are an inseparable part of larger structures of the global economy.⁵⁴ At the core of the report is the idea of finding balance through the *integration* of the *economic*, *social* and *environmental* aspects of development, which is needed to tackle poverty and inequality within the limits of the global ecological system. Most importantly for policy coherence for development, the report defines *poverty* and *inequality* both as the planet's main environmental problem and its main development problem.⁵⁵ Moreover, the report expressly states that the global ecological system and the world economy are *interlocked*, which urgently requires viewing the above-mentioned three main aspects of development within the same framework as institutional change.

Second, policy coherence is of particular importance with respect to economic growth and its equal distribution, which the WCED sees as crucial both for developing countries and the international system as a whole. At the same time, growth should be socially and environmentally sustainable and the report states that it is largely the responsibility of developed countries to mitigate the harmful consequences of growth.⁵⁶ Moreover, practices that have hindered sustainable growth in developing trade should be removed. These included barriers to trade in the wealthier nations, the unfair terms of agricultural trade and subsidised practices in the northern hemisphere, depressed commodity prices, protectionism, intolerable debt burdens, and declining flows of development finance.⁵⁷ In addition, the WCED prioritises the developing countries' needs for stable and sustainable economic growth over the accumulation of wealth in the developed countries.

...[Sustainable Development] contains within it two key concepts: the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given *and* the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.⁵⁸

Third, the report suggests that the essential needs of the world's poor should be placed at the core of the sustainable development agenda. What is of crucial importance is that in order to give priority to the needs of the world's poor, fundamental changes are needed in richer countries as well as in the

54 WCED 1987: x-xi.

55 Ibid. 3; 5-6.

56 Ibid. xii; 31-32; 5-54.

57 Ibid. 6-17.

58 Ibid. 43. For more on this debate, see Baker 2006: 20 and Grainger 2004: 6.

interrelationship between the North and the South. Of course, defining the “needs of the world’s poor” constitutes a conceptual challenge in itself. For the Brundtland Commission, this equates with the bare necessities such as food, clothing, shelter and jobs, as well as aspirations for an improved quality of life. However, the report also notes that perceived needs are socially and culturally determined.⁵⁹ What is important is to balance growth and opportunities, and distribute resources across and among generations in a sustainable way. To quote:

Living standards that go beyond the basic minimum are sustainable only if consumption standards everywhere have regard for long-term sustainability. Yet many of us live beyond the world’s ecological means.⁶⁰

... Meeting essential needs depends in part on achieving full growth potential, and sustainable development clearly requires economic growth in places where such needs are not being met.⁶¹

Fourth, the Brundtland Report refers to key values that underpin sustainable development. Most notably these include *intrinsic value of nature, human well-being, social justice including gender justice and democracy*. It also sets out priorities such as *the needs of world’s poor, new type of growth in developing countries, adjustment in developed economies* as well as principles directing implementation including *common but differentiated responsibilities between developing and developed countries, intra- and inter-generational equity, citizens’ participation*.⁶²

Obviously, many actors, while making a commitment to sustainable development, have not embraced the full agenda as envisaged by the WCED. What makes the question of promoting “sustainable development” particularly difficult is the way in which conceptual vagueness enables actors to use the concept for their own purposes by creating and changing priorities between the “environmental, economic and social” dimensions, or simply by using the “sustainable development label” without specifying its detailed content. In this respect, Attfield (1999: 106) for instance draws a parallel between the concept of sustainable development and other grand notions such as “democracy”, which are commonly accepted and adhered to at a superficial level, but when the meaning of the concept is analysed, it may contain conflicting interpretations.

59 WCED 1987: 43-44.

60 Ibid. 1987: 44.

61 Ibid. 1987: 44.

62 See Baker 2006 and Dresner 2002: 31.

Regarding sustainable development, the main concerns relate to the integration of economic activity, nature and social justice.⁶³ Therefore, what we can conclude at this point is that using sustainable development as a yardstick for policy coherence opens up a new level of complexities. However, this does not undermine its importance.

One way around this dilemma is to use poverty eradication and the needs of the world's poor as the primary reference for PCD. However, what should be recalled is that the WCED went on to argue that if the health of the environment is compromised and limits exceeded, everything else will be then undermined.⁶⁴ In fact, this argument provided fresh impetus for a full range of theories and models on sustainability and growth.⁶⁵ One fundamental division revolves around the “sustainability” that defines the desired “development”. In the literature, a difference is made between “strong” and “weak” forms of sustainable development, ranging from fundamental changes in how we value nature, and how we produce and consume, to more moderate reforms related to “ecological modernisation” as a weak, insufficient form of sustainable development.⁶⁶ According to Flint (2009: 45), the difference between strong and weak sustainability is important, offering two dramatically differing options. Building on Flint's argument, I claim further that this distinction also influences global governance for sustainable development. The weak position suggests that reforms to the system and better accounting will allow for adequate levels of sustainability, whilst the strong position demands more active involvement from political institutions and a dramatic change in the global economic system. Along similar lines, Lafferty (2004: 4) and Bomberg (2004: 61) argue that the governance for sustainable development implies that those governments as well as major organisations, including the EU or the WTO, that are formally committed to sustainable development, are also willing to *alter* existing governing systems in order to better achieve sustainable development goals. Therefore, promoting sustainable development is not only a matter of new policies, but new modes of governance. Yet in order to change the existing modes of governance, the actors committed to sustainable development must have the political will to do so as well as a vision of what the change would imply. With this quest for change, the question of power arises.

63 See for instance Adams 1995, Baker 2006 and Elliot 2006.

64 WCED 1987: 8-9.

65 See Grainger 2004: 16-20 on ecological and environmental economics and different principles and levels of sustainability by Jakob 1991, Daly 1992 and Pearce 1994.

66 On weak and strong sustainable development, see Baker 2006.

Sustainable Development: Concerns for “Normative Power Europe”

In the context of the normative power Europe debate, Manners (2002: 242-244) originally defined sustainable development as a minor value amongst the more prevalent liberal values. In his view, the normative base of the Union had been developed over the past decades through a series of declarations, treaties, policies, criteria and conditions. In this process shaping the EU law and policies, Manners singles out five “core norms” comprising the *acquis communautaire* and *acquis politique*. These included peace, liberty, democracy, the rule of law, and human rights. In addition to this set of norms, more contested norms, such as sustainable development, social solidarity, anti-discrimination and good governance could be inferred, which were aimed at increasing the EU’s legitimacy in the eyes of its citizens as well as in response to global processes. In his later writings on values and principles in EU foreign policy, Manners (2006) has raised sustainable development to the level of the nine EU core values.⁶⁷

Along lines similar to those of Bomberg (2004) and Baker (2006), Manners (2006: 36-37) argues that the EU’s interpretation of sustainable development, however, involves an emphasis on the dual problems of balance and coherence between uninhibited economic growth and biocentric ecological crisis. At the same time, Manners also points to the Treaty base that involves the integration of sustainable development into the policies and activities of the Union in its enlargement, development, trade, environment and foreign policies.⁶⁸ However, as Lafferty (2004) stresses, in reality the EU does not prioritise sustainable development concerns in the interface with other policies. Furthermore, the commitment to sustainable development is not equally shared by the EU actors or integrated into the EU system.⁶⁹ This is convincingly explained by the fact that, as Bomberg (2004: 62) points out, the Union functions primarily as a system of economic governance developed and designed to pursue and implement goals of market liberalisation and free trade. The vast majority of its policies are linked either directly or indirectly to building, promoting or cushioning markets. Its governing rules and norms are concerned with removing barriers to trade, regulating markets and policing competition. Above all, it works to coordinate the economies of the EU with the goal of expanding trade and economic growth. As a system of economic governance, it has been successful (with the notable

67 In addition to sustainable development, these values include: sustainable peace, social liberty, consensual democracy, human rights, supranational rule of law, inclusive equality, social solidarity and good governance.

68 The change in the status of sustainable development is grounded in the draft text of the EU constitution. Indeed, the Treaty of Lisbon 2009 contains similar strong wording.

69 Baker 2005: 148.

exception of agriculture) in encouraging supranational collaboration to achieve the goals of market liberalisation.

Yet, sustainable development has had a legal base for all EU policymakers since the signing of the Treaty on European Union (TEU) in 1992. To a varying degree, sustainable development has been present in both domestic and foreign policy requirements, including the EU's relations with developing countries as well as in the EU contributions to global governance. Although the EU has claimed a leading role internationally in promoting sustainable development since the Rio Earth Summit in 1992, a more systematic process was launched as a part of the preparations for the Johannesburg follow-up conference in 2002. In this context, the EU first set out its commitment in June 2001 at the Gothenburg European Council, which adopted the EU Sustainable Development Strategy. This strategy was complemented with a global dimension in February 2002 as the Commission launched its "Towards a Global Partnership for Sustainable Development" paper, which covers all the external policies including development and trade. The Sustainable Development Strategy was reviewed in the course of 2005 with the alleged aim of consolidating it as an overarching concept that underpins all union policies, actions and strategies, and requires economic, environmental and social policies to be designed and implemented in a mutually reinforcing way.⁷⁰

To continue in this positive vein, the EU's constructive role in sustainable development rests on a relatively strong environmental policy.⁷¹ What is particularly important is that in the Fifth Action Programme sustainable development had the status of a Community task (Articles 2 and 6 EC Treaty) and launched the idea of the integration of environmental concerns into all other EU policy areas with a view to promoting sustainable development.⁷² This happened at the same time as policy coherence in the context of development cooperation objectives was also included in the Maastricht Treaty text. However, as Schrijver (2004: 83-84) points out, the wording for development policy coherence is notably weaker when compared to the text defining the environment. According to Schrijver, this is due to two reasons. First, Article 6 on the Environment was positioned in the opening section of the EC Treaty on Principles, thereby embracing all activities and policies of the Community. By contrast, Article 178 was placed somewhat paradoxically in the section concerning only development cooperation (Title XX). Second, the articles were

70 COM 2005a: 6.

71 See, for instance, Baker 1997, 2006 for an analysis of the EU's Environmental Action Plans and environment and growth relationship, and Liberatore 1997 for difficulties in integrating sustainable development into the EU's policymaking.

72 Stibbe Simont Monahan Duhot 1994: 41.

worded differently. Whereas Article 6 on the environment contains compelling formulations such as “requirements” and “must”, as well as a reference to the nearly 20 fields of activities and policies of the Community, Article 178 on development policy coherence has a much milder tone of “taking into account” and “likely to affect developing countries”. These formulations, as Schrijver rightly notes, “leave considerable discretion to the addressees”.

Therefore, on the negative side, Baker (2006: 148) reminds us that with respect to the EU’s global commitment, one of the key challenges facing the EU is to integrate sustainable development considerations into its policies across the sectoral divisions. At the EU institutional level, it impinges upon policy sectors managed by Directorates-General (DGs) within the Commission. According to Baker, the DGs find it difficult to see beyond the limits of their own competences. This is particularly true in the case of DGs of development, trade, fisheries and agriculture. Traditionally, within the DGs there is a widespread belief that the promotion of sustainable development is the business of those who deal with the environment, and to some extent of DGs of development. That said, policy-making segmentation is not only a problem for this nexus, but a factor that impacts the functionality of the European Commission as a whole.⁷³ This has been further exacerbated by the different types of competences between the EU institutions and diverse modes of policy-making related to these competences that cut across the national and supranational axis of the Union policies. To conclude, the institutional structures, as well as the primacy of the economic sector as the core of the EU, are affecting the Union’s role to advance policies in line with sustainable development in global governance. Thus, they are also likely to affect the norms that the EU seeks to promote for policy coherence (for development).

Development Policy and Aid in Global Governance

Having discussed the complexities inherent in sustainable development as a yardstick for policy coherence and the characteristics of the Union in this endeavour, I will move on to tackle the role of development policy in this constellation. In other words, what kind of contribution to the resolution of global problems can we expect from development policy, and what kind of influence can development policy exercise outside of its traditional framework of cooperation and aid-giving practices? Development policy is often used as a synonym for development cooperation. However, this is not the case. As Ashoff (2005: 13) clarifies, development cooperation constitutes only one level of action within the larger framework of development policy. By development

73 Wallace 1996: 48, and also Nugent 2006.

policy, I refer to an officially formulated and adopted public policy that consists of defined objectives (e.g. poverty eradication and sustainable development), and means (e.g. development cooperation, official development assistance and, increasingly, policy coherence for development), as well as actors that use these means for the achievement of the objectives (i.e. donor – recipient). In addition, development policy is also a distinct policy arena because its overall agenda is primarily set at the donor end, while the policy in itself is implemented and its impact felt in another sovereign entity. This constitutes a power relationship of a particular kind between those who intervene to “cultivate development” and those who are subjects of that intervention.⁷⁴ In this respect, the interests setting and motivations to engage in such a policy are particularly complex as it involves different actors at both ends that operate with imbalanced power resources. Consequently, development policy involves a massive number of principles, norms, procedures and practices that are designed to govern the donor-partner relationship on the one hand, and can all be regarded as instruments of power on the other. Yet, the very purpose of development policy is to redress the imbalance between the “developed” and “developing” world.

Hence an interesting dividing line in the debate lies in the very basic approach to the role of development policy in poverty reduction that links it to the larger governance framework. Namely, how we see the function of development policy, cooperation and official development assistance in relation to other policies.⁷⁵ What is development aid going to remedy precisely, and would an adequate amount of “effective aid” be the answer to persistent world poverty as Sachs (2005), for instance, largely claims? Indeed, Sachs strongly asserts that ending world poverty is a doable task. All that is required is for the amount of aid to be doubled so as to help the developing countries get a “foot on the development ladder” and climb out of the poverty trap. What makes this kind of “aid optimism” very attractive is the fact that it does not imply any major changes to the structures of the world economy, as promulgated in the sustainable development literature. In contrast, for Baker (2006), the “ladder of sustainable development” constitutes an uphill struggle composed of different policy imperatives associated with the promotion of sustainable development. These include, for instance, the adoption of an altogether different mind-set of normative principles globally, bottom-up development, respect for nature, the

74 Cf. Mosse 2005.

75 I use the concept of official development assistance (ODA, or foreign aid) defined by the OECD-DAC. Official development assistance includes grants or loans to developing countries undertaken by the official sector at concessional financial terms (where loans must have a grant element of at least 25 per cent). This definition also includes technical cooperation, but excludes grants, loans, and credits for military purposes. See Whitfield and Fraser 2009: 23 for more on this.

democratic governance of policies, technology, as well as the civil society and state relationship.⁷⁶

Yet another angle to this debate is to stress the underlying structural factors, such as the position of developing countries in the world economy and the financial flows that affect developing countries' perspectives and the effects of aid. In fact, some argue that more important than providing aid is to look at other types of financial flows such as trade flows, foreign direct investment, remittances, and revenues from natural resource exports. Or, more negatively, the debt problem, tax evasion and other forms of illicit capital flight that clearly supersede the flows of official development aid. As Pogge (2010: 52-53) argues, in the modern world, the rules governing economic transactions both nationally and internationally are the most important causal determinants of the extent and depth of severe poverty and other human rights deficits. He bases this argument on the great impact on economic distribution within the jurisdiction to which they apply. Even small changes to the rules governing transnational trade, lending, investment, resource use, or intellectual property can have a huge impact on the global incidence of life-threatening poverty. At the same time, turning a blind eye to the underlying structural sources of unsustainability makes any other efforts to promote sustainability futile.

To return to the debate on aid itself, another fundamental line can be drawn between those believing in aid as a tool to overcome poverty, such as Sachs, and those seeing aid and aid-giving as part and parcel of the poverty problem. Since the beginning of aid practices, some have regarded the role of aid as useless, even detrimental to true development aspirations. Interestingly, the aid critics constitute a highly diverse group of scholars and practitioners, characterised by their wider view of development and the nature of interdependence in North-South relations, and as those concerned with the world economy, and financial flows and power in the global system.⁷⁷ Nederveen Pieterse (2001: 80-83), for instance, draws the line between those advocating mainstream development and those who aim to provide an alternative view, focusing on local initiatives and global alternatives. This stems from the enormous growth of the NGO sector, the increased importance of environmental concerns (and sustainable development), the failure of several decades of the mainstream paradigm, as well as the growing procedural, institutional and policy challenges to the Bretton Woods Institutions advocating them. In the most recent critical debates, aid-giving practices have been questioned because the aid relationship has been perceived as a kind of neo-colonial power relationship, or simply ineffective in terms of contributing to economic growth. Regarding the former, the neo-

76 Baker 2006: 30-31.

77 For more, see Riddell 1987.

colonial power relationship is created in the relationship between the donor and recipients, in which the stronger party has the final say on the planning and implementation of development interventions in the recipient country. As regards the latter, Easterly (2005: 322) has strongly questioned what he sees as the false assumptions associated with development aid. Arguing directly against Sachs (2006), he claims that development aid cannot bring about the end of poverty. Instead, what is needed according to Easterly is homegrown development based on the dynamism of individuals and firms in a free market.

The critical line of thinking clashes with one of the fundamental assumptions of the moral case for aid and the donor-partner relationship. Namely, the belief that the effect of aid is positive and it does help to eliminate poverty by promoting development.⁷⁸ In a broader sense, it also indicates a counter-current against development cooperation or development cooperation policy per se. To continue deeper into the critical direction, it is interesting to analyse what kind of motivations there are behind aid-giving, or withholding it for that matter, as Riddell (1987:3), for instance, discusses. In fact, Riddell points out many motives for granting foreign aid. These include national self-interest, commercial considerations, historical links, political goals, and the straightforward desire to accelerate economic growth in less developed countries, as well as moral reasons that tend to conceal the other less altruistic and less legitimate incentives from the public. However, an emerging feature in aid-giving is the aim to strengthen global public goods and to tackle the detrimental effects of global challenges.⁷⁹ That said, all the successful development projects and larger interventions that have enabled a change for the better in people's lives again speak for development cooperation. Indeed, in the eyes of the wider public, development cooperation enjoys high legitimacy in general.⁸⁰ Aid practitioners typically find themselves somewhere between these two positions, arguing that aid has made a difference but, with some changes to the way it is thought-out and delivered, could be far more effective (e.g. Riddell 2007). Pointing also to the fact that donor management systems and motivations for giving aid differ across donor countries, the OECD-DAC sets norms and standard practices for member countries and exerts peer pressure on members to adopt and abide by them.⁸¹ Having outlined some of the key features in the aid debate, the differing stances towards the role and functionality of foreign aid in global governance, as well as the motivations behind development cooperation, I will proceed to look at the specific goals that development aid is designed to achieve.

78 Riddell 1987: 81.

79 Riddell 2007: 91-92.

80 On public support to development aid, see Riddell 2007: 107-177.

81 Whitfield and Fraser 2009: 18.

Since 2001, the main international, often referred to as universal framework for these efforts has been formed around the Millennium Development Goals (MDGs).⁸² Indeed, in the UN Millennium Declaration of 2000, the 191 member states of the UN committed themselves “to halve, by the year 2015, the proportion of the world’s people whose income is less than one dollar a day and the proportion of people who suffer from hunger”. This is the first and most prominent of what have come to be known as the eight MDGs. In this context, hunger and extreme poverty is defined as the inability to afford “a minimum, nutritionally adequate diet plus essential non-food requirements”.⁸³ Intriguingly, the MDGs were designed primarily for developing countries, whereas the role of the developed countries was to support the achievement of these goals. However, the text of the Millennium Declaration itself also covers the global level of this endeavour, especially as regards global trade.⁸⁴

12. We resolve therefore to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty.

82 The eight Millennium Development Goals, including their targets: **Goal 1** Eradicate extreme poverty and hunger. *Target:* Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day. *Target:* Halve, between 1990 and 2015, the proportion of people who suffer from hunger. **Goal 2** Achieve universal primary education. *Target:* Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling. **Goal 3** Promote gender equality and empower women. *Target:* Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015. **Goal 4** Reduce child mortality. *Target:* Reduce by two thirds, between 1990 and 2015, the under-five mortality rate. **Goal 5** Improve maternal health. *Target:* Reduce by three quarters, between 1990 and 2015, the maternal mortality rate. **Goal 6** Combat HIV/AIDS, malaria and other diseases. *Target:* Have halted by 2015 and begun to reverse the spread of HIV/AIDS. *Target:* Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases. **Goal 7** Ensure environmental sustainability. *Target:* Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources. *Target:* Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation. *Target:* To improve the lives of at least 100 million slum dwellers by 2020. **Goal 8** Develop a global partnership for development. *Target:* Address the special needs of the least developed countries, landlocked countries and small island developing states. *Target:* Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. *Target:* In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. *Target:* Deal comprehensively with developing countries’ debt. *Target:* In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

83 Cf. the basic needs in the WCED Report.

84 <http://www.un.org/millennium/declaration/ares552e.htm>

13. Success in meeting these objectives depends, *inter alia*, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems. We are committed to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system.⁸⁵

Perhaps on a more negative note, the goals as such remain very limited, even more limited than at the World Food Summit in Rome four years earlier when the idea of halving extreme poverty and hunger was first affirmed.⁸⁶ When compared to the sustainable development agenda, it does focus on the basic needs but in the relatively minimalist way of using the World Bank established international poverty line as a computational basis for defining extreme or absolute poverty. This naturally sets the target for poverty reduction at a rather modest level both in terms of the number of people as well as in conceptualising poverty and the needs of the poor. Yet it was celebrated as the most important anti-poverty campaign. Importantly for policy coherence for development, MDG number 8 defines the targets for global economic governance under the title “global partnership for development”, calling for *nota bene: a further development* of an open, rule-based, predictable, non-discriminatory trading and financial system to service especially the least developed countries. This goal links the development policy-oriented agenda to that of global governance within the larger framework of sustainable development.

Trade in the Development Equation

Leaving the aid debate aside for a moment, I will now switch the perspective to the role of trade in development and development models. A fundamental question immediately emerges of how development and trade policies should consequently be organised so as to promote sustainable development. The beauty of the question lies in the fact that there is hardly any unambiguous answer, either in the history of development or in the theoretical literature that would provide a clear-cut answer for policy coherence for development. In this section, I will start with an overview of the debate and conclude with a summary of the key aspects for PCD in global governance.

⁸⁵ Millennium Declaration para. 12. – 13.

⁸⁶ Regarding this commitment, the Rome Declaration referred to the number of undernourished, while the latter Millennium Declaration speaks of halving the proportion of people suffering from hunger and extreme poverty by 2015. However, substituting ‘proportion’ for ‘number’ makes a considerable difference. The Rome Declaration promised a 50 per cent reduction in the number of poor by 2015. The Millennium Declaration only promised a 40 per cent reduction in this number. Pogge 2010: 58.

Since the demise of development strategy through import substitution in the 1980s, and the apparent success of the newly-industrialised countries of Asia with export-led growth strategies, trade and more specifically free trade, has gained an increasingly important role in donor-led development strategies. In this context, trade is often presented as “an engine of economic growth” and, through growth, of development. On the other hand, “trade and not aid” was the slogan echoed by the developing world in the debates around the new international economic order (NIEO). So essentially, the question is not and has never been between autarky (no trade, no international trade) and free trade as Stiglitz and Charlton (2005:12) continue to stress, but rather a choice among a spectrum of trade regimes with varying degrees of liberalisation and protection. Trade’s potential to act as a driver for development depends fundamentally on the existence of prerequisites in the form of domestic policies, institutions and infrastructure.⁸⁷ This again is an area where development cooperation and trade policies intersect. While the potential of trade *per se* in the development equation is often overemphasised or at least oversimplified, as even the most outward-oriented development strategies involve some degree of infant industry protection, domestic institution-building or government support, free trade as a key element in the development process is still largely undisputed in the development and trade nexus, especially in the Washington Consensus in the 1990s and in the development discourse of the early 2000s.⁸⁸

According to Stiglitz and Charlton (2005:12), the notion that free trade is one of the most fundamental doctrines in modern economies dates back at least to the classical economists Adam Smith (1776) and David Ricardo (1816). Both contributed to the process which led to the abolition of protectionist laws governing Britain’s agricultural trade, especially the corn trade, in 1846. This reform occurred in parallel with the Industrial Revolution and helped Britain to transform itself from a largely agricultural economy into the world’s dominant industrial and commercial trading power.⁸⁹ Even if Adam Smith is often best remembered for his metaphor of the invisible hand, Smith’s view of the functioning of the market is far less optimistic than what is commonly misquoted. However, it was in this specific context that he envisaged that a free market and free trade would benefit Britain.⁹⁰ Based on the premises that Smith had initiated, David Ricardo suggested that other countries could benefit in the

87 Cosby 2009: 87-89.

88 Cosby 2009: 86.

89 George 2010: 7-8.

90 George 2010: 8. However, this argument was most notably countered by Friedrich List (1885), who stated that the benefits of free trade elsewhere than in Britain can be gained only after a certain degree of development based on protectionist measures, which he also pictured as the ladders of British greatness.

same way from free trade with Britain by applying the principle of “comparative advantage”. This principle formed the very core of classical trade theory and its normative foundation in favour of free trade. Ricardo based his concept of comparative advantage on the assumption that free trade is beneficial because it allows each country to specialise in the goods that they produce *relatively* efficiently, and to gain from international trade by specialising in this way.⁹¹

A free market, and free trade as a part of it, have had their more recent intellectual roots in the ideas of Friedrich von Hayek (1949) and Milton Friedman (1990), which became popular due to the disillusionment with planning, particularly as practised by the former Soviet Union and Eastern European countries. The role of the state in economic affairs came under new increased scrutiny by both economic theoreticians and practitioners alike. Most notably from this perspective, it led to the development of the so-called Washington Consensus – a term originally coined by Williamson (1989)⁹² to refer to an agenda of desirable economic reforms in Latin America. The reforms quickly came to be seen as a model for the wider developing world, as they were already embodied in the thinking of the World Bank and the IMF. The ideational content of the Washington Consensus was based on the assumption that free markets and free trade were needed for the achievement of more rapid economic progress, and included among its major objectives: the privatisation of state enterprises, trade liberalisation, particularly the replacement of quantitative restrictions on trade with low and uniform tariffs, and openness to foreign direct investment. In practice, these issues formed the core of the structural adjustment programmes (SAPs) which many developing countries were forced to embark on in return for loan support from the IMF and the World Bank.⁹³ The benefits of the SAPs for poverty reduction were envisioned through the so-called “trickle down” effect from the rich to the poor.⁹⁴ Interestingly, Drexhage and Murphy (2010: 11), and Reed (1996) see the Washington Consensus as a fundamentally different, competing paradigm to that of sustainable development.⁹⁵

The theoretical concept of free trade refers to trade without government restrictions.⁹⁶ The concept of trade liberalisation thus refers to the *process* of the

91 Stiglitz & Charlton 2005: 24-25.

92 See Williamson 2008.

93 Thirwall & Pacheco-López 2008: 18-20.

94 Basically, the rich would benefit first, and then in the second round the poor would begin to benefit when the rich started spending their gains. Thus the poor benefit from economic growth only indirectly through the vertical flow from the rich. Although the poor will always gain proportionally less from the growth, poverty can still diminish; see for instance Kakwani & Pernia 2000: 2.

95 On the post-Rio 1992 Sustainable Development, see Drexhage-Murphy 2010, and more specifically on Structural Adjustment, the Environment, and Sustainable Development, see Reed (ed.) 1996.

96 Stiglitz and Charlton 2005: 12.

reduction of tariffs and the removal or relaxation of non-tariff barriers.⁹⁷ More specifically, the most common measure of trade liberalisation focuses on what is happening to tariffs and non-tariff barriers to trade.⁹⁸ In line with the Washington Consensus, trade liberalisation has often played a key role as an instrument of wider economic liberalisation and structural changes in a given society by re-dividing the policy space between domestic and foreign actors. These features relate essentially to so-called trade-related policies that actually regulate policies and practices “behind the border” such as investment, government procurement and competition policies. Indeed, much has changed since Ricardo’s times in terms of the quantity of international trade flows as well as the types of flows: from tangible goods to normative forms for regulating different legal aspects related to trade. Yet, the idea of comparative advantage is still very influential.

In theory, it is all very simple. If countries in favour of free trade would just adopt the notion that government restrictions to trade are unnecessary and harmful, every country need only remove all its barriers to trade for the assumed optimum to occur.⁹⁹ In practice, the empirical evidence from the past shows that the model of free trade has been used very selectively.¹⁰⁰ As Krugman

97 Stiglitz & Charlton 2005: 12, xxvi.

98 Thirwall & Pacheco-López 2008: 48.

99 George 2010: 13-14.

100 As Thirwall and Pacheco-Lopez (2008:17) point out, despite the putative arguments for free trade laid down by classical and neoclassical economic theory, it was never seriously practised by countries (except by Britain post-1850) until after the Second World War with the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947 and the general commitment by developed countries to the freeing of international trade in goods. As a matter of fact, many developed countries maintained quite high tariff levels, and non-tariff barriers, until the early 1970s, and many developing countries went down the protectionist route, particularly in Latin America (before the debt crisis) and parts of South Asia. Chang (2007) has conducted extensive studies into the role of protectionism in the early industrialisation phase of now-developed countries and reminds readers how none of the current developed nations of the world, including Britain, the US and the countries of continental Europe and Scandinavia, developed their economies on the basis of free trade. On the contrary, they heavily protected their domestic industries, and also did their utmost to prevent the countries that they colonised from competing with them. As for Latin American countries, Rodrik (2004:3) notes that the Latin America of the 1960s and 1970s was a region of import substitution, macroeconomic populism, and protectionism, while the Latin America of the 1990s was a region of openness, privatisation and liberalisation. The harsh truth is that per capita economic growth performance has been abysmal during the 1990s by any standards. The economies of Japan, South Korea, Taiwan, Singapore, Hong Kong, Malaysia, Indonesia and Thailand have recorded some of the highest export growth rates in the world since 1965 (average over 10 per cent per annum) and some of the highest GDP growth rates (average nearly 6 per cent per annum), but some of these countries have been very interventionist, pursuing export promotion and import substitution at the same time, particularly Japan and South Korea.

(1997) points out, if the conventional economic argument in favour of free trade were the only consideration, there would be no WTO and no trade negotiations. However, in reality, free trade is a subject of complex multilevel negotiations on trade rules and regulations due to the diverse interests related to international trade and the varying impacts that trade has in both developed and developing countries.

In this regard, Stiglitz and Charlton (2005: 12-13) continue to state that the pro-development trade agenda is effectively a complex task, including reforms both at the level of the international trading system and at developed and developing country levels alike. They argue that despite the free-trade rhetoric in the post-GATT Uruguay round, protectionism in developed countries still prevails to the detriment of developing nations. In fact, some of the developed countries that have been the most ardent advocates of trade liberalisation, such as those in the EU, have been somewhat duplicitous in their advocacy. They have negotiated under the GATT rounds the reduction of tariffs and the elimination of subsidies for the goods in which they have a comparative advantage, but are more reluctant to open up their markets and to eliminate their own subsidies in other areas where the developing countries have an advantage (e.g. agriculture, textiles, and clothing). Consequently, this results in an international trading system that is disadvantageous to the developing countries, which is disturbing considering the magnitude of world poverty. Along similar lines, Sunanda Sen (2005: 1023, 1025-1026) concludes in her review of the evolution of trade theory and its impact on policy that the traditional trade theory continues to be used to justify trade liberalisation in developing countries, notwithstanding the serious theoretical and empirical limitations embedded in these theories. According to Sen, these theories defended by the advanced economies still inform agenda-setting both at intergovernmental levels and in multilateral institutions like the IMF and the WTO. However, the policies pursued by the advanced countries themselves tend to rely on the new trade theory of strategic trade to protect their national interests. Young's (2007: 789-808) work on the EU is a case in point as he provides a more nuanced account of how the Union applies different approaches from traditional trade policy, and commercial trade policy to social trade policy, depending on the trade sector and the EU interests at the WTO Doha Development Round.¹⁰¹

101 Traditional trade policy focuses on so-called at-the-border measures such as tariffs and quantitative restrictions regulated by the GATT agreement including, most importantly, the Common Agricultural Policy CAP. Second, commercial trade policy addresses competition-focused measures including so-called behind-the-border measures regulating competition within domestic markets regulated by GATS, TRIPS agreements and partially CAP subsidies in the form of price support, as well as 'Singapore issues' of investment, competition policy and government procurement. Third, social trade policy deals with so-called market failure-focused behind-the

That said, it would be logical to think that trade liberalisation should be strategically used as an alternative in the developing countries as well. However, freedom of choice is not that straightforward. Dornbusch (1992) has identified four major pressures on developing countries that have led to the adoption of the free trade paradigm. These include an intellectual swing in favour of free markets; institutional pressures from the international institutions, namely from the World Bank and the IMF; greater awareness of the efficiency losses from restricting trade; and finally the alleged, or apparent, poor economic performance of countries pursuing protection.¹⁰²

But the picture is more complex than simply framing trade liberalisation as either good or bad. As Stiglitz and Charlton (2005:25) point out, trade liberalisation can promote development, but trade policies have varied across countries, and the evidence suggests that the benefits of liberalisation depend on a host of factors. Thus the implementation of trade liberalisation needs to be sensitive to national circumstances, and the sequencing of liberalisation is important. Further, Stiglitz and Charlton (2005: 25-29) define four channels through which trade liberalisation and free trade can deliver benefits and costs at a country level as assumed in the classical trade theory, and specialisation according to comparative advantage. First, on the beneficial side, trade liberalisation opens up foreign markets, expanding the demand for domestic firms' goods and enabling them to serve a larger market or even create new markets through regional integration, and realise gains from economies of scale. Trade liberalisation may make available a range of inputs at lower prices, lowering the costs of production. Liberalisation may also introduce more competition from foreign firms to the domestic economy, which may result in improvements to the efficiency of local production. Finally, trade liberalisation may, through various channels, affect the rate of economic growth that the writers maintain is the criterion against which the long-term effects of trade

border measures such as Sanitary and Phytosanitary (SPS) measures and those that address the "negative externalities" of free trade, such as potential threats to consumer safety and pollution. Related to this category of trade policy is the idea to use this sector of trade policy to export social regulation, including core labour standards and minimum environmental standards.

¹⁰² Dornbusch as cited in Thirwall and Pacheco-López 2008. Regarding the latter two pressures, Thirwall and Pacheco-López (2008: 19-22) clarify that the major empirical studies on the efficiency loss from restricting trade were commissioned by the Organisation for Economic Co-operation and Development (OECD) and the National Bureau of Economic and Social Research in the US, showing the apparent failure of import substitution policies (see, for example, Little et al. 1970; and summaries of this and other studies by Bhagwati 1978 and Krueger 1978). As for the premise of poor economic performance of developing countries under protective trade policies as a motive for liberalisation, this is not factually accurate in the light of the examples of Latin America, Asia or Africa as many of the states in these regions have experienced worse growth performance in the structural adjustment period of the post-1980s than in the pre-liberalisation era.

liberalisation are determined. However, they also point out that there is actually weak evidence in favour of a direct relationship between trade liberalisation and economic growth. On the other hand, they refer to Rodriquez and Rodrik, who point out that there is no credible evidence that trade restrictions are systematically associated with higher growth rates either.¹⁰³ Thirwall and Pacheco-López point to the fact that there are several analytical difficulties in conducting research in this area, and in assessing the results.¹⁰⁴ When compared to the interrelationship between trade liberalisation and economic growth, the economic literature has been more successful in demonstrating the importance of variables other than trade liberalisation for economic development, including education, institutions, health and geography.¹⁰⁵

In addition, much hinges on the role that is given to trade policy in this equation. In other words, it requires an understanding of what it is that trade policy is expected to deliver and to whom. That said, in the short to medium term, the poor may disproportionately suffer the pains of transition associated with liberalisation, particularly in the absence of adjustment measures or social safety nets.¹⁰⁶ This situation can be described in Bhagwati's (1988) terms as "immiserizing growth" if high growth increases inequality. To tackle this phenomenon, the concept of pro-poor growth and *redistribution with growth* or *broad-based growth* was put forward by the World Bank reports of the early 1990s. The Asian Development Bank (1999:6) defines growth as being pro-poor when it is labour absorbing and accompanied by policies and programmes that mitigate inequalities and facilitate income and employment generation for the poor, particularly women and other traditionally excluded groups.¹⁰⁷ Kakwani and Pernia (2002) argue further that pro-poor growth as such marked a major shift from "Trickle-down development", the dominant thinking of what can be considered the "neoliberal" paradigm that is also at the core of the Washington Consensus agenda. In particular, the role of the poor in pro-poor growth is one of active participants, whereas in trickle-down development the poor are

103 Stiglitz & Charlton 2005: 34-35.

104 For more on the question of trade liberalisation and economic performance in terms of growth, see Thirwall & Pacheco-López 2008: 85-100.

105 Stiglitz & Charlton 2005: 33.

106 Cosby 2009.

107 According to Kakwani and Pernia (2000: 1-3), promoting this notion requires a strategy that is deliberately biased in favour of the poor so that the poor benefit proportionally more than the rich so as to provide them with the necessary resources to meet their minimum basic needs. By reframing the pro-poor growth in these terms, they link it closely with Amartya Sen's concept of well-being based on capabilities that are connected with the freedom people have in their choice of life. Drawing on Sen's thinking, they define pro-poor growth as one that enables the poor to actively participate in and significantly benefit from economic activity.

passive recipients of the benefits through the agency of the rich. In addition, with trickle-down development, there is no need for strategic thinking in terms of directing the growth benefits to the poor in a larger developmental framework. In sum, trade liberalisation may offer opportunities, but these opportunities should be handled with care.

Furthermore, in the context of developing countries' economies, the free trade paradigm faces additional challenges. In some countries, the need for government revenue is a rational argument to maintain border tariffs to collect trade taxes. This is simply because in the absence of other functioning systems of indirect tax collection through income or commodity taxation (e.g. VAT), the tariffs are still the main stable source of government revenue and public spending.¹⁰⁸ Also, the standard argument in favour of trade liberalisation is that it improves the average efficiency in a country, but this depends on the country context. Imports from foreign producers may destroy some inefficient local industries, but competitive local industries are supposed to be able to take up the slack as they expand their exports to foreign markets. In this way, trade liberalisation is supposed to allow resources to be redeployed from low-productive protected sectors into high-productivity export sectors. But this argument assumes that resources will be fully employed in the first place, whereas in most developing countries unemployment is persistently high. In practice, trade liberalisation often harms competing local import industries, while local exporters may not automatically have the necessary supply capacity to expand. Hence the jury is still out on the question of whether trade liberalisation is actually the right way to go – or rather how far and under which conditions poorer countries should go down that path.

At the level of trade governance, the GATT agreement recognises the fact that there are remarkable differences in countries' needs and their capacities to engage in trade liberalisation. Therefore, a uniform set of multilateral rights and obligations would simply be dysfunctional and unjust. In an attempt to create a more balanced legal framework, GATT members adopted the premise that *equal treatment of un-equals is unfair*.¹⁰⁹ This idea was enshrined in the special and differential treatment (SDT) principle and codified in the Tokyo Round's GATT Enabling Clause.¹¹⁰ Since the establishment of GATT in 1948, special and differential treatment has been present in the development and trade debates.¹¹¹ Building on the debates under UNCTAD and the New International Economic Order in the 1970s, the SDT was further defined in 1979. The main

108 Stiglitz & Charlton 2005: 28.

109 Sampson 2005: 193.

110 Sally 2004: 109-110.

111 Keck & Low 2006: 147-148.

features of the SDT include improved market access granted to certain selective imports from developing countries to developed country markets at tariff rates lower than the most favoured nation (MFN) level that is applied to all other members of the GATT/WTO without reciprocal concessions. Hence the SDT principle is essentially related to non-reciprocity. This in turn facilitated the operation of unilateral preferential trading schemes between developed and developing countries such as the Generalized System of Preferences (GSP). The SDT principle also allows exemptions from GATT disciplines; and more space for using certain restrictive trade policies, as well as longer phase-down periods and flexibility in implementation so as to safeguard what is perceived as development interest.¹¹² However, as Sampson (2005: 193) notes, the number of different SDT-related provisions has increased to 155 since the creation of the GATT agreement. What makes their application difficult in practice is that these provisions do not constitute a single entity as such, but are scattered throughout the legal texts. This also leaves significant room for manoeuvre for those who are in a position to have a say on what passes for an acceptable interpretation. Furthermore, since the GATT Uruguay Round (1986-1994), the so-called Single Undertaking principle has complicated the application of the SDT principle. According to the Single Undertaking principle, *all* WTO members have to comply with the obligations of all the Uruguay agreements, with relatively minor exceptions.¹¹³

To summarise, the tension between theory, principles and practice related to trade liberalisation makes the issue area an intriguing one for the analysis of power as defined by Barnett and Duvall (2005). In particular, it is interesting in relation to further enquiry into the normative power EU when examining the norms that are being advocated to direct North-South trade and policy coherence. In addition, it is of interest when probing who has the power to define what the enigmatic policy coherence “for” development entails and how the consensus has been reached.

112 Özden and Reinhardt 2006: 189, Ismail 2006: 213, and Sampson 2005: 193.

113 Sally 2004: 109.

3 CONTEXTUALISING THE EUROPEAN CONSENSUS

In Chapter 3, I contextualise development policy by addressing the internal and external factors that have defined the role of development policy in the Union. This is essential for the further understanding of the nature of the EU's development policy and its position in the EU's political system. Methodologically, the contextualisation of policy is also very relevant from the point of view of discourse production and practices.¹¹⁴ First, I start with the institutional jungleland nesting the EU's external policies before the period of the Lisbon Treaty. Second, I take a leap back in time and discuss the historical evolution of the European development policy and its key elements: development assistance and trade. In addition, I also follow the changes in norms that regulate them. Third, I look at the institutional position of development policy in the EU external relations inside the Union before the European Consensus (2005). Then I briefly discuss the international context and the EU's own external relations context in which the European Consensus on development was conceived. In this section, I start to draw on my interviews, which complement the contextual background constructed from the literature and official documents.

3.1 THE JUNGLELAND OF INSTITUTIONAL ACTORS

While the EU's claim to fame as the world's leading donor of official development assistance (ODA) is widely acknowledged, it is far less clear "who" that "EU" in international development actually is. The shared competence between the Community and the member states raises the old question of who to call if you want to discuss the EU and world development. Therefore it is justified to proceed with a short overview of the key institutions, their main roles and relations in the Union. The first of these is the European Commission and its services, whose role I look at in a more detailed manner due to their central position in the EU development policy formation and development and trade nexus. Next, I will go on to discuss the role of the European Parliament, followed by the Council and its working groups. Acknowledging that the inter-institutional relations have been very much the focus of European studies, the purpose of this section is not to replicate what has been already said in various books on the European Union and its institutions. Rather, the aim here is to look at the modes of policy-

¹¹⁴ Cf. Heberer 2006:21, Fairclough 2003.

making and inter-institutional roles in terms of the larger framework for the EU development policy and policy coherence for development. It is also the context which influences the policy initiation, formulation and content. The institutional structures are also important from the point of view of defining the EU's stance towards development and trade-related coherence, and the resulting normative approaches in the pre-Lisbon era.

The European Commission in the Institutional Context

In discussing the overall role and functions of the European Commission, Cini (1996:15-16) highlights the idea of Europeanism and the common European interest that the Commission seeks to safeguard. In her view, this often neglected Europeanism provides an excellent starting point for addressing this institution, as most of what the Commission does “either flows from this function or at the very least, is strongly shaped by it”. However, the difficulty of this role lies in the fact that being the protagonist where the European interest is concerned is largely a self-proclaimed institutional identity without any clarification in treaty texts. Cini also reminds readers that in the early days of the Community, it was commonplace to see the Commission as an institution capable of mitigating sectoral interests and as an actor above the day-to-day struggles of national politics. Pollack (2005:50) notes that at least by the EU's institutional design, the Commission can play a central role as it was designated as both secretariat and proto-executive in the EU's institutional system. By virtue of these capacities, the Commission has been well-placed to present an overview of an issue in Europe, as well as to adopt a European-wide position on policy issues.¹¹⁵ Indeed, the Commission has been centrally involved in EU decision-making at all levels and on all fronts.

In defining the role of the Commission, Nugent (2006) argues that it is, in reality, more than the Union civil service that it is often portrayed to be. It is more in the sense that the treaties and political practices have assigned to it much greater policy- and law- initiating powers, as well as decision-making powers than those enjoyed by national civil services.¹¹⁶ In terms of actual powers vested in the Commission, Cini (1996) singles out the three most prevailing ones that constitute the Commission as a political, legal and administrative body.¹¹⁷ The list of related roles includes policy-initiator, formulator, think-tank, manager, defender of legal order and consensus-builder.¹¹⁸ Nugent (2006)

115 Cini 1996: 17.

116 Nugent 2006: 155-160

117 Cini 1996: 32-35.

118 See Cini 1996.

sees the Commission's roles as those of proposer and developer of policies and legislation, executive, guardian of the legal framework, external representative and negotiator, mediator and conciliator (especially in the Council of Ministers), as well as promoter of the common interest.¹¹⁹ The latter – according to Cini (1996), is first and foremost manifested in the function of policy initiation or policy formulation. I will return to these roles in Chapter 4.

Regarding policy initiation and formulation, there are two levels: those of sectoral policies and those related more generally to European integration *per se* and the very project of developing the European Union.¹²⁰ Therefore, the Commission plays a central role in shaping the Union's normative power.¹²¹ However, this function is shaped by the Council in the areas of shared competence such as development policy.¹²² In other words, when analysing decision-making related to development policy and the process of policy formulation, in practice we look at the Commission's involvement in trying to bring about these agreements on policy contents, and a great deal of its time is taken up looking for common ground. What is important to note is that the mediation takes place at two levels: within the Commission services (as will be discussed in more detail below) and between the Commission and the member states. According to Nugent (2006), this mediating and conciliating role sometimes obliges the Commission to be guarded and cautious with its proposals. He explains that:

radical initiatives, perhaps involving what it really believes needs to be done, are almost certain to meet with fierce opposition. More moderate proposals on the other hand, perhaps taking the form of adjustments and extensions to existing policy, and preferably presented in a technocratic rather than an ideological manner, are more likely to be acceptable.¹²³

119 Nugent 2006: 166-189.

120 In Cini's (1996: 18-19) terms, the Commission may act as a catalyst for a policy-making process, or in broader terms, the institution responsible for the overall course of European integration. Similarly,

121 Hewitt and Whiteman (2004) point to the fact that every time the EU has been taken forward in terms of integration (be it related to the setting up of the single European Market or the formation of its Treaty base), there has been an initiative from the Commission. These major development undertakings are often directly associated with Commission Presidents, such as Roy Jenkins (EMU) and perhaps most visibly with Jacques Delors (Single Market, the European Union and the Maastricht Treaty).

122 Similarly, Nugent (2006: 166-167) points to the fact that even before the Lisbon Treaty, the Commission had proposing and initiating powers under pillars two and three of the EU (in the latter case, since the Amsterdam Treaty), but these were shared with the member states. This is why the interaction between the Commission and the Council becomes so crucial.

123 Nugent 2006: 187.

The Commission as an institution is organised into Directorates-General (DGs), which were historically known by their numbers, but as of 1999 by the name of each main area of policy activity.¹²⁴ The staff of the DGs consist of European civil servants, recruited mostly in competitions across the member states. The core staff are supplemented by seconded national experts and temporary staff. One DG leads on each policy topic (e.g. development, trade issues), as the so-called *chef de file*.¹²⁵

In the pre-Lisbon context, from the EU development cooperation point of view, a notable issue here is the division of labour as regards the political organisation of development cooperation policy between DG Development and DG RELEX. In addition, with regard to development financing, DG Enlargement dealing with pre-accession funds played an important role in the 1990s and early 2000s, but its role continues to be relevant. DG Ecfm, in turn, is responsible for economic monitoring and dialogue with third countries, and it also manages macro-financial assistance. Moreover, it has a say, for instance, in questions related to developing country debt issues.¹²⁶ Finally, the thematic DGs work in development-related fields, for instance in relation to the environment with its increasing criss-cross development cooperation due to the climate change agenda, not to mention the often opposing camps around trade liberalisation, namely DG Trade and DG Agriculture.

In terms of policy process, Nugent (2006: 163-166) describes the route followed in drafting the Commission's outputs according to a model whereby an initial draft is usually written at middle-ranking policy-grade level in the *chef de file* DG. Outside assistance from different sources is sought or contracted if appropriate. The sources include consultants, academics, national officials and experts, and sectional interest groups. The contents of the draft are likely to be determined through a combination of existing EU policy commitments, the Commission's annual work programme, and guidelines that have been laid down at senior Commission and/or Council levels. The draft is passed upwards – through superiors within the DG through the cabinet of the Commissioner responsible, and through the weekly meeting of the chefs de cabinet – until the College of Commissioners is reached. During its passage, the draft may be extensively revised. Nugent (2006: 163-164) highlights the fact that the College of Commissioners can do virtually whatever it likes with the proposal. It may

124 Pollack 2005: 53.

125 Nugent (2006: 167) reports that in an average year the Commission presents around 400 proposals (often in the form of Communication), recommendations and draft instruments for adoption by the Council or by the EP and the Council, about 40 directives, 150 regulations and 200 decisions. Additionally, it presents 300 or so communications and reports, plus a handful of White and Green Papers.

126 Carbone 2007a: 47.

accept it, send it back to the DG for redrafting, or refuse to take a decision on it altogether. However, there may be departures from this “model” route in urgent cases and in cases that demand extensive consultations between different DGs. The latter is often the case with development and particularly where trade-related proposals are concerned as they cut across the Commission’s services. This may also give rise to conflicts, which are often mitigated internally, however.

Carbone (2007a: 4-5) points to the fact that although the European Commission should act like a unitary actor, tensions are likely to occur between the DGs, between Commissioners and the Services. So in fact, significant opposition to the *chefs de file* may arise from inside the Commission and, even more notably, from the individual member states, weakening the Commission vis-à-vis the Council. In a sense, the Commission has a sort of dual role: internally it is an arena of action for different sectoral DGs and interests, but externally it aims to be a single actor.¹²⁷ What is crucial is that the Commission must first minimise the causes of its internal incoherence and inefficiency.¹²⁸ This may be difficult due to different interests that are linked to their briefs and sector logic rather than any national interests. Again, Carbone (2007a: 20-22) stresses that there are ideological conflicts manifested through preferences on policies and programmes which are, in turn, influenced by the mission, culture and policy of a given DG. Moreover, he argues that the inter-service or inter-DG conflicts are not solely a matter of material interests, but also a matter of different world views. In addition, there are territorial conflicts between the DGs, which concern the responsibilities between the Commission services. These types of tensions are typical of the intra-institutional power within the Commission.¹²⁹

Along similar lines on internal coherence, Nugent (2006: 166) maintains that relationships both within and between DGs tend to remain vertical. Some DGs are also more independent than others. Department and policy loyalties do not encourage integrated approaches if policy competences are jealously guarded. The sheer workload of Commission staff makes it difficult to look and plan beyond immediate tasks.

In order to maintain a solid external image, however, the Commission has a number of mechanisms at its disposal that aim to rectify the problem of horizontal coordination. At the highest level (before the Lisbon Treaty in 2009), Nugent (2006) for instance points to the role of the President of the Commission, which had a generally expected coordinating responsibility. Below

127 Cf. Carbone 2007a.

128 Carbone 2007a: 21, referring to Cram 1999 and Nugent 2000.

129 Carbone 2007a: 20-22.

that remains the College of Commissioners, which in theory at least was in a strong position to coordinate activity and have a broad view of the Commission's affairs. Everything of importance is referred to the Commissioners' weekly meetings in portfolios, and these meetings are always preceded by other preparatory meetings. In addition, informal and ad hoc consultations may occur between Commissioners who are particularly affected by a proposal. Groups of Commissioners in related and overlapping policy areas exist for the purpose of facilitating liaison and cooperation, and enabling discussions at College meetings. For instance, amongst the groups of Commissioners in the first Barroso College (2004-2009) were Commissioners on the Lisbon Strategy, External Relations, and Competitiveness.¹³⁰ In this context, development policy fell under External Relations, whereas the Global Europe Strategy of Trade formed a part of the external dimensions of the Lisbon Strategy as well as that of Competitiveness.

At the horizontal level of DGs, the main institutional agency promoting coordination is the Secretariat General of the Commission, which is specifically charged with ensuring that proper coordination and communication takes place across the Commission. In the day-to-day practices of the Commission DGs, inter-service groups and meetings are the most important of these coordination arrangements. This is also the case with development policy or other policies whose agendas tend to overlap with other sectoral policies. In practice, every significant initiative that the Commission launches goes through this inter-service consultation process. The significance is assessed by the DG that initiates the process in terms of importance to its own agenda or to other sectoral DGs of the Commission. For instance, Commission Communications are an example of the type of documents that need to be discussed and agreed on internally before the services send the proposal to the college or to the body that has the power to adopt it. The purpose of the mechanism is to coordinate and streamline Commission policies so as to ensure that the Commission speaks and acts as one despite the differences between the sectoral priorities.

In practice, therefore, the DG in charge of the issue area acts as the leading DG or the *chef de file* that informs other DGs that it sees as relevant to the issue in question, and asks them to comment on the draft proposal.¹³¹ In addition, there are also task forces, project groups, and numerous informal and one-off exchanges from Director General level downwards. It is also very common and recommendable that sectoral units inform their counterparts in other sectors from an early stage of an initiative and do not wait until a formal process is launched or any official meetings

130 Nugent 2006: 164-165.

131 In fact, there are three possible categories of replies: positive opinion, positive opinion subject to comments, or negative opinion.

are scheduled.¹³² However, despite these various coordinating arrangements, Nugent (2006) still argues that a feeling persists that the Commission continues to function in too compartmentalised a manner, with insufficient attention being paid to overall EU policy coherence.¹³³ This of course begs the question of what position it leaves for policy coherence for development if overall EU coherence is difficult to achieve. And, on the other hand, if it is safe to assume that overall EU coherence is important for maintaining the integrity of the Union, how does this priority impact the developmental norms that the EU seeks to promote?

The European Parliament as a Policy-Maker

Compared to the member states and the Commission, the role of the European Parliament in development policy has been less central as its main power lies in the legislative and budgetary processes. As for the latter, in the development policy context, one should bear in mind that the European Development Fund (EDF) for EU-ACP development cooperation has throughout the years remained external to the Union budget (see Sub-chapter 3.2). The third dimension of parliamentary influence, the control and supervision of the executive, offered an avenue for inter-institutional encounters even before the Lisbon Treaty.¹³⁴ The difficulty stems from both the complexity and sensitivity of the task.

At the level of day-to-day politics, the EP standing committees and their members may also exercise supervisory functions if they so wish. However, this possibility is under-utilised due to the limited resources that the committees have. On the other hand, the Commission does not encourage investigations itself.¹³⁵ Nevertheless, as the only directly elected institution, expectations have been growing for the Parliament to use its increasing powers to remedy the democratic deficit of the Union. Particularly in the 1990s, the empowering of the EP was widely seen as a natural step towards a true “political union”.¹³⁶ Shackleton (2006:113) concludes that the Parliament was more likely to have an effect on outcomes at the level of policy-making (and of course also regarding legislation directing policies) rather than in “history-making” and “policy-implementing decisions” before the Lisbon Treaty.

132 This happens through a Commission IT tool called CIS-net (*Consultacion inter Services, CIS*). The DG in charge uploads the proposal with a cover note and addresses it to the coordinating units of the contributing DGs. A normal time frame for the response is around 10 days depending on the document and the kind of reply it receives. This specific information was not found elsewhere in the literature and was provided in an interview with the interviewee EC [12] 2009.

133 Nugent 2006: 166.

134 On the EP powers, see Nugent 2006: 240ff.

135 Nugent 2006: 253.

136 Shackleton 2006: 104-105.

In this respect, most of the detailed work of the Parliament is conducted within twenty policy-specialised committees whose political composition broadly reflects the Parliament as a whole. In this constellation, there are, for instance, the Committees on Development (DEV), on Trade (INTA), on Agriculture, and the Committee on Foreign Affairs that work in conjunction with development and trade. What is notable is the degree of autonomy that these committees enjoy under the EP rules in the period of this research. All legislative (or policy) proposals are referred directly, without debate, from the plenary to the appropriate committee. The responsible committee appoints a *rapporteur* who follows a legislative proposal from its inception to the conclusion of the whole procedure. The role of the *rapporteur* is crucial as the committee adopts a position based on his/her work that will normally also prevail in the plenary unless the committee members fail to find a consensual ground and voting is needed.¹³⁷ Another important function is that of the co-coordinators appointed by the different political group, whose role is to steer discussions and guide other MEPs to vote during parliamentary committee meetings and plenary sessions.¹³⁸

Shackleton (2006: 112-133) argues that when it comes to policy-making, the role of the committees is important in terms of providing an effective mechanism for finding agreement across political groups. In addition, when compared to the Council's or to the Commission's ways of working, all committee meetings have been held in public since 1999.¹³⁹ This often results in overcrowded meeting rooms with lobbyists, national government officials, foreign delegates, NGO representatives, or officials from the other EU institutions in addition to those who are there "on duty".¹⁴⁰ In practice, the MEPs address the Commission and the Council with different types of questions: written and oral, with debate as well as issue opinions to shape the Union policies. However, the extent to which the inputs of the parliament (other than legislative) are taken into account varies by policy sector.¹⁴¹ However, Wallace (2005: 66), for instance, points out that the Consultation power that the parliament has applies to Commission proposals to the Council, which are passed to the EP for an Opinion. In this regard, the EP may suggest amendments, delay passing a resolution to formalise its Opinion, or refer matters back to its relevant committee(s).

137 Shackleton 2006: 112–113.

138 Karadenizli 2007: 42.

139 Shackleton 2006: 112-113. However, in practice, gaining access to the Parliament and actually being present at the committee meetings as an ordinary citizen is not as simple as it sounds. I failed to gain access as a researcher although I had submitted an application to the accreditation centre, including a list of activities and meetings in the Parliament that had already been confirmed. In my case, the situation was resolved thanks to an invitation from a Committee member.

140 Shackleton 2006: 112-113.

141 This issue was also brought up in the interviews EC[1] 2008, CSO[20]2009 and EC[30]2009.

The Council of Ministers in Development Policy

The Council of Ministers forms the arena where national interests are articulated, defended and aggregated by ministerial representatives of the member governments. Thus it is the main meeting place for competing or converging national views in Union politics. The Council of Ministers plays an important executive role, implying direct responsibility in some intergovernmental policy areas such as the CFSP. Perhaps even more crucially for our topic, the Council of Ministers provides an arena where the member governments participate in policy formulations in areas where the Union does not have a clear collective power.¹⁴² In addition, it is also an arena where historical processes are steered and the future orientations of the Union are decided. Most decisions are again taken by consensus; therefore the Council also has a strong mediating role. It also adopts Union legislation in tandem with the European Parliament. These key functions have also contributed to the fact that the EU member states remain very centrally placed in Union politics.¹⁴³ Thus they also have a strong say in the kind of normative views that emerge from the EU.

Since 2002 (and before the Lisbon Treaty), development policy has been dealt with under the General Affairs and External Relations Council (GAERC) in the Council's configurations. On the occasion of the Seville Council in 2002, a separate Development Council was abolished and development issues were merged with the Foreign Ministry- dominated GAERC, which has the largest brief amongst the nine ministerial Councils, including foreign affairs matters and external trade.¹⁴⁴ Nugent (2006:195) also points to its loose overall responsibility vis-à-vis policy initiation and coordination as well as in tackling politically sensitive issues. In addition, this includes responsibilities related to the operations of the European Council in terms of preparations and follow-up.

Committees and Council working groups are set up to assist and prepare the work of the Council of Ministers and the Committee of Permanent Representatives (COREPER). The latter consists of member-state delegates based in Brussels, as well as other senior officials from appropriate national ministries. COREPER prepares Council meetings and represents the Council in the meetings with the EP.¹⁴⁵ The role of the Council working groups is specifically to carry out detailed analysis of formally tabled Commission proposals. In turn, they report on their analysis to COREPER or to one of the Council's senior committees. These proposals include, for instance, Communications from the Commission and, for

142 Nugent 2006: 191-195.

143 Hayes-Renshaw 2006: 60, Nugent 2006: 194.

144 van Reisen 2007: 54-55, Carbone 2007: 48.

145 Nugent 2006: 199-200.

the purposes of this study, the Commission proposal for the EU development policy, as will be discussed in the succeeding chapters on the policy process. In general, the number of working groups in existence depends on the overall workload of the EU and the preferences of the presidency in office. The main working group for development policy is the Working Group on Development Co-operation (CODEV). Despite the abolishment of the Development Council in 2002, it has nevertheless maintained its rather institutionalised nature. Finally, the proposals are approved in the Council Conclusions agreed by the Council of Ministers concerned.

Other development-related issues are discussed in their respective thematic working groups. Most importantly for our theme, the Article 133 Committee deals with trade policy with a view to ensuring internal coordination. Any significant action undertaken in the name of the Union in international trade negotiations is preceded by discussions in this Committee. In particular, it drafts the briefs that the Commission negotiates on behalf of the EU with third parties (the Committee's draft is referred, via COREPER, to the Ministries for approval). It also acts as a consultative Committee, for instance, if problems arise in the negotiations and new directions are needed.¹⁴⁶

Although there are no formal obstacles to consulting other working groups on issues that are likely to have an impact on other policies, nor are there any established means to do so. van Schank et al. (2006) point to the lack of standing procedures for facilitating interaction between CODEV and other working groups, and to the scant evidence for such consultation. Building horizontal linkages is often considered something additional to the already heavy agendas. However, in respect of policy coherence and integration, it would be essential.

Inter-institutional Rivalries and Competing Coalitions

If cross-cutting issues are difficult for intra-institutional cooperation, they are even more so for inter-institutional relations. Hayes-Renshaw (2006) describes the inter-institutional relations as being based on natural rivalry, cooperation and competition. Natural rivalry exists between the Council and the European Parliament, as is often the case in national politics between executive and legislator. By the same token, Council and Commission skirmishes are often presented as battles for dominance. In this respect, the EU development policy

¹⁴⁶ Nugent 2006: 200. In general, working groups meet as and when required, usually with an interval of at least three weeks between meetings. However, the Article 133 Committee meets once a week on Fridays, and the full line-up, including very senior officials in the national Ministries of Trade (or equivalent), meet monthly, while the middle-ranking level from the Ministries or Permanent Representations meet three times a month.

provides an interesting angle to this debate. This is because the very existence of development policy in the Union is underpinned by a tension between the member states' bilateral policies and the Commission's attempts to create a common multilateral donor identity at the EU level. Often, the tension gets crystallised into the question of "Europeanisation" in the field of development policy.

Loquai (1996: 1) explains the concept of Europeanisation based on Lingnau's (1991: 99) definition, which singles out three elements of Europeanisation: coordination, harmonisation and communitisation. Drawing on these elements, Europeanisation has been defined as the "process of more intense co-operation and harmonisation, which will finally lead to a communitisation". For Pollack (2005: 40), Europeanisation is more generally a process whereby EU institutions and policies influence national institutions and policies within the various member states. In this respect, it should be noted that the idea of Europeanisation of development cooperation has seldom been explicitly presented in terms of communitisation due to the member states' strong interests in their bilateral development cooperation.¹⁴⁷ Indeed, some of the key member states tend to consider development policy as an area of their national sovereignty which should not be intruded upon by anybody, not least by the European Commission.¹⁴⁸ At the same time, coordination and internal coherence are needed in order to guarantee at least a minimal level of complementarity.

As Loquai (1996) rightly notes, there was no grand design to European development cooperation either, until the Treaty of Maastricht came into force. Before that, European development cooperation was more of a patchwork of different legal provisions, and fragmented competences, marked by a great heterogeneity of policy interests (commercial, foreign policy, cultural and similar) other than those of development cooperation. In addition, the more recent debate on the harmonisation process of donors' administrative norms and procedures has been mainly driven by development communities' own pressures, rather than by the aims of EU integration. Nevertheless, Loquai (1996) maintains that the idea of Europeanisation was revived before the Treaty of Maastricht. However, the idea did not quite materialise in the Treaty itself, which leaves the policy area open to competing interpretations and power struggles between the Commission and the member states represented in the Council.

According to a more equalitarian interpretation, the member states and the EC share competences which are demonstrated alongside each other. On the other hand, based on the principle of subsidiarity, some of the member states maintain that the EC development policy is actually subordinate to the development

147 Loquai 1996: 6.

148 Carbone 2007a: 5-6.

policies of member states.¹⁴⁹ Regarding this debate, the European Court of Justice has established two important guidelines: first that the EC and member states share development policy competences and second, that the interrelations are essentially a two-way street in the sense that if the EC adopts a decision, member states cannot undertake actions that have adverse consequences for the EC development policy. First and foremost, this decision implies that the European development policy should be free from internal incoherencies.

In development policy-making, however, the right of initiative rests with the Commission. In addition, as Nugent (2006: 187) claims, in general the Commission is particularly well placed to act as mediator and conciliator. In many instances, the Commission is simply in the best position to judge which proposals are likely to gain support, both inside and outside the Council. This is because of the continuous and extensive discussions which the Commission has with interested parties, from the earliest considerations of a policy proposal through to its enactment. Unlike the other institutions, thanks precisely to its power to initiate proposals, the Commission is represented at virtually every stage and in virtually every forum of the EU's decision-making system.

Although the role of the Commission has been central to the endeavours to form a unified EU stance in development policy, this does not imply that the Commission would automatically play the leading role. In his study on the politics of EU foreign aid, Carbone (2007a: 2, 20-21) singles out three main factors that should be seen as preconditions for such a position. These include first, the Commission's ability to act as what Carbone calls an *institutional entrepreneur*. This definition refers to a Commission service that is politically proactive and which enjoys the full support of its own administration. Second, the Commission is internally cohesive without major cleavages between its different services. Third, it is willing and able to use a repertoire of tactics. Additional conditions are then related to a number of contextual factors such as adaptation in member states, the opening of policy windows either internally or in international politics, and the nature of the EU presidency country, which can be co-operative or critical and which may increase or decrease the likelihood of a thriving Commission leadership.

The interrelationship between different member states and the Commission culminates in the Commission-EU Council Presidency interaction, as each member state holds the rotating presidency in turn supported by the Council secretariat.¹⁵⁰ The presidency leads the operation of the Council on a six-month basis. This includes chairing and being responsible for the necessary preparations for all meetings of the Council. This central position gives the presidency country

149 Hoebink 2004, Schrijver 2004.

150 Hayes-Renshaw 2006: 60.

a privileged position vis-à-vis policy formulation when compared to the other member states. How this position is then used depends on the country and issue in question. Carbone (2007a: 48) points to the differences between the presidencies; some are interested in achieving “good compromises” between different interests while others are more concerned with their national agendas. As one can imagine, the background of the presidency country has a great impact on the way in which development policy is approached during each presidency. Differences in orientations and resources invested in this policy field may vary considerably between member states. For some member states, the long-term, often historical ties and/or investments in development cooperation that form a part of their foreign policy cause this issue area to be particularly sensitive. On the other hand, the new member states that have joined the EU in the 2000s do not have similar linkages or national policy. Nevertheless, development policy discussions have provided an arena for highlighting their new international identity.¹⁵¹ Therefore, the diplomatic and organisational capacity to hold the presidency may vary between different member states. Additionally, their take on “packaging and selling the common European good” can also be swayed by their specific national interests. But this is not to say that any member state, especially the one holding the presidency, would not have strong opinions on what should be done, when, where and by whom.

What is important to note is that these types of challenges are by no means unique to development policy. As H. Wallace, W. Wallace and Pollack (2005: 8, 21) point out, for the member states, the EU arena is only part of a wider pattern of policy-making beyond the nation-state. In many areas of public policy, including those within which the EU is active, there are broader transnational consultations and regimes that constitute global governance. In particular in the case of development policy, they are part of a continuum of policy-making that spreads from the member-state level, through the European arena, to the global level. Here, the EU provides the main junction through which connections are made between the country level and the global sphere. What makes this role even more challenging for development is this choice to link the EU’s common policy and the member states’ bilateral development policies with those of international organisations such as the WTO and the OECD/DAC, while at the same time contributing to and shaping the EU-level policy and its normative alternatives for policy coherence for development.¹⁵²

151 The subject of old and new member states was a recurring one in the interviews, with several informants referring to this division: Council[6]2009, Academia[8]2009, CSO[19]2008, Council[28]2008, EC [30]2009, CSO[31]2008 and EC[34]2009. The subject was not evident in the previous literature, however.

152 Cf. Holland 2009: 37-38.

To return to the question of “who” the EU is in development policy, one must understand the dynamics that underpin the shared competency between the member states and the Commission. I address this issue in two dimensions: the member states’ commitment to development in their bilateral policies and their approach to Europeanisation under the EC. In elaborating on the member states’ commitment to development policy, Carbone (2007a) has divided the member states into four groups according to their performance as donors.¹⁵³ These groups are the big three, the northern member states, the southern member states, and the eastern member states. The big three consist of the biggest bilateral donor countries of the UK, France and Germany. They are significant development actors both within the EU as well as in international development at large.¹⁵⁴

From the point of view of Europeanisation, the UK stands out as a particularly difficult member state.¹⁵⁵ Since 1997, it has enforced its role in international development and ranked high as a donor both in terms of quantity and quality.¹⁵⁶ It is a very active international player in its own right and masters a web of its own, including the Commonwealth countries and development partners worldwide. The UK also emphasises the poverty eradication objective and has focused aid allocations on Sub-Saharan Africa, paying special attention to the least developed countries in general.¹⁵⁷ Furthermore, it has been able to maintain its aid volume, and decrease tied aid and project fragmentation. However, while focusing on its own bilateral endeavours, it also actively engages in development policy at the EU level with a view to improving the Commission performance and poverty focus. France has also increased its aid volume and reduced tied aid. However, it still continues to allocate assistance to relatively less poor and less democratic recipient governments. Compared to the UK and Germany, France also has larger shares of debt relief counted in its development aid package, which is not a recommended practice. However, it is the third largest European donor with historically close ties to the Community development policy and administration. Yet, similarly to the UK-Commonwealth relations, France has

¹⁵³ The member states’ performance is ranked in the Commitment to Development Index by the Centre for Global Development. The basic idea of the index is to rank countries according to their performance as donors by rewarding them for high volumes of aid. On the other hand, it penalises countries for tying aid, for overloading recipients with too many small projects, and for receiving debt payments for loans.

¹⁵⁴ For EU donor profiles, see COM (2010) 159.

¹⁵⁵ I return to this subject in more detail in Chapter 4, which focuses on the intriguing interplay between the Commission and the challenging Council Presidency – held by the UK – in the development policy process in the second half of 2005.

¹⁵⁶ Riddell 2007: 60-61.

¹⁵⁷ COM (2010) 159: 149.

the Francophone countries as its priorities. Germany also competes with the UK and France over the position of the largest European development financier. However, it has prioritised middle-income countries of its own choosing over the least development countries, untrammelled by the extensive colonial legacy that the UK and France share.¹⁵⁸ In its relations with the European Commission, Germany has contributed large shares of its assistance through the Community Channel.¹⁵⁹

The northern member states include Denmark, the Netherlands, Sweden and Finland. In addition, Carbone (2007a: 46) has associated Luxembourg, Ireland and also Belgium with the group of northern member states because of their good performance in foreign aid. As regards member-state attitudes towards the possible Europeanisation of development policy, out of the best performing group, the Netherlands and Finland are more supportive towards EC efforts to coordinate and formulate development policy at the EU level, while Denmark and Sweden are much more critical towards the Commission and efforts to Europeanise development policy. In turn, Belgium and Luxembourg are situated very close to the Commission and their attitude is often supportive towards its initiatives.

In contrast to the northern group, the southern donor countries, namely Spain, Italy and Portugal, emerge as the worst performers. Their donor profile is characterised by low net aid as a share of their economy. With the exception of Italy, their relatively low volume of aid is partially explained by their own role as recipients of economic assistance until the 1970s (i.e. Spain and Portugal) or as late as the 1980s (i.e. Greece). Similarly to Germany, they also allocate aid extensively to middle-income countries with a view to promoting their own commercial and cultural interests. This has been particularly true of Spain in her relations with Latin America. This group in general allocates large portions of its resources through multilateral channels, but gives priority to the EC. In this respect, they are generally supportive of the Commission's coordination role at the EU level.¹⁶⁰ On the whole, a similar division between the Northern and Southern member states also prevails in their approach to the EU's trade and agricultural policies with developing countries. In this respect, the Nordic group tends to be more liberal, whereas the Southern member states have stronger interests in maintaining more protectionist positions. The last group comprises the recipients of yesterday and the donors of today, namely the Eastern member states of Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia,

158 Carbone 2007a: 42-43; 45-46 and COM (2010) 159.

159 Carbone 2007a: 45-46. COM (2010) 159.

160 Carbone 2007a: 45-47.

but also Cyprus and Malta, which are still seeking their role and resources in development policy. Their allocation is generally motivated by geographical proximity.¹⁶¹

Taken together, the EU's development policy chorus consists of a number of different voices that may find it difficult to perform in harmony or even to agree on a common song to start with. While much depends on the commitment to development in the member states, the overall EU identity in development policy also depends on how these elements play out in relation to the Community and vice versa. In this respect, the issue of shared competence may also complicate the matter as the member states are not obligated to agree on a Common European development policy with a single voice that could respond in a comprehensive manner. The internal struggle within the Commission, the somewhat external role of the European Parliament and the heterogeneity of member-state commitments are all likely to have an impact on the EU's take on international development. Consequently, they constitute an important factor that shapes the EU's normative position and creates conditions for policy (in) coherence for development.

3.2 THE BURDEN AND PROMISES OF THE PAST

The EU is often described as *sui generis* in international relations, but this is particularly true of the development and trade nexus. What other institution could claim the role of a development actor with *a first joint vision after 50 years of development activities* and be proud of it?¹⁶² The main purpose of this Sub-chapter is to look more closely at the peculiarities and promises related to the history of development policy in the Union. My aim is to show how the history of development policy was wired with different kinds of tensions that still today affect the EU's response in global governance and policy coherence for development in particular. The tension between “the post-colonial ACP focus” and “the modern, global development policy” is one of them. The aim to build a coherent, albeit constantly shifting, understanding of trade and development is another. The attempts to create a single actor despite the sectoral policy and member states' interests constitute the third underlying tension in this evolution.

An overview of the evolution of EU development policy is provided here using a dual approach. On the one hand, I look at the historical evolution of

¹⁶¹ Carbone 2007a: 46.

¹⁶² Development Commissioner Louis Michel presenting the European Consensus proposal to the European Parliament on 13 June 2005.

the international development and trade architecture and the main ideational focus at a given period. On the other hand, a review of the transformation of the European Economic Community (EEC) into the European Union and its respective enlargements is necessary in order to make sense of the scope and content of the European development policy. Regarding the former, Fraser (2009: 45) provides a useful structure in his analysis of donor and recipient sovereignty in aid politics over time that is also applicable here. Fraser discusses five main time periods: the post-colonial period, when much of the international aid architecture first developed (1945-75); the mid-1970s turn (1975-80); the early structural adjustment era (1980s); the adjustment after the Cold War (1990-2000) and the partnership era (2000 onwards).

However, as Karagiannis (2004: 7) points out, the particularity of the “European” approach and European development discourse must be stressed: “if we deny it and equate this discourse to the other international discourses, we erase a (post-)colonial past that weighs heavily on both sides, a past that is, in a distinct way European and neither American nor International”. Similarly, Young (2009), Flint (2008), Grilli (1994), and Holland (2002) point to the intertwined legacy of the colonial past and the history of European Community development cooperation. For Young (2009: 19-35), the colonial heritage is the necessary point of departure for any analysis of African, and in general for all developing regions’ international relations including the state system, the political and economic structures, as well as cultural and linguistic linkages. Thus, to understand the roots and rationale of European development cooperation one has to look at the colonial heritage and the colonial powers’ desire for continuity in the creation of the European Economic Community in the late 1950s.¹⁶³

The Early Years of Association and Free Trade

In the face of decolonisation, the French notion of *association* based on Euro-Africanism was the solution when the old-style colonialism became impossible.¹⁶⁴ This associational approach was present in very tangible terms in the Treaty of Rome (1957) establishing the EEC. Due to persistent French insistence, provisions of “association” for all “dependencies” were included in Part IV of the Treaty, providing a model of a contractual treaty-based relationship for the subsequent development cooperation arrangements in the forthcoming

163 See Nugent 2006 and Hix 2005 on the debate between France and West Germany and the respective vested interests regarding agricultural policy and the creation of a common market.

On positions towards associationism, see Grilli 1994: 1-49.

164 Grilli 1994: 1.

decades.¹⁶⁵ As an approach, “association” was unilaterally a European initiative in France’s own constitutional terms, which left very little, if any, say for the overseas collectivities and territories (OCTs) with “special relations” with an EEC member state.¹⁶⁶ At the time, this only involved relations between 31 OCTs and four of the six founding EEC member states: most notably France with her colonial ties to French West Africa, French Equatorial Africa, as well as island dependencies in the Pacific and elsewhere. France also had possessions in Asia. Similarly, Belgium still had large colonies in Congo and in Ruanda-Urundi when the Treaty of Rome was signed.¹⁶⁷ To a lesser extent, the colonial legacy also concerned Italy and the Netherlands. According to Ravenhill (1985: 48), for France the inclusion and the content of the association agreement as Rome Treaty provisions was indeed a condition of its signature. Consequently, the French dominance in EC development policy was so strong that Bretherton and Vogler (1999: 113) speak about the early EC policy as an adjunct to French policy rather than a distinctive Community approach to development. However, the associational approach was not limited to former colonies, and the Treaty of Rome established the possibility of concluding agreements with third countries.¹⁶⁸

Similarly to today’s development approach, trade and development aspects formed the very core of the associational agreement of the Treaty of Rome. These cooperation elements have been presented in familiar terms also in the current development policy discourse.

The purpose of association shall be to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole. (Article 131)

These objectives were pursued based on two main elements: trade liberalisation between the EC and the associates, and financial aid from the Community to the associates. With regard to the organisation of the trading relations, the Treaty of Rome unilaterally created a free trade area between the EC members and their dependencies (as well as among the dependencies themselves). In particular, this implied that duties on imports inside the free trade area were to be gradually and reciprocally abolished, even though the associates maintained the right to

165 Holland 2002: 25-27. The Treaty of Rome established the sectoral divisions regarding Common Market and EEC trade rules as well as the framework to protect, most notably, agricultural interests under the Common Agricultural Policy (CAP). For more on this, see Nugent 2006.

166 Grilli 1994: 2.

167 Holland 2002: 26, McCormick 2008: 207.

168 van Reisen 2007: 37.

protect infant industries and to keep or establish tariffs for revenue purposes based on non-discrimination between the EC members.¹⁶⁹ However, for third parties such as the US and Latin America, this free entry of associated countries' exports created a strong trade preference, and these preferences granted to a specific group of developing countries raised questions about legality under the General Agreement on Tariffs and Trade (GATT) even at that time. This was the case despite the formation of the free trade area in line with GATT Article XXIV. It was the novel idea of extending the free trade area from the EEC Customs Union to the associated countries and territories of Africa that caused opposing opinions among the GATT parties.¹⁷⁰

In this trade-led context, the role of aid and its provider, the European Development Fund (EDF), was to “invest” in the development of the associated countries and territories. Importantly, the aid provisions also set up the two-track model to European development aid. In other words, the EEC states maintained the bilateral relations to their colonies and former colonies, and the EDF was set up to complement this by providing aid from all member countries under the Community administration.¹⁷¹ As Grilli (1994) notes, the association package of reciprocal free trade and economic aid reflected the perceived economic realities, and the dominant thinking in the area of development cooperation. Trade was seen as a means to increase the efficiency of local production, and thereby the surplus production of minerals and tropical agricultural products. In this paradigm, external aid was needed both to raise the amount of domestic savings and to provide opportunities for capital investment projects in order to facilitate economic growth.¹⁷² The developmental relationship was recognised as beneficial also for the EC itself at the time. Indeed, Europe would need access to raw materials and energy for its recovery, as well as free access to the common market for colonial exports and to expand its own export markets to its (former) colonies.¹⁷³

In Fraser's (2009) terms, the EEC moved, at least formally, to the post-colonial period in the early 1960s when the majority of OCTs gained their independence and new arrangements became necessary. A manifestation

169 Grilli 1994: 8-11, Holland 2002: 26-27. In addition, as Grilli (1994) notes, the free trade area also included the free circulation of labour from the associated territories to the EC countries and vice versa. Nationals and corporations from the EC countries could freely establish themselves in the associated territories and vice versa.

170 Grilli 1994: 12-13.

171 Grilli 1994: 11. The amount of aid in the first EDF was 580 European Units of Account EUA (\$58 million), which represented an increase of 15 per cent in the bilateral aid flow. Grilli 1994: 13, and Flint 2008: 13.

172 Grilli 1994: 13-14.

173 van Reisen 2007: 31.

of this new turn, the recognition of national sovereignty of the participating countries, became the basis of the successive Yaoundé Conventions 1963-1969 (I) and 1969-1975 (II).¹⁷⁴ Importantly for the future arrangements, the Yaoundé Convention set the format for a single, multilateral framework with joint institutions. Equally noteworthy was the contractual nature of the Convention, signed for the first time between the industrialised and the developing world as Holland (2002) defines it.¹⁷⁵ In addition, what was ground-breaking at the time was the formal institutional framework that was created following the European Community pattern, but independently of it. Importantly, the main bodies such as the Association Council, Parliamentary Conference and Court of Arbitration comprised representatives from the EC and AAMS alike.¹⁷⁶ The contractual nature of development cooperation as well as the network of joint institutions manifested a normative EU model that was to prevail in the decades to come.

Under this new framework, Yaoundé (I) covered trade and aid relations between the Community and the 18 Associated African States and Madagascar AAMS. However, this time the association had changed from unilaterally granted, to being voluntary and negotiated. In terms of joint objectives, the emphasis was on industrialisation of the AAMS and on the diversification of their economies.¹⁷⁷ The aid model remained intact but with increased funds and operations. The Community provided grants and loans¹⁷⁸ through the EDF (II), and financed investments, technical assistance and training. Differing from the previous agreement, the free trade between the EEC and the AAMS was organised based on reciprocal trade liberalisation and the free trade area between the EEC and each of the AAMS separately. Associated countries themselves did not establish a free trade area. The EC-AAMS trade relations were changed because of the independent status of the association countries, and by their consequent right to choose their trade policies vis-à-vis each other.¹⁷⁹ The limits of sovereignty were drawn there, as the EEC nevertheless sought to organise trade based on reciprocal free trade between the European Economic Community and the AAMS. According to the Commission, the fact that trade provisions were in conformity with GATT rules and not harming third parties was considered important. However, the value of free trade lay in the

¹⁷⁴ Holland 2002:27-28. The Yaoundé Convention parties were the Associated African States and Madagascar AAMS countries, often referred to by the French acronym EAMA, and the EEC.

¹⁷⁵ Holland 2002: 27-28.

¹⁷⁶ Grilli 1994: 20-21.

¹⁷⁷ Yaoundé Convention Preamble.

¹⁷⁸ These included special loans through the EDF up to 50 million EAU and an ordinary 70 million EAU provided by the European Investment Bank (EIB). See Grilli 1994: 20.

¹⁷⁹ Grilli 1994: 17-21.

equal treatment of all parties based on effectiveness and political significance. To quote:

While this system of free trade has in no way been damaging to third countries, far from it, it is an irreplaceable feature of the association [with Africa and Madagascar], because on it largely depends the association's economic effectiveness and especially its political significance. It must therefore be maintained.¹⁸⁰

Frasier (2009: 45-46) notes more generally that during the post-colonial period, economic, ideological, and political conditions left room for manoeuvre for developing countries themselves to opt for alternatives in negotiations with donors. Referring to economic sovereignty, Flint (2008) asserts that the idea of the reciprocal free trade arrangements did not materialise as planned due to three key factors. First, in order to achieve economic development and thereby economic autonomy, the majority of the states in the newly independent AAMS chose to rely on import-substitution strategies and high levels of protection, instead of reciprocal free trade with the EEC. Second, France and Belgium, whose business interests had in practice enjoyed preferential access to these markets, were reluctant to compete with other European companies. And third, the US was (again) against the extension of the free trade arrangements to Africa, where she was also seeking stronger political influence.¹⁸¹

Ravenhill (1985: 81) notes that the Yaoundé regime (1963-69, 1969-73) was already outdated when it was renewed because of the adoption of part IV on Trade and Development of the GATT in the mid-1960s. It is worth mentioning that after the Association agreement of the Treaty of Rome until the Lomé I Convention, the trading relations between the EC and the Associates were based on a different logic from what then became the rationale for the Trade and Development part of the international trade norms when developing countries started to have a say on a bigger scale. The forming of a free trade area and the exports from the Associates (again with the exception of certain "sensitive" products) would gradually receive duty-free access to the Community market with a common external tariff, thereby discriminating against third parties. This arrangement was justified under the GATT requirements based on reciprocity, as the Associates were required to abolish customs duties on imports from the Community and from each other at the same rate as the trade inside the European Community. However, as early as the Treaty of Rome, the European states

¹⁸⁰ SEC(71) 2700:25.

¹⁸¹ See Flint 2008: 13 and Grilli 1994: 20 on the French and Belgian companies in the former colonies.

had recognised that Associates could levy customs duties which correspond to the development needs and the requirements of their industrialisation. Furthermore, Associates that had prior international obligations to maintain nondiscriminatory tariffs were exempted from tariff reductions on imports from the EC.¹⁸² However, what is important to note is that the Associates were not actively involved in the negotiations, as the Treaty of Rome was negotiated between the six founding members. It was only the Lomé framework that provided the arena for negotiations between “equal” parties.

Regarding the trading position of the AAMS during this period, Holland observes that the “preferential” treatment was actually quite limited. This position was eroded by the CAP, established by the Treaty of Rome, which excluded agricultural products that were in direct competition with the European producers from the Duty-free quota-free treatment. More importantly, due to the EC lowering and abolishing duties on a range of tropical products, the difference between “general” and “preferential” treatment became less significant. Furthermore, the main AAMS exports of copper, iron ore, cotton, rubber, and oil seeds were never subject to EC tariffs in general. Consequently, the preferential economic benefits appeared rather marginal and were openly criticised by the African parties, and by Germany and the Netherlands. Holland (2002: 29-31) also argues that whilst free trade was seen as assisting development, in practice the limited concessions tended to maintain, even strengthen, the dependency and paternalistic relationship under French tutelage.¹⁸³

Policy Incoherence and Community – Member-State Cleavages

The Commission Memorandum on a Community Development Policy from July 1971 aptly captures the spirit of the time before the Lomé partnership negotiations. Drafted mainly to promote the Community as an independent development actor, the principal purpose of the Memorandum was to release the Commission from the shadow of the member states as an actor in its own right in international development. To illustrate the Commission aspirations:

... For most of these countries [all developing countries, not just the associates], while they had active links of co-operation with each of the Member States on a bilateral basis, the Community only seemed to be a customs and agricultural organization liable to be an obstacle to the expansion of their trade and, in

¹⁸² See Ravenhill 1985: 50-51. These Associates included the Belgian Congo, Rwanda-Burundi, and French Equatorial Africa due to the Congo Basin Treaties of 1883 and the UN Trust Territories of Cameroon, Italian Somaliland and Togo.

¹⁸³ Ravenhill 1985 and Grilli 1994 draw similar conclusions.

any event, without the means of actively co-operating in the solution of their development problems. Such an initial, excessively negative image of the Community has been corrected, as has been amply proved by the rapid growth of its trade with the Third World.¹⁸⁴

However, as discussed above, the perception of the promoted trade measures varied across the parties involved. Nevertheless, the EC had made progress in liberalising the EEC market, including the EC Generalised System of Preferences, in line with the GATT Enabling Clause and other measures to lower trade barriers and improve market access to “products of importance to the Third World”.¹⁸⁵ This was claimed on the basis of dismantling agricultural (i.e. sugar) and industrial protectionism (i.e. manufactured goods and textiles) notwithstanding the perceived limited EC power, especially with regard to the former.¹⁸⁶ With hindsight, it was still too early to declare that “the initial negative image of the Community had been corrected” as the call for major changes in the EC developing-country relationship was just about to begin, as will be discussed below.

To compare the content to the current debates on development and trade, the issues raised as early as four decades ago were intriguingly similar. As a matter of fact, the Commission highlighted two key factors in the Memorandum that it saw as the main obstacles to development cooperation efforts even then, namely policy incoherence and insufficient coordination between the member states and the Commission. In addition, the text pointed to the division of responsibilities between the member states and the Community as a possible source of policy incoherence. The Commission saw both incoherence and lack of co-ordination as being related to the interrelationships between the EC common commercial policy and internal economic policies (agriculture, industrial, social, etc.), and the insufficiently integrated development cooperation policy which, in the Commission’s view, was too inclined towards the member-state bilateral policies.¹⁸⁷ The need for change was grounded in the observation that “the Community’s personality was growing and becoming more attractive for developing countries”. This view was based mainly on its identity in international trade.¹⁸⁸ Moreover, the Commission stressed the three dimensions of the EU-Third World relationship: trade, financing and institutions, which it saw as its comparative advantage and the origins of the

184 SEC (71) 2700: 3.

185 SEC (71) 2700: 3.

186 SEC (71) 2700: 16.

187 SEC (71) 2700: 7.

188 SEC (71)2700: 6.

association of the AAMS to the EC.¹⁸⁹ This was important since it was foreseen that the EC member-state configuration was about to change significantly with the United Kingdom's membership.

Loquai's (1996) analysis also highlights the fact that the question of the Commission-member-state interrelationship had already been on the agenda in the early 1970s, prior to the British accession to the EEC. Interestingly for our overall topic, the emergence of this question coincides with the quest for improved coherence between development policy and other community policies, as both were brought up in the above-cited Commission Memorandum. The immediate priority for the Community was to tackle the "risks of incoherent action arising from the present division of responsibilities between the Member States and the Community".¹⁹⁰ The main concerns for the Commission were two-fold. On the one hand, they were related to development aid operations in terms of member-state independent and non-coordinated control over technical and financial co-operation and, on the other hand, to the Community common commercial policy. The Commission argued that this division had caused an increasing recourse to trade as a means of development co-operation. This was also considered important for the vision of stronger EC involvement in development cooperation, which would be more commensurate with the EC's increasing economic power. To overcome this situation, the memorandum stated:

Consequently, the Commission thinks it is necessary to carry out an overall survey of this mixed bag of policies currently applied by the Community and the Member States towards developing countries, so as to arrive at greater coherence within the Community – the essential prerequisite for the effectiveness of everybody's efforts, and for the very existence of a Community policy.¹⁹¹

To remedy this, the Commission recommended a gradual harmonisation of the Community and member-state policies under a "common policy of cooperation with the developing countries", with the need for a Community Policy for Development Cooperation based on the Community position of a principal partner in international trade, and a key player in the UN process of the early 1970s.¹⁹² However, it should be noted that the idea of the Europeanisation of development cooperation has seldom been explicitly presented in terms of communitisation due to the member states' strong interests in their bilateral

189 SEC (71)2700: 25.

190 SEC (71) 2700: 7.

191 SEC (71) 2700: 7.

192 SEC (71) 2700: 6, 8.

and complex administrative structures of development cooperation.¹⁹³ This was also recognised in the Commission Memorandum text, which pointed out that “action by the countries individually will continue to exist, but its effectiveness will be improved by being concerted, and the guidelines will be defined jointly”.¹⁹⁴

The EC-ACP Lomé Convention: a Normative Trend-setter of its Time

From the Community point of view, the most important factor behind the major changes was the entry of the United Kingdom (plus Ireland and Denmark) into the Community in 1973. Similarly to France, the UK had favoured a British form of associationism in the management of the colonies by establishing indirect government of the colonial possessions.¹⁹⁵ Thus the first EC enlargement brought the issue of the African and Caribbean British Commonwealth countries back to the fore.¹⁹⁶ In this situation, of primary importance was finding a satisfactory solution that would accommodate prevailing French interests and British demands in the EC policy towards these groups of developing countries. Under the leading role of the European Commission (Development), the nine EC member states were able to find common ground for the Convention.¹⁹⁷ Respectively, on the part of the 46 African, Pacific and Caribbean states, both old AAMS and new party countries organised themselves to negotiate as a group and were represented through a single spokesperson.¹⁹⁸ This show of strength and common view led to the official formation of the ACP group in 1975 by the Georgetown Agreement.¹⁹⁹ The basis of association between the EC and the former colonies – trade, financing and an institutional framework – was now taken to a new level by the first Lomé Convention (1975-1980) between the EC and the ACP group.

Holland (2002: 35) describes the first Lomé Convention as “innovative” – emphasising that it established a First-Third world relationship that was progressive and unparalleled for its time. This new approach also marked the stated joint objectives resonating in the more general Third World discourse in the United Nations for the New International Economic Order (NIEO).²⁰⁰

193 Loquai 1996: 6.

194 SEC (71) 2700: 8.

195 Grilli 1994: 1-2.

196 The UK had sought EC membership as early as 1963, but entry had been blocked by France/ Charles de Gaulle. See Grilli 1994.

197 Holland 2002: 33.

198 Holland 2002: 33-34.

199 Flint 2008: 14.

200 Karagiannis 2004: 11.

Interestingly, the spirit of Lomé I was clearly informed by this kind of structural understanding of the world, dependency theory and theories of the unequal global division of labour.²⁰¹ Notably for our topic, the EC was willing to accept this approach and go against the post-war liberal consensus on international norms that prevailed at the time.²⁰² To demonstrate this, the preamble to Lomé I highlights economic and social progress and the establishing of a new model of relationships between the developed and developing world based on partnership and equality of relations. An even more important sign was the change in the EC's willingness to challenge the norms of reciprocity in trade preference and the MFN principle of the GATT. Dickson (2004) sees that from the EU side, this heralded the need for special measures in order for the more economically disadvantaged countries to benefit from the international system.²⁰³ The fact that the EC was willing to recognise this special need in trade relations is noteworthy.

As a part of the larger trade agenda, non-reciprocity as an expression of Special and Differential Treatment had also become one of the cornerstones of the G77 countries' agenda for the UN and, subsequently, for the New International Economic Order agenda in the 1970s. This was a particular demand of the Commonwealth countries, which made it clear that any new agreement that they would become parties to would have to be based on new kinds of principles. These included non-reciprocity, equality and security in terms of contractual basis and export earnings²⁰⁴, which were then successfully enshrined in the first Lomé Convention. In this respect, in the 1970s the EC and EC countries were willing to go further than any other industrialised country in terms of providing preferences for the ACPs beyond the prevailing norms. In a sense, the EC established a limited New Economic Order between itself and the recipients of the time. This differed markedly from the preceding arrangements that the EC had provided in two respects. On the one hand, it was based on a new type of conceptualisation of North-South trade from free trade towards import substitution with improved market access to the European market. On the other hand, it was these new arrangements that elevated the ACP countries above other developing countries in terms of preferential treatment more favourable than the regular General System of Preferences allowed by the GATT. In this respect, it was also criticised for threatening the unity of the Group of 77.²⁰⁵

201 Vogt 2006: 162.

202 Arts & Dickson 2004: 1-2; Dickson 2004: 43.

203 Dickson 2004: 44.

204 Ravenhill 1985: 80-86.

205 Ravenhill 1985: 155.

According to Brown (2004), the partnership of equals was also an attempt to rid the EU-ACP relationship of “neocolonialism”, while for the ACP the need to reform the international political economy and the terms concerning how aid was provided were also crucial. In addition, in the era of the Cold War, Lomé aid and cooperation was to be non-political insofar as it was to be made available to all ACP states. Also, the Convention was explicit about recognising ACP sovereignty over internal political and economic matters, and seeing to it that Lomé cooperation would not infringe each ACP state’s right to determine development strategies.²⁰⁶ Ravenhill (1985), in turn, sees the Lomé Conventions as a means to establish and maintain what he calls “collective clientelism” between the ACP ground and the EEC so as to benefit from the emerging international economic order. However, in Ravenhill’s view the equality of partners remained clearly unfulfilled because of the patron and client relationship, as did the expected benefits of such a deal.

However, with hindsight, Flint (2008: 15) observes that Lomé I may still have come the closest to an agreement between partners. From the ACP perspective, there was little or no conditionality to enforce EEC norms without their consent. In addition, Lomé I introduced a number of innovations. According to Grilli (1994), the most important ones were related to securing and stabilising commodity revenue. The need for that was officially recognised in the Convention and System for Stabilization of Export Earnings (STABEX), which was established for agricultural commodities by the EC funds. Importantly, reciprocity in trade relations was abandoned between the associates and the Community. Grilli (1994) notes that both changes reflected developing countries’ aspirations to transform the international trading system and the GATT agreement to accommodate development concerns. However, fulfilling these needs for the enlarged ACP group alone remained problematic. At this time, these provisions were safeguarded by a waiver because of the apparent breach of GATT rules in terms of discrimination against non-ACP developing countries in the absence of the free trade area that could have been used as grounds for exemption.²⁰⁷

In addition to these trade aspects, a Sugar Protocol was included. Unlike the banana and rum Protocols of the Convention, the Sugar Protocol conferred special treatment including duty-free, quota-free access, and a guaranteed price for a competing product to the EC sugar production. According to Ravenhill (1985: 219), these Protocols represented a critical test of the efficiency of the Lomé arrangements. The trade provisions and trade cooperation were further complemented with sections on industrial cooperation. Crucially, the old

206 Brown 2004: 18-19.

207 Flint 2008: 14-15.

elements of Yaoundé I on financial and technical assistance remained important as well as the institutional framework.²⁰⁸ What is noteworthy is the increase in development financing through grants, loans and the newly established STABEX instrument as presented above.²⁰⁹

Although the successful “unification” of the ACP countries certainly influenced the content of the Lomé Convention, Fraser (2009: 46-47) notes that the overall international context in the 1970s was conducive to this kind of outcome. In Fraser’s words, under the umbrella of a campaign for a New International Economic Order in the UN in 1974, “developing countries attempted to take advantage of these conditions, and negotiated a range of policies that would not have been the first choices of the donors”. According to Flint (2008: 14), the ACPs were successful in obtaining concessions from the EC because of European concerns regarding access to raw materials in the politically sensitive situation brought about by the outbreak of the Oil Crisis (1973) in the Cold War context. The dependency on imported energy also prompted the EC to establish new economic and development linkages to the Mediterranean²¹⁰, but the emphasis of the EC development policy remained in the Lomé framework. However, as van Reisen (2007: 43-44) points out, the links between Europe and the Mediterranean region were strategic for the EC’s international role, particularly in terms of reclaiming European influence in the whole African continent.

Lomé II (1980-85) introduced two further novelties. First, greater emphasis in aid was given to the Least Developed Countries (LDCs) and landlocked countries, due to the rising number of countries in this UN-set category. Second, similarly to STABEX for agricultural products, the SYSMIN facility was established for mining exports to the EC to secure the sector against loss of production or price collapses.²¹¹ However, after the peak of parity in the Lomé I Convention, the downhill spiral for the EC-ACP partnership had already begun.

DG Development in Perspective

The development policy Commission services have their roots in the early days of European associationism under the Treaty of Rome as the subsequent Commission structure was set up to carry out the tasks related to the West-African association. Unsurprisingly, from 1958 the Commissioners responsible for the association (and from 1975 for the Lomé partnership and development policy)

208 Grilli 1994: 27-32.

209 Grilli 1994: 33-34.

210 Grilli 1994: 42.

211 Holland 2002: 37-38.

were all French until 1999. Regarding the Commissioner's assignments, Hewitt and Whiteman make an important observation on how the Commissioner's portfolios were adjusted for the sake of political appointments, rather than for policy content-related reasons, which increased uncertainty in the Commission development policy.²¹² In the past, to counter-balance the Francophone dominance over development policy, the Directorate-General responsible for the association was led by German officials. In a sense, the Commission administration was combining "the best of the two neighbours": heavy French bureaucracy with dedicated and determined German implementation. This combination was often the subject of criticism, both from the member states as well as from African partner countries.²¹³

Despite this formal balancing within the DG, especially during the decade prior to Lomé, the Commission was largely perceived as serving the interests of a one-member state, which then presented a distorted picture of the Community internationally. In particular, General de Gaulle had the idea of "Eurafrica", which coloured the whole association policy of the Community until his resignation in 1969. It was only after his resignation that a really new approach became an option with new parties, which subsequently materialised in Lomé I. Of course, the new policy was also facilitated by new policymakers that had both the vision and skills to follow it through. In this respect, Hewitt and Whiteman (2004: 141) cite the role of Commissioner Cheysson as being decisive. He contributed to Lomé with the principles of non-reciprocity and partnership as a basis for the new developmental relationship. In addition, the appointment of the first British Deputy Director General, former Foreign Office Minister and known pro-European Maurice Foley, along with other newcomers, innovated the Community stance with ideas of Pan-Africanism, as well as the importance of the Caribbean and the Pacific, at least in terms of shifting away from the previous French concept of "Eurafrica". This approach also served to bridge the Francophone and Anglophone divide. Hewitt & Whiteman (2004: 143-144) describe the development cooperation of that period as "impossibly global" for the time, which also satisfied the like-minded British and Dutch governments.²¹⁴ They also note that this period was just as unique in the sense that never again did the Commission really appear to be on the side of this radical international development thinking the way it did at the time of Lomé I.

212 Hewitt & Whiteman 2004: 134-135. In particular, they refer to the need to split the development portfolio in 1984 in order to accommodate ex-development French Commissioner Cheysson's comeback from the position of Mitterrand's External Affairs Minister. According to Hewitt and Whiteman, this split caused more than a decade of uncertainty in the Commission's development policy.

213 Hewitt & Whiteman 2004: 135.

214 See Commission suggestion for a Community Policy SEC(71) 2700, 27 July 1971.

Hewitt and Whiteman point to variations in the personalities at the helm of DG XIII, which then evolved into DG Development. In the chain of German Directors-General, Dieter Frisch stands out as a particularly significant contributor to the evolution of EC development policy. As a long-term official of DG XIII, he was one of the negotiators of the Lomé I agreement and became Director General in 1984.²¹⁵ Most notably, he played a major role in influencing both the Directorate and policy, which then paved the way for the inclusion of development policy in the Treaty of Maastricht.²¹⁶ It was his idea to seek “critical mass” in favour of harmonised development policy and to use it to develop a real European development policy in its own right.²¹⁷ He has also been a strong advocate of policy coherence as well as development policy autonomy.²¹⁸ Together with Frisch, Frenchman Bernard Petit joined the EC in 1971 and continued to work on development issues until his retirement from the position of Deputy Director General at the EC DG DEV in 2009.²¹⁹

Also in more general terms during the Lomé I era, DG XIII was perceived both career- and substance-wise as an attractive, innovative place to be within the Commission services.²²⁰ What is also worth noting is the fact that when the Lomé framework was being outlined, the Commission as a whole was at the height of its powers compared to, say, the Community institutions of the European Parliament, the Court of Auditors and the Economic and Social Committee. Equally notable was the morphing of the development DG, which reached its peak towards the end of the 1970s with the second largest budget right after DG Agriculture. Hewitt and Whiteman (2004) also point to the skills of the then DG XIII staff to both deliver and gain support for the first Lomé Convention in the governments of both the South and the North.

In addition to the actual Convention, a policy paper was produced in 1974 by the same actors during the Lomé I negotiations entitled “The Fresco of the Community Action Tomorrow”. In a sense, the “Fresco” was to serve similar functions to the “European Consensus” three decades later as it conveyed for the first time a panoramic picture of a future, global development policy with a new set of elements in terms of themes and geographic extensions. Moreover, as a part of the Development Fresco, humanitarian issues came into the EC development picture for the first time.²²¹

215 Interviews Academia[21]2008 and EC[34]2009.

216 Hewitt & Whiteman 2004: 135.

217 Hewitt & Whiteman 2004: 135.

218 See Frisch 2008.

219 After that, Petit was appointed as an honorary Director General of the EC.

220 Interview CSO[11] 2009.

221 Hewitt & Whiteman 2004: 141-142.

The European Take on the Washington Consensus

Even though the assessment of the actual successes and failures of the Lomé I and II provisions themselves can still be debated, Holland (2002: 40) points to oil, and the subsequent debt crisis (1982), decreasing commodity prices and global recession as the main factors leading to the end of the era of parity and non-interference. In Fraser's (2009: 47) analysis, the period after 1980 saw the gradual and consistent evaporation of the major sources of developing-country negotiating strength, resulting in the imposition of structural adjustment programmes (SAPs) as a condition for continued access to foreign capital in the 1980s. The SAPs were put in place by the International Financial Institutions, most notably by the International Monetary Fund (IMF) and the World Bank (WB), which became increasingly powerful actors in the "economic crisis management" in the South. Dickson (2004: 44-45) refers to the dramatic change in development thinking, particularly in development economics, since the 1980s. This had a major impact on the content of the successive Lomé III (1985-90) and Lomé IV (1990-1995, IV bis 1995-2000) agreements. In particular, it changed the EU's conceptualisation of development and trade.

Crucially, Grilli (1994: 38-39) notes that by the time Lomé III was negotiated most of the Sub-Saharan African countries were struggling with a profound economic and debt crisis, which effectively diminished any negotiation power they might have had. However, the EC chose not to act independently to assist Africa with additional financial assistance, let alone debt reduction through the Lomé framework, but aligned with the World Bank and IMF to tackle the crisis instead. While external factors causing the crisis were relegated to the sidelines, donor focus shifted to the inefficient domestic policies contributing to the poor economic performance of the developing countries in the ACP regions.²²² According to Flint (2008: 15), the international community's response under this "Washington Consensus" marked a shift from project finance to "policy reform" and the implementation of economic practices, often described as neoliberal.²²³ In response to the generalised inability of developing countries to service their debt payments, donors, under the lead of the IMF and the World Bank, redirected the development process under a new paradigm whereby the aid allocation became dependent on the adoption of this programme and created cross-conditionality between bilateral donors, recipient states and International Financial Institutions.²²⁴ For instance, according to Brown (2004: 20), the SAPs

222 Grilli 1994: 37. In contrast, the 1980s witnessed a period of phenomenal growth in the developing countries of South East Asia. Holland 2002: 40-41.

223 Flint 2008: 15. Cf. Sub-chapter 2.4.

224 Brown 2004: 20.

shifted the focus from the post-colonial interventionist state to an efficient market as the driving force for development. This shift was manifested in a one-size-fits-all set of measures of government expenditure cuts, anti-inflation drives through high interest rates, trade liberalisation, currency devaluation, privatisation and freeing foreign prices. In addition, aid and loans for balance-of-payments support evolved into medium- and long-term programmes of economic restructuring. The poor development performance was no longer due to the hostile international system, as the dependency theory claimed, but incorrect policies in the developing countries.²²⁵ The newly industrialised countries (NICs) were looked up to as a model for market-oriented policies also for developing countries elsewhere.²²⁶

These new conditions, together with the apparent economic decline in Africa (and to a lesser extent in the Pacific and Caribbean States)²²⁷, changed the context within which Europe conducted its development policy. In addition, Greece had joined the Community in 1981 and Spain and Portugal were finalising their accession negotiations, bringing the issue of closer Latin American and Mediterranean relations onto the development policy agenda. The ACP group in turn had grown to 66 states, representing roughly half of the total number of developing countries. However, as Holland (2002: 41) notes (2002), their ACP group identity was clear only in relations with the EC and its members, not in other international contexts. Respectively, the importance of the ACP group for the EC gradually started to decline.

In concrete terms, Lomé III introduced two major changes. Most significantly, during the early structural adjustment, the EC also brought the principle of economic conditionality into the ACP-EU “partnership”.²²⁸ At the same time, the EU nevertheless took a rather passive role. Despite the magnitude of the debt crisis, the Community and its members did not take, either alone or with other industrial areas, any debt reduction initiative vis-à-vis Africa until the late 1980s.²²⁹ On the other hand, the scope of the development cooperation was extended to cover new thematic issue areas, including climate, the environment and health, and social and cultural cooperation. Although the inclusion of new areas diversified the EU approach from traditional trade and the aid-centred model, the cooperation lacked substance, as Holland (2002: 41) points out.

225 Dickson 2004:44-45.

226 Dickson 2004:45. However, as Chang (2002) explains, the market-oriented model was actually a result of government policy. For a more thorough analysis of the state of economic development in East Asia, see also Wade 1990: 345-381.

227 This trend was in stark contrast to the economic success of the NICs, often referred to as the South East Asian ‘miracle’.

228 Holland 2002: 41-42.

229 Grilli 1994: 39.

However, it was the end of the Cold War that brought about a series of major changes to the EU's development cooperation. As for the Lomé framework, the end of the era also marked an ending in terms of the political neutrality already questioned by the SAPs in the field of economic development. As Arts and Dickson (2004) observe, from the early 1990s, human rights and democracy, and subsequently governance considerations, became increasingly important in European external relations. This was particularly the case for the contents of the EU's development policy towards the ACPs. The shift away from political neutrality was legitimised by the international "triumph of democracy" and the waves of democratisation in different parts of the world.²³⁰ In essence, the Union adopted a liberal model which embraced the two dimensions of Western political liberalism, namely electoral democracy with human rights, and market liberalism. So in addition to the general goal of forging good relations with (potential) political and economic partners across the globe, the Union started to use its position in international relations as a vehicle for advocating some of the values it considers important.²³¹ For development policy, the political conditions of security, democracy and freedom, together with economic conditions, were viewed as necessary for the attainment of the development objectives.²³²

Regarding economic conditionality, there was an attempt by the European Commission to call for an EU policy on adjustment, which would have differentiated between recipient countries, taking into account the position of the poorest and most vulnerable in society.²³³ Importantly for both economic and political reforms, in practice the EC and its members did not succeed in consolidating them, let alone in cooperating with the ACPs. In the absence of a distinct agreement, they continued to align with the World Bank and other International Financial Institutions in the organisation of donor-recipient relations.²³⁴ Thus, the last of the Lomé Conventions, Lomé IV (1990-2000), was coined under the same economic and political paradigm set out by the IFIs. The paradigm was followed through in the 1990s with the gradual expansion of aid conditions from macroeconomics into the realms of development policy, including public sector reform, governance, and social policy.²³⁵

230 This "Triumph of Democracy" and Western Liberalism was discussed in very dramatic terms by Francis Fukuyama, who declared 'the End of History' in 1989. On different waves of Democratisation, see e.g. Samuel Huntington 1999, Larry Diamond 1993; 1996. On democracy in the developing world and globalisation, see e.g. Hadenius 1997.

231 Arts and Dickson 2004: 1.

232 Smith 2004: 61, referring to Council Resolution 1991.

233 Brown 2004: 21-22.

234 Cf. Brown 2004: 34.

235 Cf. Fraser 2009: 46-47.

In the fourth Lomé Convention, the emphasis on economic conditionality was for the first time directly linked to Structural Adjustment Support, with financial resources from the EDF budget comprising 10 per cent of all available funds. In this setting, it was clear that while ACP countries were included in the policy debate on economic reform, European approval was a funding prerequisite.²³⁶ Furthermore, the EC also extended conditionality to the sphere of politics, particularly in terms of commitment by both parties to international law on human rights and democratic rule.²³⁷ This caused a significant change in the terms by which the “partnership” principle of the Lomé cooperation was conceptualised. As Holland (2002: 44-45) notes, Treaty Article 2, defining the ACP-EC partnership and stressing the principle of sovereignty and the “right of each State to determine its own political, social, cultural and economic policy options”, sat uncomfortably with the frame of economic and political conditionality.

Flint’s (2008), Karagiannis’ (2004) and Brown’s (2004) analysis describes the European actors’ role in the evolution of the Washington Consensus as conformist and consensual. While the shift to structural adjustment was led by the International Financial Institutions, according to Flint (2008: 15-16), the same course was soon adopted by the EC and some of the key member states, with the UK notably maintaining that structural adjustment was unavoidable. Therefore the Washington Consensus was, at least to this extent, a consensus shared by the EC. Another noteworthy observation by Karagiannis (2004: 14) pertains to the fact that despite the role of individual EC member countries in the IFIs, the SAPs were presented as a pragmatic choice, and instead of fighting against this current, the member states did not try to actively use their weight to change its course. Similarly, Lister (1997) notes that the EC broadly echoed the Washington Consensus and, in particular, the views of the World Bank on Structural Adjustment Programmes, despite any strong empirical evidence that such an approach was generally beneficial for development. However, the Consensus was not completely “owned” by Brussels, as Brown (2004) points out. In particular, at the beginning of the adjustment period, the rise of conditionality posed a problem for the EU Commission. The fact that the World Bank and the IMF supported the SAPs in 39 ACP countries meant that the compatibility between the Lomé framework and the SAPs became a major issue for EC-ACP cooperation. This prompted the Commission to look for a more moderate approach, especially after the first adjustment period because of the rising criticism by the developing countries, development agencies, NGOs and UNICEF. However, according to Brown, the more moderate approach

²³⁶ Holland 2002: 43-44.

²³⁷ Karagiannis 2004: 14.

was abandoned for two reasons. On the one hand, the Commission lacked the financial resources, technical personnel and support from the member states to challenge the World Bank leadership. On the other hand, many member states, especially the UK, represented by then British Overseas Development Minister, Chris Patten, consciously opted for closer cooperation with the World Bank in order to maximise the expected results.²³⁸ According to Arts (2004: 107), the final result was that the EU as a whole financed 64 per cent of the cost of structural adjustment programmes in Africa.

Intriguingly, Hellinger, Weinberg and Graham (2000: 47-50) point out that starting from the 1990 World Bank *Development Report*, the International Financial Institutions themselves started to slowly acknowledge that poverty, inequality and human suffering had actually increased in countries implementing the adjustment programmes. By the mid-1990s it had also become apparent that despite the SAPs, economic performance had not improved.²³⁹ However, it took a decade to change the course towards softer, more “inclusive” Poverty Reduction and a good governance agenda, as Dough and Porter (2006: 1-4) describe the new paradigm. However, according to Dough and Porter, in terms of development rhetoric, the change itself took place rapidly. The SAPs were turned into the Enhanced Structural Adjustment Facility and re-named the Poverty Reduction and Growth Facility in 1999, stressing the joint nature of the developmental efforts by donors and recipient countries. Again, this IFI-led approach was to be renewed under the Poverty Reduction Strategy Papers (PRSPs) with an increasing “ownership” by recipient governments themselves. These measures paved the way for Poverty Reduction development and good governance, which would then steer international development forwards towards the new millennium. Fraser (2009) calls this phase (from 2000 onwards) the era of “partnership”, but with complex conditionality and aid-monitoring regimes. Despite the cordial language, according to Fraser, partnerships in practice leave strikingly little room for national design and for manoeuvring across a wide range of policy areas. Ownership here could be achieved, as Fraser (2009: 45-46) puts it, “simply by recipient governments finding the “political will” to present their own preferred programme in the form of a multi-year development plan, in order for it to be supported by donors committed to ownership and partnership”.²⁴⁰

238 Brown 2004: 21-24.

239 Flint 2008: 16. Flint also points to the debate on whether the failure of the SAPs lay in the programme itself or in its poor implementation.

240 Fraser 2009: 45-46.

Towards a Global Development Policy

The campaign against poverty, and for sustainable development and the consolidation of democracy and respect of human rights, together with the gradual integration of the developing countries into the world economy, became the normative base of the Union's development cooperation, covering all developing countries in the Treaty of Maastricht in 1992.²⁴¹ The revision of the fourth Lomé Convention took place in 1994, only two years after the signing of the Maastricht Treaty. Importantly, these objectives were also included in the renewed Lomé IV Convention in 1995. Although initially only the financial protocol was to be reviewed, largely on EU insistence, the review process was extended beyond EDF funds. These new areas included institutional and political issues as well as trade and other sectoral issues. With respect to EDF funding, a two-tranche system was introduced for indicative programming. In addition, the policy dialogue between the partners was established in order to see how the EU development policy objectives were being taken into account in the ACP states' respective development approaches. To ensure that these commitments were followed, the EC reserved the right to withhold 30 per cent of funds until the effective implementation of a programme had been established.²⁴²

Regarding the trade aspects, the conclusion of the GATT Uruguay Round and the establishment of the World Trade Organization in 1995 increased the pressure to re-assess the preferential treatment. In particular, the GATT panel ruling in 1994 found that non-reciprocity elements contained within the Lomé Convention as well as its discriminatory nature against non-ACP developing countries was incompatible with the multilateral trading system. Therefore, the Lomé IV bis (1995-2000) required a WTO waiver before the trade provisions could be implemented. According to Flint (2008: 17-18), the panel decision was a decisive factor in the EU abandoning the preferential treatment approach and starting to look for WTO-consistent alternatives for the ACP-EU trade. In general, the thorough revision of Lomé IV foreshadowed changes that were then outlined in the Commission Green Paper on the Future of the ACP-EU Partnership in the following year. We will return to these changes in Sub-chapter 6.4.

Whereas economic conditionality in such a form was abolished by the expiry of Lomé IV, the political dimension and the new dimensions of development cooperation in the ACP-EC framework continued growing in the EC development policy. Notably, these dimensions were not only limited to the ACP-EC framework but, to varying degrees, towards new "partnerships" which Europe was actively re-launching and expanding throughout the 1990s. Smith

241 Dickson 2004: 45.

242 Holland 2002: 48-49.

(2004: 60) points out that these new partnerships with the Mediterranean non-member countries, Latin America, Asia and Eastern Europe were based on the Lomé model with trade, aid and institutionalised dialogue on a regional basis, but with more limited scope and emphasis.

The new approach became possible due to fundamental changes in world politics and in Europe itself. van Reisen (2007: 59) summarises these changes, which were connected to the creation and expansion of the EU itself in the post-Cold War era.²⁴³ First, progress towards the Maastricht Treaty (and the subsequent Treaties) increased and intensified European integration with both legal and political implications for the EU's development policy. In particular, the linkages between the three branches of external relations: trade, the emerging common foreign and security policy, and development policy became more crucial than before.²⁴⁴ Smith (2004: 61), too, notes that since the end of the Cold War, the EU has actively sought a more global role and endeavoured to project a more united stance in international relations. Second, the end of the Cold War had a profound effect on the "special nature" of the relationship with the African continent, as African countries lost their strategic importance at least in the geopolitical sense.²⁴⁵ Instead, the EU's development cooperation saw an increased emphasis on neighbouring countries in the East and in the Mediterranean as well as in the area of the former Soviet Union after the demise of the East-West divide. Despite the poverty focus of the Maastricht Treaty and the Northern enlargement in 1995, embracing Austria, Finland and Sweden, the importance of the near-abroad regions was paramount also in terms of development aid allocations.²⁴⁶ Third, the scope of the European development policy started to reach a global dimension with the renewed and formalised ALA partnerships to Latin American and Asian countries in the post-Cold War situation.²⁴⁷ In this situation, the evident developmental needs in the ACPs and the old colonial ties were no longer enough to maintain the privileged position. At the same time, the EU's immediate interests in the neighbourhood bypassed the ACP concerns.²⁴⁸ As a result, the EU's special partnership with the ACPs started to become just one of the many arrangements in the enlarged web of external relations inside the development policy area. These developments placed the EU in an interesting position. By the beginning of the new millennium, the Union had evolved into a treaty-based, increasingly global actor at least in terms

243 van Reisen 2007:59.

244 On foreign and security policy concerns in the EU's development policy, see Sub-chapter 3.4.

245 Flint 2008: 16-17.

246 On the increasing aid allocations of PHARE as well as the TACIS and MEDA programmes (the predecessors of the ENPI policy), see van Reisen 2007: 50-51 and Smith 2004: 60-77.

247 On EU-Asia and Latin American Partnerships, see e.g. Holland 2002. On early relations, see Grilli 1994.

248 Smith 2004: 61.

of the scope of its development and external relations to the development world. However, the development policy objectives *per se* were sliding towards the margins of the EU agenda.

3.3 THE COMMISSION REFORM AND THE INSTITUTIONAL POSITION OF DEVELOPMENT POLICY IN THE EARLY 2000S

Notwithstanding the successes of European integration in terms of the Single European Market, EMU or the adoption of the Treaty of Maastricht, there have also been more critical turns. Most notably, this was the case with Jacques Santer's Commission resignation in 1999 due to issues of accountability and bad governance.²⁴⁹ Under the pressure of the European Parliament, a mass resignation took place after a Committee of Independent Experts examination. Tomkins (1999) describes the event as the most dramatic in the history of the European Community, bringing the issues of democratic deficit and lack of responsibility to the fore.

If the early 1970s held great promise for the Community development policy, the "Fresco" at the time of the Commission resignation and its reformation looked much murkier. This crisis also had an impact on the European development policy because some of the accusations of fraud and mismanagement were also related to the Mediterranean programme, MED, and to the European Community Humanitarian Aid Office, ECHO. Although no clear case of fraud or mismanagement was found, the new development policy dimensions of MEDA, PHARE-TACIS as well as the separate ECHO office had stressed the Commission management and control capacity beyond sustainable levels.²⁵⁰ Strong criticism was levelled against the Commission in a series of evaluations in the late 1990s, calling for a clearer poverty focus and better organisation of the policy.²⁵¹ As for the ACP group, and in particular for Africa, Hewitt & Whiteman (2004: 144-145) point to the 1980s and the year 1990 as a huge African crisis.²⁵² They go on to argue that at the time "the long-lived Lomé arrangement had been comprehensively overtaken by other interests – by all the other interests, really". This lost preferential position was reflected in the EDF negotiations, which had by that time become a formality without even an imaginary degree of equality, "where, after the play-acting, the ACP had to accept what was given".²⁵³

249 Hewitt & Whiteman 2004: 133.

250 Hewitt & Whiteman 2004: 144-145.

251 Maxwell & Engel 2003: 1.

252 Often referred to as the lost decade of Adedeji (Executive Secretary of the UN Economic Commission for Africa from 1975 to 1991).

253 Hewitt & Whiteman 2004: 144-145.

The confusion over the status of development policy in the EU's external relations was also played out in favour of extending the Commission mandate in external relations. In 1999 the Romano Prodi Commission renamed the Directorates-General, and DG XIII became DG Development while DG I became DG Trade. In the new Commission configuration, EC development policy was set to be reformed as a part of external relations, now referred to as the Common Service for External Relations, RELEX or even as the "RELEX family". The formal purpose of the RELEX reform was to strengthen the organisational structure of the European Commission by integrating the services dealing with political issues, trade and development more strongly within a single entity.²⁵⁴

On the development policy side, these changes were also linked to suggestions made in the 1998 DAC Peer Review, whereby the European Commission was encouraged to redefine its development policy and ways of working. According to the European Commission agenda of April 2000, the stated purpose of the reforms was to bring about an ambitious overhaul to increase its efficiency, effectiveness and accountability by focusing on performance and results.²⁵⁵ However, as van Reisen (2007: 52) for instance maintains, whereas the institutional changes were to serve the EU as a global player, the interrelationship between the CFSP and development policy remained problematic because it exerted increasing pressure on European development co-operation for resources and the institutional capacity to be utilised in support of common external action, other than for development purposes. In this respect, the principle of Consistency of External Relations was applied to the detriment of development policy. From the Commission's point of view, these changes were needed in order to strengthen DG RELEX vis-à-vis the Council.

The institutional changes fragmented development policy internally by separating the political responsibility from actual implementation. Hence it led to an unsustainable situation whereby the Commissioner for Development was still politically responsible for development co-operation, but had no administrative structures to ensure the implementation of his policies. Even if the Prodi Commission decided to give the Commissioner for Development, Poul Nielson, the former Danish Minister for Development Cooperation, a formal overview and portfolio for *all* developing countries, including the ACP, Asia, Latin America, Southern Africa, and the Mediterranean, this was mostly a paper portfolio. In factual terms, the policy for countries in Asia, Latin America, and the Mediterranean came under the responsibility of the Directorate-General for External Relations (DG RELEX) under the British Commissioner Chris Patten. In addition, the management of policy implementation of the remaining ACP

254 van Reisen 2007: 47.

255 Maxwell & Engel 2003.

regions was transferred from DG Development to DG RELEX. So under the lead of Commissioner Patten, the DG RELEX managed the implementation of all aid to developing countries and was in charge of policy and programming for the Mediterranean, Latin American, and Asian regions.²⁵⁶ At the same time, aid programming towards the ACP countries was increasingly being decentralised to the EU Delegations, which was rational from the point of view of planning operations closer to the field, but also increased the sense of fragmentation. These changes, combined with the problems of the past, prompted then British Secretary of Development, Clare Short, to name and shame the EC as “the worst development agency in the world” in 2000.²⁵⁷

However, Hewitt and Whiteman (2004) see this situation as a conscious choice and stress Commissioner Nielson’s own role in the division between planning and the operational side. During the first years following the reform, the Development Commissioner did not, at least publicly, refer to problems that, with the benefit of hindsight, were very likely to arise from this kind of situation. Instead, he played the role of leading Commissioner responsible for EC development policy and development co-operation in all third countries. What he saw as important was that this overview position, together with humanitarian aid, could steer the EC towards greater internal coherence. This optimism did not last, however. The Common Service for External Relations was soon to be replaced by a new organisation, named EuropeAid in 2001. A board of Commissioners, chaired by Chris Patten, supervised this new structure. As a result, the Development Commissioner was appointed as the director general of EuropeAid, while Nielson’s DG was left with few staff and even fewer tasks, which played down the self-proclaimed independent role of development policy in the Commission.²⁵⁸ According to Hewitt & Whiteman (2004: 146), this division was detrimental to the morale within the DG Development. In addition, it eroded the development policy position in the internal Commission hierarchy by narrowing down its institutional space. This was something that Commissioner Nielson himself felt towards the end of his term, as he commented to the European Parliament that “the CEO of EuropeAid was a joke. It was a bad joke”.²⁵⁹

But it was not only the RELEX-DG Development turf war that affected the development policy position. Once again, competing views prevailed on whether trade- and development-related issues, particularly EU-ACP trade matters, should be maintained inside DG Development or transferred to DG Trade under Trade Commissioner Pascal Lamy. Due to practicalities related to

256 van Reisen 2007: 53, Hewitt & Whiteman 2004:146. See also Carbone 2007a: 47.

257 Clare Short, “Aid that Doesn’t Help”, *Financial Times*, 23 June 2000.

258 van Reisen 2007: 53-55.

259 Nielson as cited in van Reisen 2007: 54.

the Doha Development Round and emerging plans for EU developing-country free-trade relations, a pragmatic choice was made to bring these arrangements under the same unit. As agreed between Commissioners Nielson and Pascal Lamy, trade policy with the ACP countries was removed from DG Development and transferred to a new unit, Trade and Development of DG Trade.²⁶⁰

Although some of the previous staff that had been dealing with trade and development since the Lomé arrangements were to continue in DG Trade, it was DG Development that suffered a great loss in terms of trade and development expertise due to this shift.²⁶¹ In addition, EuropeAid also needed personnel, which further weakened the mother DG. This was especially problematic because of the timing, which coincided with the preparations for the Cotonou Agreement and also impacted the first years of the EPA negotiations. However, opinions on this transfer tend to vary a great deal. For some, it marked an altogether new era in EU-ACP trade relations with a different approach to the issue areas in question, as well as the organisational culture. For others, it was just a rational choice that remarkably improved coordination between the units.²⁶² The shift in approach can also be inferred from the related documents of the time, to which we will return in the Sub-chapter on the EPAs.

Despite the meagre institutional stand, DG Development led the Cotonou Agreement to its conclusion in 2000, and launched a set of policy papers that showed a greater commitment to poverty eradication. In addition, in the midst of all this, the Commission published the first European Community (EC) development policy statement as a part of the Council Conclusions in April 2000. The development policy statement was significant in that it was published to re-establish the credibility of the Commission as a development policy agent. Even more importantly, the lost objective of poverty eradication was reinstated at the fore of the EC development policy.²⁶³ Furthermore, the Conclusions also identified the need for the policy frameworks in different regions to be “aligned”.²⁶⁴ However, this was perceived as challenging from the point of view of development objectives due to differences in orientation between DG RELEX and DG Development.²⁶⁵

To redress the balance between the different DGs, an inter-service quality support (IQSG) group was set up as a part of the Commission overhaul and the subsequent external relations reform. The main task of the group was to examine the coherence and quality of the development cooperation programming

260 Interviews EC[1]2008, Academia[8]2009, CSO[11]2009 and EC[15]2009.

261 Interview CSO[20]2009.

262 Interviews EC[1]2008, EC[14]2008 and EC[15]2009.

263 DPS Study Report ECDPM/ICEI/ODI 2005: 7.

264 van Reisen 2007: 56.

265 Interviews Academia[8]2009, EC[14]2008, Academia[21]2008, EC[30]2009 and EC[34]2009.

documents and to come up with common guidelines for all the countries and regions regardless of their geographical standing. The members of the inter-service quality support group are elected to cover the whole RELEX “family” – DG AIDCO, ECHO, DEV, TRADE and ECFIN – but the representatives do not represent their respective DGs. Membership is based on overall expertise and the work is of an advisory nature.²⁶⁶

At the same time, the rival idea that the Commission development policy should be focused and limited to Africa seemed to gain ground. This was expressed during a debate in 2003 when the Commission stated in the Budget Committee that development policy was no longer a basis for its activities in Asia and Latin America, although the European Parliament did not accept that view. However, in the same year, the Commission changed the budget nomenclature and removed Asian, Latin American and Mediterranean countries from the budget chapter on development co-operation and re-introduced them under a chapter on external relations. Additionally, during the preparations for the review of country strategy papers, DG-RELEX refused to accept general guidelines for all developing countries, and stated that it would have separate guidelines for Asian, Latin American, and Mediterranean countries.²⁶⁷

However, the problems kept accumulating. During the second Barroso Commission (2004-2009), the institutional set up for development deteriorated further. The board of EuropeAid, which had been jointly established to represent the external DGs, was abolished and the agency came directly under the DG for External Relations with Commissioner Benita Ferrero-Waldner, appointed at the time to be in charge of policy towards Asia, Latin America, and the neighbouring countries, as well as implementation for all the developing countries. The new Commissioner for development, Louis Michel, no longer had a say in EuropeAid and had to settle for the even lighter portfolio of DG Development and ECHO.²⁶⁸ Compared to his predecessor, the Dane Poul Nielson, former Belgian Deputy Prime Minister, Foreign Minister and Minister for Institutional Reform Louis Michel was seen as more of a reminder of the past.²⁶⁹ Moreover, his strong foreign policy orientation and limited experience in the development field aroused mixed feelings. However, in more positive terms, he was seen as a kind of “political animal”, eager and able to get things going.²⁷⁰ In this respect, he was regarded as an appropriate candidate to raise the development policy profile.

266 Interviews EC[13]2009 and EC[23]2009.

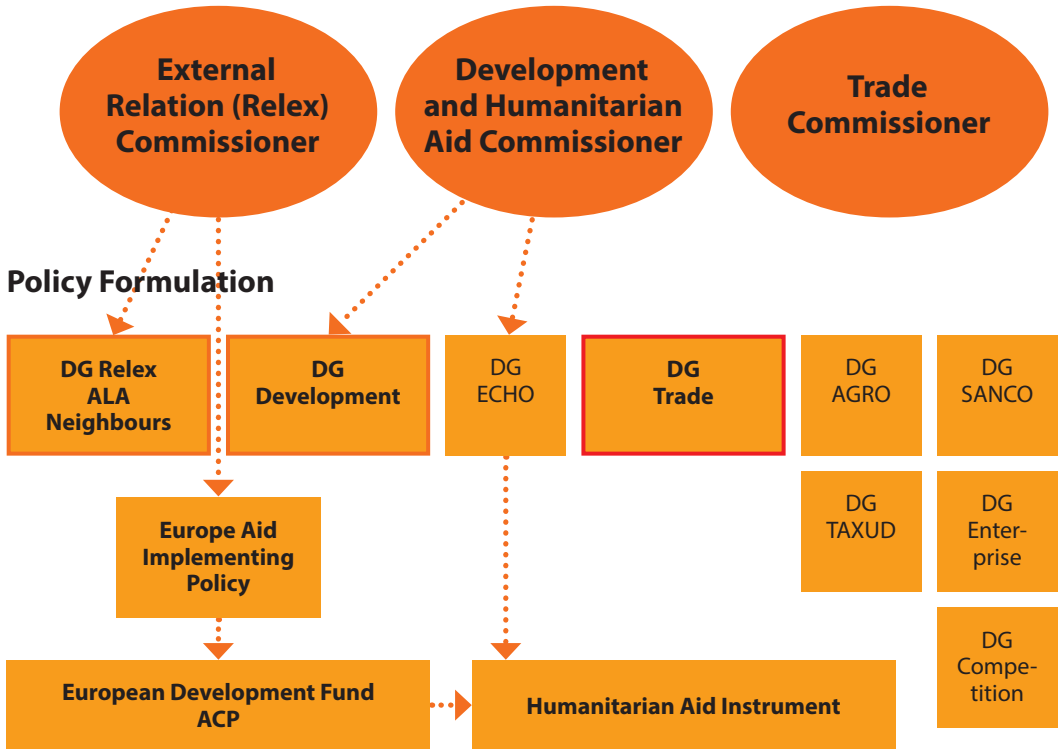
267 van Reisen 2007: 56-57.

268 van Reisen 2007: 55.

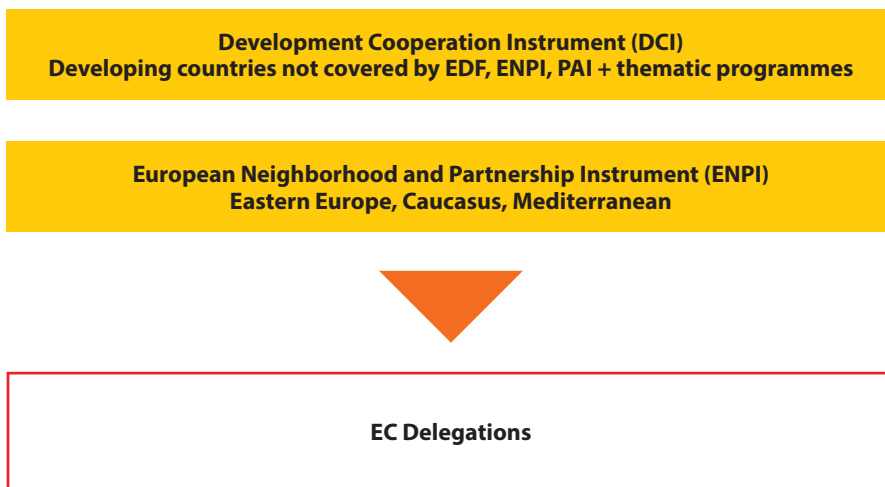
269 Interviews EP[3]2009, CSO[11]2009 and CSO[33]2009.

270 Interviews Academia[8]2009, CSO[11]2009, EC[30]2009, CSO[33]2009, CSO[31]2008, CSO[19]2008, Academia[21]2008 and Council[28]2008.

The European Commission: Development and Trade 2004–2009



Implementation



Original source: Orbie & Versluys 2008, modified by the author

3.4 THE DEVELOPMENT POLICY MOMENTUM OF THE EARLY 2000S

Development Commissioner Michel took up office in November 2004. Upon his appointment, the new Commissioner made it clear that he was planning to create a new framework for development policy, covering both the Cotonou Partnership Agreement and other regional cooperation arrangements.²⁷¹ The idea of an overarching policy statement had, however, already been germinating inside the DG DEV before the arrival of the new Commissioner.²⁷² Such a framework was envisioned to polish and to raise the overall image of development policy both internally as well as in relation to other external policy areas.²⁷³ Although an undertaking of this kind was perceived as necessary and long overdue, no one expected it to be an easy task. Neither the Commission nor the Council had a definitive view on the exact scope of the policy or the actors that it would eventually involve. What there was, however, was a clear momentum for such a process provided by increased international interest in development-related issues. In this sense, the launch of the WTO Doha “Development” Round in 2001 had placed “Development” at least figuratively speaking at the centre of international trade talks; the UN Summit on Sustainable Development in 2002 had continued the debate on the environment and development in a global world; and of course, the UN Millennium Development Goals (MDGs) had already been jointly adopted in September 2000. Equally important for development cooperation was the subsequent UN Financing for Development Conference in Monterrey in 2002, which was designed to mobilise development funding upon the adoption of the MDGs.²⁷⁴ Finally, there was the Paris Declaration on Aid Effectiveness, which took shape during the first six months of the European Consensus process in the first half of 2005, as discussed previously.

Specifically for the EU, the Monterrey process had proved to be a success for two reasons, as van Reisen (2007:58) points out. First, in preparation for the Summit, the EU finally committed itself to jointly increasing aid to €39 billion by 2006, equivalent to 0.39 per cent of the joint GNP of the 25 member states. Such an agreement ended (at least momentarily) the downward trend and subsequent impasse in the debate on development financing.²⁷⁵ Furthermore,

271 InfoCotonou 2005: 1.

272 Interviews Academia[8]2008, EC[23]2009, Academia[21]2008, Council[28]2008 and EC[30]2009.

273 Interviews Council[2]2009, Academia[8]2009, CSO[11]2009, EC[14]2008, CSO[19]2008, Academia[21]2008, EC[23]2009, Council[28]2008, CSO[31]2008 and EC[34]2009.

274 Carbone 2007.

275 Carbone 2007.

in May 2005, in preparation for the 2005 World Summit on MDGs, the EU ministers from the same member states agreed on a new collective target of 0.56 per cent to be achieved in the upcoming five years. This was set to provide an additional €20 billion in aid by that time. In addition, the EU 25 also set 2015 as the date for reaching the level of 0.7 per cent.²⁷⁶ Although the promises to raise development financing seemed rather modest initially, the decision to continue with increased assistance was significant given the background of the previous decades. Aid fatigue was still tangible during the first years of the millennium because, despite the formal commitment to the MDGs, the EU member states had initially failed to make concrete plans to pursue them.²⁷⁷ So finally reaching an agreement on these targets restored and perhaps even increased the EU's credibility as an actor in international development. "The Monterrey miracle" also gave the EU a certain norm-setter role. It was after the Union's commitment that the US showed her willingness to follow suit with the aid targets two years later in the arena of the G8.²⁷⁸

At the level of Commission-member state interaction, the Monterrey Conference demonstrated that the European Commission could exercise leadership and take the European front forward not only as a loose group of bilateral actors but also as a single multilateral donor.²⁷⁹ This turn of events was particularly significant from the point of view of the Commission because these joint commitments were opposed at first by a number of member states (i.e. Germany, Italy, Spain, Portugal, Greece and initially also France).²⁸⁰ Regarding the Millennium review in 2005, the Luxembourg Presidency of the first half of 2005 was a success in this case both in terms of concrete results as well as in terms of coordination efforts for the EU contribution to the Millennium Goals.²⁸¹ It also demonstrated that smooth cooperation between the Commission and the Presidency was both possible and fruitful. Most notably, however, having a common agenda for aid at the ready made it much easier to embark on the negotiations for a joint European development policy undertaking.²⁸²

Essentially, the international processes of the early 2000s had also triggered the momentum for development policy inside the Union, as the EU participation had required inter-sectoral coordination and negotiations on key issues such as aid, but also on trade and security, as will be discussed in the related chapters. Equally important were the joint positions on the aforementioned issue areas,

276 van Reisen 2007: 58.

277 Carbone 2007: 1.

278 Interview Academia[8]2009.

279 Carbone 2007: EC [1]2008 and Interviews [8], [21], [28], [30] and [34].

280 Carbone 2007: 5-6.

281 Interviews Academia[8]2009, Council[28]2008 and EC[30]2009.

282 Interview Council[28]2008.

as well as the resulting international agreements, which would serve as building blocks and guidelines for the envisioned new development policy statement.²⁸³ So in this sense, these external aims were also decisive for internal politics, and vice versa. When it comes to development policy, the two dimensions seem to be particularly intertwined.

As Carbone also (2007a) acknowledges, faith in the EC's success in leading the development front is inevitably part of the larger question of complementarity and coordination between the Commission on the one hand, and the growing number of individual member states on the other. Despite the general acknowledgement that these 'two Cs' improve foreign aid and increase the overall visibility of the Union, some of the key member states tend to consider development policy an area of their national sovereignty which should not be intruded upon by anybody, not least by the European Commission.²⁸⁴ This, at least to a certain extent, explains why the Commission-Council and Commission-member state interrelationship has been marked by a degree of tension. In addition, it is also significant that the quality of the EC development action has been constantly challenged, which has not improved the relationship either.²⁸⁵

It is important to note, therefore, that there were still a number of other obstacles to overcome during the development policy momentum phase of the early 2000s. In their review of the past decades of EC Development Policy, Hewitt & Whiteman (2004) foresaw that the period of EU enlargement and the post-Lomé consolidation of the ACP (in 2002-2007) would be the most challenging ever for the Commission. To overcome the past decades of "lost development" as well as to consolidate the policy area inside the Union, the Development Commissioner had to start, in their view, with three pressing tasks. These included first, restoring policy-planning and implementation under a single institutional structure, thereby reintegrating development policy planning and action inside the Commission.²⁸⁶ Second, and crucially, building good relations with critical member states and regaining legitimacy for the EC as a development actor. Similarly to Carbone's (2007a) argument, Hewitt and Whiteman (2004: 146-147) also point out that there were member states that didn't hesitate to challenge the Commission's authority, claiming that "they can do better under bilateral development policy, and that the rules of subsidiarity shall apply also to development policy". This attitude hinted that relationships

283 Interviews [8], [21],[23] and [28].

284 Carbone 2007: 5-6.

285 Interviews [2], [3], [8], [20], [28] and [34].

286 Development policy had been separated from development operations as a part of the RELEX reform in 1999. See Sub-chapter 3.2.

with the developing world could be better dealt with at a national level and that, consequently, there would be no need for a Common European development policy. Third, and interestingly for our topic, Hewitt and Whiteman saw tackling the EU's own internal incoherence and contradictions, particularly in respect of agricultural protectionism, as the litmus test for the new Commissioner. This question was, of course, inevitably related to the wider role of development policy in the EU External Relations and Common Policies and not just to the individual capacity of the Commissioner, which was, however, also important in building inter-policy relations.

Furthermore, the DAC Peer Review of 2002 had again pointed to the weaknesses in development policy in terms of considerably differing regional strategies and programmes, problems in policy implementation and aid disbursements, an insufficient focus on gender, the incoherence of the CAP in relation to development policy, as well as the lack of analytical capacities at the country level. It also pointed to the need for continuing reform in order to focus on results rather than procedures and so forth. These weaknesses had already been highlighted as concerns in the previous review process of 1998.²⁸⁷ In addition, it was recommended that the structural responsibilities and accountability inside the external relations should be further clarified and that development policy should promote political and trade partnerships as well as use the linkage between development and humanitarian aid inside this setting. It was also regarded as important to develop the policy coherence framework following the findings of the 3C evaluation and review of internal policies. This included developing linkages between development policy and the Common Foreign and Security Policy.²⁸⁸ However, the review also acknowledged the progress made in forming an overall EC development policy and the new Cotonou Agreement, major improvements to country strategy processes, setting priority areas for the Commission, as well as setting up policies for private sector support and linking food aid and food security.²⁸⁹

To summarise, the challenges that development policy was facing were both internal and external. They were internal in terms of resources for development cooperation and the functional division of labour between the Commission and the member states. In turn, the external challenges were largely linked to the issue of policy coherence (for development). This latter dimension came to the fore with the increasing interest in development issues and substantial overlaps between security and development agendas on the one hand, and between trade and development in the early 2000s on the other. This happened both within

287 DAC Peer Review 2002: I-15.

288 Ibid.

289 Ibid.

the Commission as well as in the larger institutional framework. What makes this role even more challenging for development is this choice to link the EU's common policy and the member states' bilateral development policies with those of additional international organisations.²⁹⁰ In the ensuing sections, I go on to discuss the role of development policy, firstly in relation to the emerging European security policy of that time, and then in relation to the EU trade policy.

3.5 A SHARED SHOW? SECURITY AND TRADE MATTERS IN THE CONTEXT OF THE DEVELOPMENT MOMENTUM

The aim of this sub-chapter is to show how development policy and development concerns were perceived in other branches of the EU's external relations in the early 2000s. In particular, I discuss the overlaps of the emerging agendas that influenced the formulation of the European Consensus and policy coherence for development. I start with security policy, which in the aftermath of 9/11 had increased significantly in importance. I then shift the focus to trade policy, to the promises of the WTO Doha Development Round (November 2001-), and to the EU's unilateral efforts to improve the trading possibilities of the Least Developed Countries (LDCs) on the eve of the global trade round.

"A Secure Europe in a Better World" – What Role for Development?

Nothing happens in a vacuum, and particularly so in the web of EU external relations. In this setting, for the EU development policy process, a new European Union security strategy document, entitled *A Secure Europe in a Better World*, provided both a model and a challenge that prompted the rethinking of development policy in many respects. The document was adopted by the European Council in Brussels two years before the European Consensus on Development (on 12 December 2003) as suggested by the Thessaloniki European Council in June 2003. Submitted directly by Secretary-General of the Council/High Representative for the Common Foreign and Security Policy (CFSP) Javier Solana, it conveyed the key message that the Union needs a multilateral and global approach to security in Europe and throughout the world.²⁹¹

The European Security Strategy was crucial for the initialisation of the European Consensus statement for two main reasons. First, the Security Strategy provided a model for a high-level and high-profile policy statement that was

²⁹⁰ Holland 2009: 37-38.

²⁹¹ European Security Strategy 2003.

jointly endorsed in this intergovernmental area of EU external relations.²⁹² Of particular importance was the fact that the statement touched upon a policy of the CFSP which had been firmly in the grip of the member states. The fact that the policy was put forward by the High Representative for the CFSP, Javier Solana, added symbolic value and conveyed the image of a unified EU stance.²⁹³ Almost daringly, the chosen title – European Security Strategy – evoked an image of Europeanisation in this delicate issue area. The second reason relates to the content of the European Security Statement. Crucially for development policy, the text of the Security Statement overlaps in a major way with questions traditionally attached to development policy. This called for an official, preferably equally high-level response from the development policy side. The thematic overlaps started with the introductory chapter of the European Security Strategy, as the text refers to the EU’s global role and calls for Europe to “share in responsibility for global security and in building a better world”. However, it is the first chapter outlining the “Security Environment: Global Challenges and Key Threats” that places poverty at the very core of the security debate as *the* global challenge. The following sample from the Union Security Strategy makes the linkages clear:

In much of the developing world, poverty and disease cause untold suffering and give rise to pressing security concerns. Almost 3 billion people, half the world’s population, live on less than 2 Euros a day. 45 million die every year of hunger and malnutrition. AIDS is now one of the most devastating pandemics in human history and contributes to the breakdown of societies. New diseases can spread rapidly and become global threats. Sub-Saharan Africa is poorer now than it was 10 years ago. In many cases, economic failure is linked to political problems and violent conflict.²⁹⁴

Security is a precondition of development. Conflict not only destroys infrastructure, including social infrastructure; it also encourages criminality, deters investment and makes normal economic activity impossible. A number of countries and regions are caught in a cycle of conflict, insecurity and poverty.²⁹⁵

Interestingly, the European Security Strategy provided a model for framing the poverty and policy context for the EC. Two years later, the European Consensus on Development statement started in an almost identical manner (cf. Sub-

292 Interviews CSO[11]2009, Academia[21]2008, EC(34)2009 and EC[30]2009.

293 Interview Academia[8]2009.

294 European Security Strategy 2003:2. Cf. the opening paragraphs of the European Community’s Development Policy 2000 and the European Consensus 2005.

295 European Security Strategy 2003:2.

chapter 5.2). Both understand the question of poverty as “a challenge” with very similar parameters. Both documents highlighted upfront the magnitude of world poverty. In the Security Strategy, poverty is defined as afflicting half of the world’s population, who has to subsist on less than two euros a day. In a similar vein, the European Consensus takes as its starting point the UNDP statistics and World Bank poverty line, according to which one billion people are still struggling on less than one dollar a day.²⁹⁶ Whereas the European Security Strategy reported that Sub-Saharan Africa is now (2003) poorer than it was 10 years ago, the European Consensus understandably does not highlight this type of failure in the developmental efforts and instead discusses the importance of Africa in more general terms.

Of equal interest, the Security Strategy defines poverty as an *economic failure* linked to political problems and violent conflicts. However, even though the rationale is poverty- and human-focused development, the text addresses the lack of development as a security threat for *Europe*, and not for those immediately affected. The text defines security as a precondition of development, contributing to the “chicken or egg” debate regarding the interrelation between security and development policy, to which the European Consensus on Development responded two years later.²⁹⁷ In addition, the European Security Strategy referred to a set of issues such as competition for natural resources, global warming, state failure, neighbourhood policy, as well as multilateralism in the context of the WTO.²⁹⁸ This bundle of security-related issues clearly extended the agenda not only to the area of development policy but also to the issues of global trade and the environment.

However, setting security as a precondition for development was regarded with a certain amount of suspicion in the development community because framing the interrelationship in this way could legitimise the use of ODA for security policy purposes.²⁹⁹ In this respect, there was growing concern that this could cause development policy to lose its autonomy as a policy field in

296 Note that here the poverty line measurement is not used in World Bank terms, but in European terms.

297 Although this analysis was later shared in the European Consensus, the Development Policy diluted straightforward presentations of the affair by including insecurity and violent conflict amongst the main obstacles to achieving MDG development objectives when discussing the Security-related PCD (para. 37). In the context of Globalisation, the Consensus statement strikes back by stating that “Achieving MDGs is also in the interest of collective and individual long-term peace and security. Without peace and security, development and poverty eradication are not possible, and without development and poverty eradication, no sustainable peace will occur” (para. 40).

298 European Security Strategy 2003.

299 Interviews EC[30]2009 and EC[34]2009.

its own right, possibly reducing it to an instrument for European Security Policy. In particular, many European NGOs expressed concerns about the possible subordination of development to foreign policy.³⁰⁰ On a more positive note, the European Security Strategy had put poverty on the EU agenda and therefore drawn attention to development questions. Many welcomed this turn of events, even though the premises were different from those of development policy.³⁰¹

Certainly, this approach came as no surprise to the development community because discussions on the interrelationship between security and development had been ongoing for a good while.³⁰² In particular, after 9/11, Maxwell and Engel (2003) refer to overarching issues related to foreign policy and development, especially from the point of view of the perceived threat of terrorism. They summarise some of the main concerns in questions such as “Will the development landscape shift towards security-related issues, away from poverty reduction?” and “Does the experience of Afghanistan and Iraq suggest that the emphasis will shift towards humanitarian aid/rehabilitation and the enforcement of democratization, with less focus on pro-poor policies and on partnership and cooperation?”³⁰³ The debate on the possible root causes of terrorism also raged in the background. By the same token, the reasons for continuing acts of terrorism were sought in poverty, inequality as well as the lack of rights and participation.³⁰⁴ Also from a conflict prevention perspective, the Cotonou Agreement (2000) had already interconnected development with security, as clause 11/4 of the agreement commits parties to reduce conflicts. This alone gave grounds for those willing to use EDF funds for such a purpose.³⁰⁵ These discussions continued in the context of the African Peace Facility.³⁰⁶

In addition, as van Reisen points out (2007: 47-48), in both foreign and defence policy, the entry point for greater EU common action has been in areas closely linked to existing development co-operation and emergency action, as can also be noticed in the European Security Strategy. The availability of financial resources and a mandate, as well as public support for action in these areas, have also facilitated and legitimised the inter-linkages. On the downside, van Reisen (2007: 50) sees that this has also jeopardised the autonomy and distinctions between these two policy areas in terms of their specific aims. This

300 Maxwell & Engel 2003:7. They refer to the Liaison Committee of Development NGOs to the European Union (CLONG), BOND and Eurostep reports and discussion papers.

301 Interviews Academia[21]2008 and EC[30]2009.

302 Interviews Academia[8]2009 and EC[30]2009.

303 Maxwell and Engel 2003: 6.

304 On the complexity of these interrelationships, see for instance Malkki & Paastela 2007.

305 Interview Academia[21]2008.

306 Interview Academia[21]2008.

observation highlights what appears to be a recurring tension in the inter-policy relations: the tension between the need for cooperation and convergences for the sake of greater consistency, and the necessity at that time for safeguarding specific priorities such as the development goals. As a matter of fact, the Treaty of Amsterdam (1997) had introduced the concept of consistency between the external relations branches, which also indicated that development policy should be consistent with the CFSDP and vice versa.³⁰⁷ In addition, in 1999 Javier Solana was appointed as the High Representative of the CFSDP and as the Secretary-General of the Council, but without a clearly defined programme of action. The changes to the Nice Treaty (2001) added to this confusion, with the inclusion of a new Treaty heading – Co-operation with Third Countries, which ensured a legal base for assistance for the former Warsaw Pact countries. This situation was corrected in the text of the EU Constitutional Treaty (2004), which more clearly delineated the separate provisions for developing countries and non-developing countries.³⁰⁸

What is also noteworthy is that even as an area of shared competency, development policy still had a stronger institutional position as an area of the EU's external policy than the CFSDP, which nevertheless remained an intergovernmental arrangement based on the Maastricht Treaty at that point.³⁰⁹ Unlike in the development policy area, the Commission was not given a role in the implementation of the CFSDP in the pre-Lisbon era. What the CFSDP also lacked compared to the EC Development policy budget was a resource base in the EDF for the ACP countries outside the Community budget. This also ran the risk that the degree of flexibility provided by the EDF status might actually become an objective in itself. According to van Reisen (2007:57), this may imply that development sources could be used for non-development areas such as security, defence or migration. On the other hand, Carbone (2007a:6), for instance, saw this as a strategic choice of giving development policy a new policy image, namely linking it to international security rather than only to poverty per se. This kind of broader thinking was also extended to external trade, which seemed natural given the trade aspects of the key development cooperation agreements of the past. For those supporting this choice, the rationale behind this approach was to move development policy away from its "Cinderella role" and reposition it more strategically on the agendas where foreign and trade affairs with developing countries were discussed. In the Commission, it was understood that this could be done by giving in to the idea of complete autonomy for the sake of

307 van Reisen 2007: 49.

308 van Reisen 2007: 48.

309 van Reisen 2007: 50.

complementarity and consistency within external relations.³¹⁰ As one of my interviewees in the Commission explained:

...In the European Consensus we tried to get this recognition for the special role of development policy in its own right, but also as a coherent and complementary policy with the other policies of external action.³¹¹

So, in this respect, the aim of the European Commission was precisely to overcome the subordination and to gain support for development objectives across the spectrum of external affairs. However, the tension remained between those in the Commission who still saw safeguarding the independence of development policy as important, and those who thought that development policy may actually benefit more from closer cooperation and inter-linkages with the neighbouring policies.³¹²

Interestingly for our theme, the European Security Strategy returns to the role of development and trade policies again in the chapter entitled “International Order Based on Effective Multilateralism”.³¹³ The chapter paints a world of global threats, global markets and global media in which European security and prosperity depend on an effective multilateral system. This multilateral system is characterised further by well-functioning international institutions and a rule-based international order, which is also the Union’s objective.³¹⁴ The fundamental framework for European international relations is the United Nations Charter, whereby the EU is committed to upholding and developing International Law. In the text, the EU approaches global governance through key international institutions, regional organisations and the transatlantic relationship, specifically under NATO, where it is designated to act. As for peace and security, it sees the reformed UN as the main forum. However, in more general terms, the EU calls for “international organizations, regimes and treaties to be effective in confronting threats to international peace and security, and must therefore be ready to act when their rules are broken”.³¹⁵ With this strong normative statement, the EU goes on to discuss international institutions such as the IFIs and the WTO, where the Union acknowledges its objective “to widen the memberships while maintaining their high standards”. As regards the regional organisations, the OSCE, ASEAN, MERCOSUR and AU are mentioned as contributors to “a more orderly world”. However, the statement goes further

310 Interview EC[34]2009.

311 Interview EC[30]2009.

312 Interview EC[34]2009, EC[26]2009 and EC[32]2009.

313 European Security Strategy 2003: 9-10.

314 European Security Strategy 2003:9.

315 European Security Strategy 2003:9. Cf. the Iraq War.

in that direction by stating: “the quality of international society depends on the quality of the governments that are its foundation”. Quality here is characterised by good governance at the state level, enhancing democracy by supporting social and political reforms, dealing with corruption and the abuse of power, establishing the rule of law and protecting human rights.³¹⁶ In this normative context, EU trade and development policies have been assigned a special task in reforming international society by reforming individual states:

Trade and development policies can be powerful tools for promoting reform. As the largest provider of official assistance and its largest trading entity, the European Union and its Member States are well placed to pursue these goals.³¹⁷

Just Add “Development” and Stir: The WTO Doha Development Round and the “Everything But Arms Initiative”

In addition to the re-invention of the security and trade nexus, the term “Development” also became the grand epithet for the first round of international trade talks since the end of the Uruguay Round (1986-1994) and the establishment of the WTO. If the Uruguay Round had failed “development aspirations” and developing country interests, as many suggest, the Doha Round was allegedly designed to reform the global trade regime (see Chapter 6). Indeed, the WTO Ministerial Declaration and the negotiations mandate entitled “Doha Development Agenda” (DDA) were built on the concept of “Development” (and not on trade or trade liberalisation *per se*) as the basis for the postponed negotiations round.³¹⁸ However, in this context “development” practically became synonymous with trade liberalisation, but in terms of dismantling protectionism in the developed economies and granting better market access for the poorer countries. This was particularly important in the aftermath of the chaotic and dramatically collapsed WTO Seattle Ministerial in 1999. I will return to these issues and focus on them in more detail in Chapter 6.

In line with the GATT principle of Special and Differential Treatment (SDT) of the Enabling Clause (Article 2b), the EU launched a new idea for improving the Generalised System of Preferences (GSP) for the least developed countries, which would then constitute the EU’s approach on the multilateral front in 2001 for the poorest countries. The initiative came to be known as the “Everything But Arms” (EBA) initiative, designed to guarantee duty-free, quota-free market access for exports originating from the least developed countries. The EBA

316 European Security Strategy 2003: 10.

317 European Security Strategy 2003: 10.

318 See Doha Development Agenda 2001.

initiative was introduced to kill two birds with one stone: get the developing countries interested and engaged in multilateral trade liberalisation, and review the GSP system after 30 years of existence.³¹⁹

The reason why I discuss EBA in the context of the development momentum is that, similarly to the security agenda, development became a central issue, first of all for actors other than those directly involved in development policy, and second, for reasons other than those directly related to development policy objectives. Despite these characteristics, the idea of “development” provided “added value” for both of the agendas while still advancing the original security or trade liberalisation goals. This pattern was later repeated with the Economic Partnership Agreements but, taking a few steps back, it also underpinned the policy coherence concept in the European Consensus on development statement (as I will show in Chapter 5).

To start with my first observation, the EBA initiative did not engage development policy actors in the same way it involved trade and agriculture officials in the European Commission. In other words, the core debates were arranged between DG Trade and DG Agriculture, while DG DEV was conducting an internal debate about the EBA issue.³²⁰ As Carbone (2007b: 45-55) shows, in this debate DG Trade promoted multilateralism and adopted a liberal stance (supported by the coalition of liberal member states), while DG Agriculture promoted protectionism (supported by conservative member states). The DG Trade position was further extended to discourse on pro-development liberalisation.³²¹ Although the EBA initiative was of high importance to the ACP countries, DG DEV was relegated to the sidelines in this triangular setting, and it was left to DG Trade, most notably Pascal Lamy, then EU Trade Commissioner and currently Director General of the WTO, to lead the pro-development and pro-liberalisation front.³²² Crystallised in his motto of “Harnessing globalisation”, he highlighted the importance of EBA as a crucial step in the development of the poorest countries.³²³ The “Harnessing globalisation” motto subsequently reverberated across the Commission services and was most visibly adopted as the title of the first Commission proposal for the European development policy in 2005 (see Sub-chapter 4.2).

Certainly the minor role of DG DEV was also attributable to the transfer of its unit dealing with ACP trade to DG Trade during the Commission overhaul in 1999-2001. However, the point that Carbone makes relates back to the very role and autonomy of development policy inside the EU’s external relations.

319 Interview EC[1]2008. See also Orbie 2007.

320 Carbone 2007b: 53-54. Also Carbone in Orbie 2008.

321 Meunier 2007.

322 Interviews EC[15]2009, CSO[11]2009, CSO[20]2009 and Academia [7].

323 Faber and Orbie 2007: 1

Precisely regarding this concern, there had been significant disagreement over EBA inside DG DEV. Interestingly, Carbone (2007b) notes that the disagreement was not first and foremost about the possible developmental prospects of EBA or their improvement, as one might have assumed, but rather whether EBA would downplay the special position of the ACP countries as the initiative covered all LDCs. In this disagreement, Commissioner Poul Nielson and his cabinet supported the EBA initiative, while senior officials in DG Development wanted to retain a privileged relationship with the ACP countries. In this sense, the debate over EBA was not related to development policy questions per se, and DG Trade went forward with the proposal. What was noteworthy politically was that the ACP group was not consulted while drafting the EBA initiative.³²⁴

Instead, as van den Hoven (2007:72) concludes, the EBA process was directed and driven, at times, by very contradictory strategies – one directed by Trade Commissioner Lamy and the other by Agricultural Commissioner Fischler. Allegedly, EBA was about “fully” liberalised access (arms and ammunitions excluded) to the EU market in order to support their trade and development, and this was the stance that DG Trade was willing to promote. However, internally, the DG Trade position created a clear conflict of interest between the like-minded trade liberalisers of the Northern member states, and the Southern protectionist sugar lobbyists and DG Agriculture.³²⁵ Indeed, DG Agriculture came out with an impact assessment in November 2000, pointing to the “potentially disruptive consequences” of EBA for the European agricultural sector in terms of competition and budgetary pressures.³²⁶ Especially concerned were the major sugar beet producers of Belgium and Spain, the rice producers of Italy, Greece and Spain, as well as France, Spain and Portugal because of their banana crops in the Caribbean and Atlantic. In addition, France was arguing in support of DG Development inasmuch as the EBA commitment would undermine the EU commitment to the ACP countries.³²⁷ At least to a certain extent, this position was backed by the ACP countries themselves, which were against the tariff liberalisation that would have eroded their own privileged position.³²⁸ As France had the advantage of holding the EU Presidency, it could effectively postpone the adoption of the initiative.³²⁹

On the other hand, the liberalists of the North were willing to put the overall aim of the EBA proposal before their national interests. This was particularly the case with the UK. In turn, Sweden, Denmark and the Netherlands were even

³²⁴ Carbone 2007b: 50.

³²⁵ Carbone 2007b: 43-49 and Orbie 2007: 24.

³²⁶ Orbie 2007: 24, Carbone 2007b: 46.

³²⁷ Carbone 2007: 46.

³²⁸ Van den Hoven 2007: 72.

³²⁹ Carbone 2007b: 47, Pilegaard 2007.

prepared to extend the EBA to include all developing countries or all products. The situation was compounded with reform processes taking place within EU agriculture, particularly in the EU sugar sector, which was then reflected in the EBA transition periods. In addition, van den Hoven (2007: 68-72) argues that EBA had another function regarding these reform processes, namely to lock in more liberal commitments using the pressure coming from the multilateral level and European civil society. However, as a result of the protectionist resistance, the duty-free, quota-free (DFQF) access was narrowed with a longer transition period for bananas (2006) and rice and sugar (10/2009) than what was initially planned. In addition, the EU maintained restrictive rules of origin for EBA as well, which, according to Brenton and Özden (2007: 132), risked undermining the developmental benefits of the whole initiative. As van den Hoven (2007: 60) sarcastically put it, Everything But Arms was transformed into Everything But Farms.

What is important to note, however, is that the original idea for this kind of solution did not emerge in the EU, but at the highest level of the WTO. In fact, the EU delayed its involvement. Even more importantly, due to the internal struggle between DG Trade and DG Agriculture, the EU offer was a diluted version of the one first put forward in the WTO. In his EBA process tracing, Orbie (2007: 21) points to the fact that it was the then WTO director, Renato Ruggiero in 1996, that first put forward a proposal to bind all tariffs that LDC exports face at zero, and eliminate all remaining quantitative restrictions on their exports by a firm date. Orbie (2007: 21) explains how Ruggiero managed to place this idea at the core of the international trade agenda at the G7 and the EU, US, Japan and Canada “Quad” meetings, and from there to the WTO Singapore Ministerial of December 1996 of the newly established organisation.³³⁰ However, the outcome did not materialise into a concrete proposal, but instead took the form of a consensual idea “to be explored”. In this context, the EU did not yet show any interest to take the issue any further.

As Orbie (2007) notes, the very low-key position of the EU in the run-up to Singapore was in stark contrast to its eventual EBA initiative and bold discourse around it. First, it took a relatively long time to get an official EU position on the matter, which indicates low priority. In the first meeting, the WTO sub-committee meeting on the LDC, where duty-free, quota-free market access was first debated, the EU representatives remained silent. In addition, the subsequent EU position on the LDCs at that stage did not go beyond the existing G7/Quad consensus. Instead, the EU was strongly into extending the WTO agenda beyond the issue areas negotiated during the Uruguay Round to “new issues” such as investment, competition policy as well as labour standards and the environment, rather than promoting market access for the sake of

330 This G-7 meeting took place in Lyon in June 1996, and the Quad meeting in Seattle in September 1996.

LDC export interest.³³¹ In terms of a normative model for development and trade, these two approaches represent two different alternatives as part of the liberalisation package: on the one hand, dismantling protectionism for the poorest countries' market access, but on the other hand, pushing forward an ever-broader liberalisation agenda, including strong regulatory measures for the developing countries as well. Whereas there was much less controversy regarding the former dimension, the broadening of the trade agenda to “new issues” was perceived primarily as the EU's offensive trade interest.³³²

LDC market access became prominent in 1997 as the EU member states took the lead, starting with the Netherlands and followed by Luxembourg. The pressure was increased from the UN side to organise a third conference on the LDCs, resulting in a decision to hold it in Brussels in May 2001. This was the first time that the European Union had hosted a major UN conference, coincidentally six months before the eventual launch of the WTO Round, which also provided a venue to present the EU undertakings in this area.³³³ Subsequently, the EU came up with a new LDC strategy in June, comprising two main measures: in the short term, to provide the nine non-ACP LDCs (Afghanistan, Bangladesh, Bhutan, Cambodia, Laos, Maldives, Myanmar/Burma, Nepal and Yemen) with market access similar to the ACPs and, in the medium term, to provide all LDCs with duty-free access “essentially for all” their imports. According to Orbie (2007: 22-23), this strategy formed the very basis of the future EBA initiative. Interestingly, it was DG Trade that was taking the lead with an unexpectedly radical stance which, trade-wise, was even more extensive than that of the overall EU LDC strategy. In Faber and Orbie's (2007: 4) analysis, EBA can be understood as a radical application of this provision by the Union to specifically support the LDCs under the GATT/Enabling clause.

Additionally, the market access offer that the Union was planning to make was no longer bound to similar decisions by other leading WTO member countries, but other countries were asked to follow the EU example, as proudly declared by then Trade Commissioner Sir Leon Brittan. By October 1997, in the High-Level meeting on LDCs, the EU had already adopted a high-level leading role in the matter.³³⁴ In this respect, the US reacted and adopted its response to EBA in 2000, known as the African Growth and Opportunity Act (AGOA).³³⁵

At the same time, due to the protectionist interests, the policy coherence for development in EBA remained even more modest than what was put forward by

331 Orbie 2007: 21.

332 Interviews EC[10]2009, EC[4] and CSO[20]2009.

333 COM 2001: LDC conference summary website.

334 Orbie 2007: 23.

335 Stiglitz & Charlton 2005: 60-61

Trade Commissioner Lamy. To put EBA into perspective, Stiglitz and Charlton (2005: 60-61) refer to Brenton's (2003) EBA impact assessment and point to the fact that as early as 2001, more than 99% of all EU imports from LDCs were eligible for preferences under other schemes (GSP and Lomé). Thus EBA was relevant for only 80 products of the EU's 10,200 tariff lines. In addition, the CAP was there to block the imports from sensitive sectors as discussed above.³³⁶ However, this modesty did not influence the way in which the EBA initiative was presented and promoted by the Union. Despite these internal turbulences and PCD limitations, EBA quickly became a showpiece of the development-friendly nature of the Union at large.³³⁷

In particular, for Pascal Lamy, it was essential for Europe's global role that the Union takes a clearer place in the world by building its constitution and policies more firmly on common values and normative action to protect them. In his words:

...while this will eventually have to encompass all fields of foreign and security policy, we should start with a common roadmap on the governance of globalisation, notably in North-South relations. This is a long-standing concern of the EU, as various instruments show: the EU/ACP agreements, the Generalised System of Preferences for developing countries, regional trade agreements, the "Everything But Arms" initiative which grants duty-free, quota-free access to the EU market to the 49 poorest countries. But we now need to devote *all tools of external policy (trade, development, diplomacy) to harnessing globalisation, towards sustainable development and a global partnership with Developing Countries.* [emphasis added]³³⁸

With regard to the development and trade agenda, it brought the market access question to the fore according to the wishes of the developing countries, while still safeguarding the sensitive areas of the Common Agricultural Policy. On the other hand, in their EBA impact assessment, Stevens and Kennan (2001) argue that much also depends on the supply side capacity of the LDCs, which needs to be improved. However, they see the overall EBA impact as being positive for development, although its greatest impact may be indirect. Interestingly, they point to the political importance of the EBA proposal by concluding that this show of the Union's goodwill was necessary to avoid an adverse impact in the WTO, which would have been the case if the Union had failed to adopt EBA.³³⁹

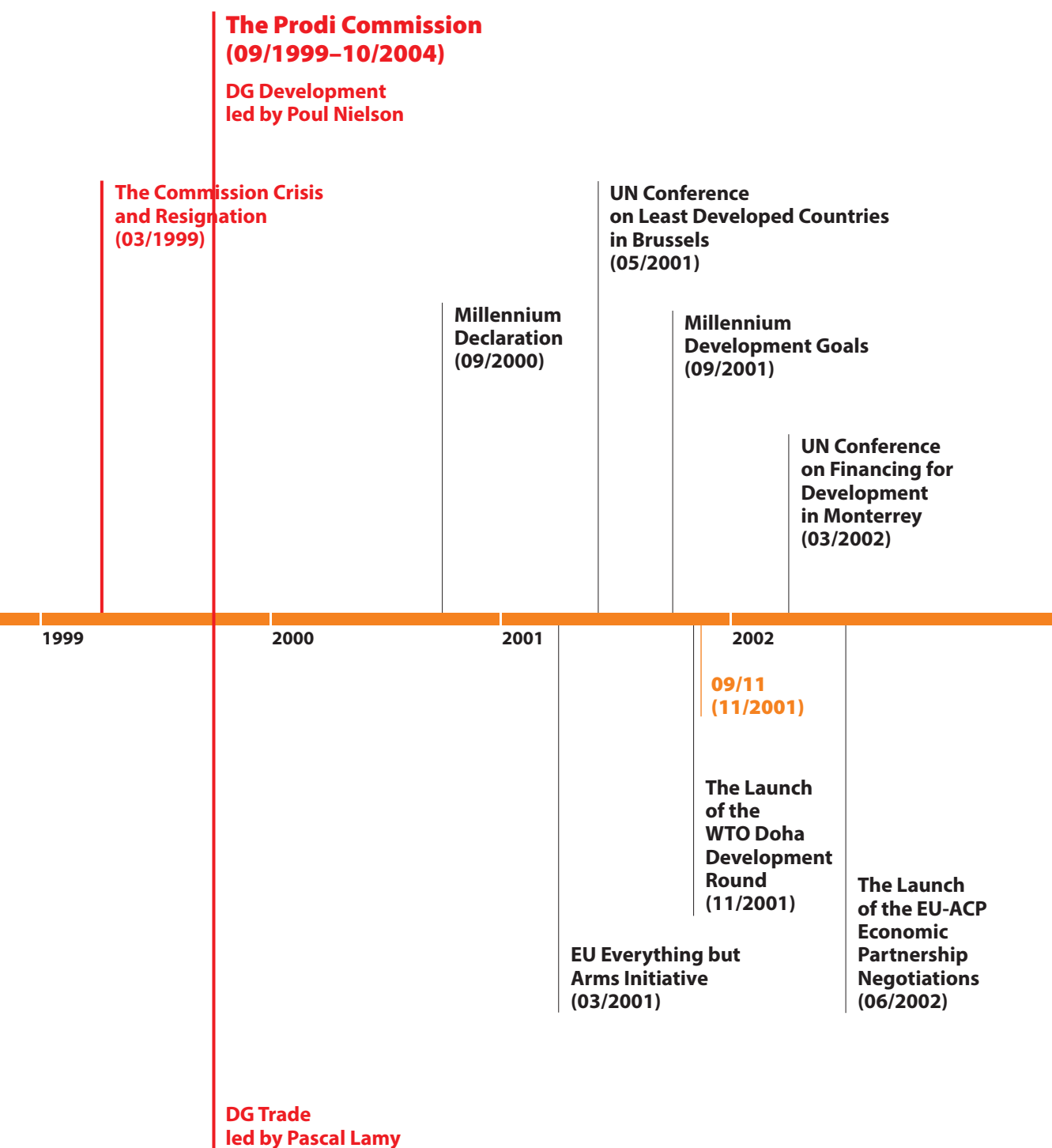
336 Stiglitz and Charlton 2005: 61, citing the World Bank 2003.

337 van den Hoven 2007: 60.

338 Lamy as cited in Faber and Orbie 2007: 3.

339 Stevens and Kennan 2001: 1-2.

The Development Momentum of the Early 2000s



**The Prodi Commission
(09/1999–10/2004)**

**DG Development
led by Poul Nielson**

**The Commission Crisis
and Resignation
(03/1999)**

**UN Conference
on Least Developed Countries
in Brussels
(05/2001)**

**Millennium
Declaration
(09/2000)**

**Millennium
Development Goals
(09/2001)**

**UN Conference
on Financing for
Development
in Monterrey
(03/2002)**

1999

2000

2001

2002

**09/11
(11/2001)**

**The Launch
of the
WTO Doha
Development
Round
(11/2001)**

**EU Everything but
Arms Initiative
(03/2001)**

**The Launch
of the EU-ACP
Economic
Partnership
Negotiations
(06/2002)**

**DG Trade
led by Pascal Lamy**

**UN World Summit
on Sustainable Development
(08–09/2002)**

2003

2004

**European
Security
Strategy
(12/2003)**

**WTO Cancún
Ministerial
Meeting
(09/2003)**

**The Barroso
Commission
(11/2004-12/2009)**

**DG Development
led by Louis Michel**

**Paris Declaration
on Aid Effectiveness
(03/2005)**

The Commission
Proposal for European
Consensus (07/2005)

The United Kingdom
Council Presidency
(07–12/2005)

**The European
Consensus on
Development
(12/2005)**

2005

**WTO July Package
(07/2004)**

2006

**WTO
Hong Kong
Ministerial
(12/2005)**

**DG Trade
led by Peter Mandelson**

CHAPTER CONCLUSIONS

My main task in this chapter was to contextualise the European Consensus on development and trade against its background. I started this section with a historical overview of the burden and promises of the past. While proceeding in chronological order, my purpose was to highlight different tensions along the way that still affect the EU development policy and the EU's normative power in international development. The first tension was related to the post-colonial ties with the ACP countries and the emergence of a global and modern EU development actor. From the point of view of the EU's normative power, the format for a norm diffusion and normative influence were formed with the association agreement in the Treaty of Rome. These linkages were consolidated by the contractual nature of the Lomé partnership and the joint institutions between the parties. Development aid and trade have constituted the core elements within this framework.

The constant changes in the understanding of trade and development constituted another feature in this evaluation. Although at a very general level the definition of the main goals to – advance economic and social development – have remained the same throughout the decades, the ways in which these goals have been presented and pursued have changed over time. The practice of aid-giving and cooperation has maintained its key position although the modalities and conditionalities have changed respectively with the periods of Lomé I, the Washington Consensus and the Cotonou Agreement. Despite the inherent unequal power relationship between the donor and the recipient parties, direct use of compulsory power has not been typical of the Community. Rather, EC power has manifested itself indirectly in terms of these unilaterally posed changes defining the partnership at different times (with the exception of Lomé I).

The role of trade has remained central in these arrangements, but in comparison, the way in which trade relations have been organised has varied a great deal, reflecting the ideational and interest changes in the domain. The free trade area with the EEC Customs Union and the associated countries was a novel idea in the governance of international trade of the time. In the spirit of the NIEO, Lomé I constituted a new type of model of North-South relationship based on non-reciprocal preferential treatment with the ACP countries. While granting the latter this position, the EEC actually created a problematic model that was not in line with the GATT enabling clause. Pressure to dismantle this has been exerted since the new hype of trade liberalisation with the Washington Consensus, and increasingly, after the EU's global developmental role started to emerge.

In all, the alterations in the EEC/EU development policy have reflected the changes in the EEC/EU in itself, on the one hand, and the changes in the global environment on the other. Apart from Lomé I and the processes that centred precisely on development, it appears as if the development policy domain has absorbed and adopted ideas in relation to the external changes rather than its own objectives. As regards policy coherence for development, the review of the past shows how the core questions of incoherence between protectionism and development cooperation, as well as problems working in unison with the member states, entered the development agenda as early as 1971 (Sub-chapter 3.1). In this sense, the promises of the past remained to be fulfilled.

In terms of the institutional context that defined the development prospects, the Commission reform at the turn of 2000 did not improve the development policy position. On the contrary, development policy actors found themselves very much on the defensive. The trade agenda of the EU-ACP partnership became the domain of EU trade policy, while the turf war between DG RELEX and DG DEV was still unsettled. However, together with the changes in the international as well as in the EU institutional set-up, the relationship between the EU security and trade policies became key. Again, the interest towards the development policy domain stemmed from both branches of the external relations, while development policy had a more reactive stance at this stage. The European Security Strategy embraced the idea of “development” at the core of its agenda. At the same time, the EU took, albeit after a delay and with strong protectionist safeguards, a leading role in setting new standards for trade with the LDCs in the WTO setting. Yet, the core of the consensus on a pro (sustainable) development trade agenda started to emerge around the question of improved market access. This highlighted the consistency of the EU’s external relations, but the role of development policy was still unclear beyond the traditional donor role. However, the Monterrey Conference development finance was a victory for the EC in this respect. In addition, this period opened up possibilities to explore a Europeanised policy on a global level with the member states. The attempts to create a single actor despite the sectoral policy and member states’ interests constitute the third underlying tension. These tensions also remained central to the European Consensus development policy that I will now go on to explore.

4 DEVELOPMENT POLICY PROCESS AND POLICY COHERENCE

Chapter 4 explores the pre-conditions for policy (in)coherence within the EU machinery. The chapter takes us through the process of development policy and policy coherence formation that resulted in the European Consensus for Development statement. In the ensuing Sub-chapters 4.1-4.4, I deepen my analysis of the Commission-Council Presidency (the UK) interaction and the prospects for the Europeanisation of development policy. I also look at the attempts to enhance the development policy position vis-à-vis the trade and security policies. In particular, my aim here is to show how the European Consensus document was formulated and how the understanding of policy coherence for development was shaped in this interaction.³⁴⁰

Fairclough would call this stage of the policy process “discourse production”, whereby the elements of the EU development discourse were selected and organised with a view to constituting the first joint EU vision. Understanding the way in which the EU’s discourse is produced relates directly to Barnett and Duvall’s (2005) model of discursive power. Moreover, it sheds light on the prevailing conditions and pressures under which development policy is made.

In particular, my task in this section is to analyse how the European Consensus on Development was formulated, and what this process of formulation tells us about development policy-making in the EU in terms of inter-institutional cooperation and competition, and the position of development policy in the external relations of the EU. Finally, I will also map out the main elements that came to constitute the discourse of the European Consensus on Development, as well as show how they emerged on the EU agenda.

I begin from the genesis of the development consensus and continue until the adoption of the final statement.³⁴¹ As far as possible with the data that I have at my disposal, I engage in process-tracing so as to understand what happened at each stage, what the main conceptual changes to the development policy content were, and by whom they were initiated. In addition, I apply Carbone’s (2007) model of opportunities and tactics, which the Commission can deploy at different stages of the policy process.³⁴² To highlight the choices that have been made, I also present alternative views that were left out or dismissed.

340 Hill 2005: 8.

341 Hill 2005: 4-5.

342 Carbone 2007a: 5.

Interviews once again provide an important primary source for the research, with the caveat that the reader needs to bear in mind the subjectivity of this type of data.

4.1 THE GENESIS OF THE CONSENSUS: POLICY INITIATION AND THE ROLE OF THE COMMISSION

As we can safely conclude from the previous chapters, the entwining external and internal factors triggered the policy process towards the European Consensus. In addition, the fact that a new Commission was taking up office in November 2004 provided an opportune moment for a policy review. Indeed, it was expected that the incoming Commissioner would take the lead and draft a policy of his/her vision. However, the preparations for a new policy statement had been well underway in DG DEV Policy Planning Unit³⁴³ long before the arrival of the new Commissioner. Indeed, the preparations had already started with an assessment study of the previous EC development policy of November 2000, which was issued in the form of a joint statement by the European Commission and the Council. The purpose of the evaluation was to take stock of the achievements of the previous policy, as well as to plan ahead for a possible new policy.³⁴⁴ For this purpose, a study team was set up comprising a group of independent researchers from the European Centre for Development Policy Management (ECDPM), the Overseas Development Institute (ODI) and Instituto Complutense de Estudios Internacionales (ICEI), with the close cooperation of the Commission policy-planning unit and then Director DG DEV/B Bernard Petit.³⁴⁵ In particular, the study team was tasked with focusing on the thematic scope of the 2000 development policy, its position in external relations, its geographical scope and its role in the Union politics of shared competence in terms of remaining a Community policy statement or expanding towards truly European dimensions. These issues were already brainstormed by EC officials and external experts under the heading “The Future of EC Development Policy” in October 2004 while the study was in progress.³⁴⁶

The study was largely a desk study but it also included reflections on country case studies with a DPS 2000 focus in terms of analysing its application in Country Strategy Papers and Regional Strategies (if applicable). In addition,

343 Officially, DG DEV, Unit for forward looking studies and policy coherence, led by Françoise Moreau. Interview Academia[21]2008.

344 Interview Academia[21]2008.

345 The study team was led by James Mackie from ECDPM.

346 DPS Study Report Feb 2005 – ECDPM/ICEI/ODI: Annex Brainstorming Report 187.

the views of key actors were included through structured interviews and documentary summaries. As discussed earlier, the study provided a framework for the forthcoming discussions based on three main premises: the world has changed, development and development objectives have changed and Europe itself has changed, which were reflected in the study as well as in the formal presentations of the assessment study by DG DEV. Whereas the first two changes called for new responses to global problems – insecurity, increasing inequalities and intensified globalisation – the last premise was directly linked to the ways of working in the enlarged Union. With regard to the latter, it was stated that the model (at that time) of 25 member states + 1 Community actor would no longer be functional and new, more integrated ways of working and conceptualising development would be needed.³⁴⁷ And of course, there was the question of the timing of the previous development policy statement that had actually been released somewhat hastily under Poul Nielson in April 2000 while preparations for the MDGs were still underway. In this sense the EC process was driven more by internal factors, most notably due to the EC reform process, and as a consequence it lacked the momentum of the Millennium Development Declaration launch.³⁴⁸

The DPS study was commissioned by DG DEV but financed by the UK government Department for International Development (DFID). Although the obvious need for a policy assessment was shared by both parties, the underlying reasons for revision were very different. For the Commission, the review was seen as an opportunity to raise both the development policy profile as well as the EC role in terms of expanding the scope of the Community policy towards a Common framework that would ideally also include a joint policy statement as well as the operationalisation of the policy action and division of labour.³⁴⁹ In other words, the Commission was strongly in favour of further Europeanisation of the policy. By contrast, the aims of the British government were overtly the opposite. Despite the need for policy assessment, the primary aim of the UK was to limit the scope to a scrutinisation of EC performance and to update the policy accordingly. In this sense, the underlying objective was to maintain the status quo in terms of separate but complementary member-state and Community policies.

However, this type of negotiation setting did not come as a surprise to either party. Indeed, just two years earlier, the British Government had issued a statement in which it called for the improved efficiency of the EC development policy. Although these types of debates have been typical of these two parties,

³⁴⁷ DPS Study Report Feb 2005 – ECDPM/ICEI/ODI: Annex Brainstorming Report.

³⁴⁸ Interviews Academia[8]2008, Academia[21]2009, EC[23]2009 and EC[30]2009.

³⁴⁹ Interview Academia[8]2008.

this time around the stakes were raised with the British threat to “nationalise” its development policy if tangible improvements did not take place at the EC end.³⁵⁰ In this light, it was anticipated that the Commission would need to do its utmost to firstly convince the UK government, that the way in which the Commission had been working had improved and could lead to more effective EC aid. What is important to note is the fact that the study team was not tasked with looking at EC performance per se, but rather at the overall functionality and political purpose of the policy statement as such.³⁵¹ From the discourse production point of view, this makes it even more interesting as it emphasises the importance of this type of political document. As one of my interviewees noted:

A high-level policy statement of this nature is expected to perform a number of tasks. It is first of all a statement of intent against which action can be measured and accounted for, but it is also a rallying point around which various actors and stakeholders can unite in a common effort and provides an overall framework for continuing policy debate.³⁵²

The DPS study report concluded that in this regard, the overall assessment was generally positive. In particular, it highlighted that the 2000 DPS statement had been well-received by various stakeholders including the DAC community, and that it compared well with similar statements from other donors. Even more importantly, the previous statement had served to distill the EU vision into a single authoritative statement to guide development towards a limited number of objectives and priorities at different levels of cooperation.³⁵³ Regarding the latter dimension, the role of the EC was linked to that of the member states, proposing that the EC could be used as a focal point for a more collective development action by the Union. However, it was acknowledged that this would depend on the political will of the member states and could not be advanced by the EC alone.³⁵⁴ However, the Commission needed to show that it was both willing and able to play such a role in the process of the new statement formulation provided that the member states accepted it. However, as the UK was at the same time preparing its own EU presidency term for the second half of 2005, the pressing question was how big a role the presidency was actually willing to give to the Commission in this regard.

350 Riddell 2007.

351 DPS Study Report Feb 2005 – ECDM/ ICEI/ ODI: 7.

352 DPS Study Executive Summary: para. 1, p. 7.

353 DPS Study Executive Summary: 7.

354 DPS Study Executive Summary: 8.

Concerning this type of potentially adversarial dynamics, the national governments may use the presidency to promote and pursue their national interests rather than act as mere Council chairs. In order to mitigate this, the Commission should try to establish good working relations with the country holding the presidency at a very early stage, especially if the Commission wants to have any influence over the agenda, as is clearly the case here.³⁵⁵ Indeed, engaging in the joint DPS study process could be read as a sign of preparing the ground well beforehand so as to gain an understanding of the common points of departure as well as possible disagreements. These kinds of preparations can be beneficial if there is a risk from the Commission point of view that an adversarial presidency may try to exclude issues from the agenda, delay decisions by deliberately presenting impossible solutions, or even steer negotiations towards their preferred outcome.³⁵⁶ Should the Commission proposal be radically different, it must be particularly careful and choose the appropriate time to submit a proposal if it wants to be successful.

At the outset, a number of factors played in favour of the Commission. First, the previous international success of the Monterrey Financing for Development conference (2002) had shown that the Commission could take the lead on the EU front. Second, the international development community was heading towards a consensus on donor harmonisation and improved coordination, which then resulted in the Paris Declaration prior to the beginning of the UK Presidency. This tendency had already increased the legitimacy of a joint framework option. Third, the first six months of the new Commission coincided with the Luxembourg Council Presidency, which was known to be close to the Commission and would therefore guarantee sufficient room for manoeuvre for the Commission leadership. Finally, and perhaps most importantly, the Commission was expected to use its institutional power to initiate such a process. With this power, the Commission clearly had the advantage of being the first to define the name of the game. Of course, policy ideas may emerge from a variety of sources such as a request from member states in the Council or from the Parliament, or ideas may stem from international processes and/or organisation agendas in which the EU and its member states participate. In this case it was the latter, the OECD DAC Committee and its peer review of the Union. Ideas may also be put forward by interest groups and partner countries, or they may emerge from the commitments made in the international arena, from external shocks, and so forth.³⁵⁷

However, Carbone points to the fact that it is the Commission which is the driver of the process, regardless of where the ideas originate from. As Nugent

355 Cf. Carbone 2007a.

356 Cf. Carbone 2007a.

357 Cf. Carbone 2007a: 24 where he refers to Peters 1994 and Cini 1996.

phrases it: “Once the Commission begins working on them it can do much to frame the terms in which they are considered, when they are considered, by whom they are considered, and with what receptivity they are considered.”³⁵⁸

Indeed, the beginning of the European Consensus process was a textbook case when it came to the official policy-making pattern in the Union, at least regarding the Commission’s strong role in the initiation of a policy. In terms of policy process, the wheels started to turn as the Commission DG DEV policy planning unit launched an Issues Paper on the future of, *nota bene*, not just EC but *European Union* development policy at the beginning of January 2005. The Issues Paper was produced inside DG DEV to look precisely at the above-mentioned challenges and, most importantly, to engender a stakeholder debate on the key issues and the role of the EU in this regard. One of the underlying questions was whether the primary objective for Community development policy should remain poverty reduction, or whether it should be changed according to the pressures arising from the EU external relations. In keeping with the call for changes, the Issues Paper highlighted that in the face of the accelerated globalisation process (including trade and economic matters as well as major issues related to the environment, health, migration and security), the scope of the development policy should aim to integrate these aspects in conjunction with aid for development as such. In this context, the introduction of the paper presents development policy as the privileged instrument for managing globalisation.³⁵⁹

The stated purpose of the document was to launch a consultation process with a view to getting various parties to take part in the formulation of the new policy, and particularly to inform stakeholders about the Commission’s stance in the first stage. Interestingly, the Issues Paper was deliberately released in this informal format and not in the form of a Commission Communication, for instance. This was done in order to avoid the Inter-Service Consultation process, which would have presumably added issues of interest from other policy sectors or changed the wording of the presented development policy issues. The idea was to put forward a paper directly from DG Development to the EU development policy stakeholders.³⁶⁰ However, even in this format, the Commission does not have a totally free hand in what it does. As Nugent observes (2006: 167-168), from its earliest deliberations on a possible policy initiation, the Commission has to take note of many of these outside (and of course inside) voices if its proposals are to find broad support and be effective in the sectors to which they are directed. The Commission must concern itself

358 Carbone 2007a: 24, citing Nugent 2001: 220.

359 DG DEV European Union Development Policy Issues Paper: 2.

360 Interview EC[30]2009.

not only with what it believes to be desirable but also with what is possible. The policy preferences of others must be recognised and, where necessary and appropriate, be accommodated. So in this sense, it is safe to assume that the freedom of the Issues Paper was also effectively limited by these anticipations.

The exercise was structured around ‘why?’ ‘who?’ ‘what?’ and ‘how?’ questions in order to attach the future policy to as concrete a level as possible.³⁶¹ The question of ‘why?’ was linked to the objectives of EU development policy. Should poverty reduction remain the chief objective, or should the European Commission seek to achieve a much closer link between development and other fields of external action, such as migration, security and trade? The purpose of asking ‘who?’ was to define the European development cooperation actors and to examine how they could be involved in the EU’s development policy. Unsurprisingly, central to this question were the considerations regarding complementarity and cooperation between the Commission and the member states, but also of importance was the role of aid recipients as well as civil society organisations and private sector stakeholders in this context. ‘What?’ refers to the fields of action and priorities that should be covered by the development activities, either through the Commission or the member states. Should the Commission focus on certain pre-selected sectors even though that may reduce flexibility in responding to the needs of the partner countries and regions? And lastly, ‘how?’ relates to the means that are needed for pursuing the development objectives. Most concretely, this refers to development funding, the modalities of distribution and other means for implementing development policy.³⁶² Related to the thematic inter-linkages with other policy sectors, the Issues Paper provided a presentation of the state of play regarding the overall objectives for both the Community and EU development policy on the topics as well as points for discussion.³⁶³

This type of early state engagement with different actors can also be seen as a strategic move to map out the territory and ascertain on what grounds the official position could be built in order to prevail against possible competing views. The Commission engages in debates with a wide range of non-state actors,

³⁶¹ Interview EC[30]2009.

³⁶² DG DEV European Union Development Policy Issues Paper: 2-4.

³⁶³ Objectives of the Community/EU development policy (Issue 1.), Development and security (Issue 2.), Integrating Trade and Development (Issue 3.), Migration and development (Issue 4.), Environment and development (Issue 5.), An EU policy or a 25 + 1 policy? (Issue 6.), Partners: reinforced ownership and broader participation (Issue 7.), Policy sectors and cross-cutting themes (Issue 8), A Common thematic framework for the European Union and Member States development politics (Issue 9), Differentiation (Issue 10), Transition situations – Linking relief and development aid (Issue 11). Allocation of financial resources (Issue 12), Global Initiatives (Issue 13).

not only to add expertise and legitimacy to its proposals, but also to activate and put pressure on member states.³⁶⁴ We can approach this process from two possible directions. First, we can regard the texts as a policy instrument to be used for formulating new approaches to current policies, with a view to organising support for the Commission in the inter-institutional situation. Or we can look at it from the point of view of discourse production and the way in which the presentation of the issues already sets the course for the debate. In this regard, the conclusions part of the Issues Paper openly defines the limits of the discourse:

... not everything can be opened up for discussion however: there is an established framework in the shape of international commitments, the Treaty and the draft Constitution, cooperation and partnership agreements and the Financial Perspectives for 2007-2013. A number of important points from the 2000 Declaration need to be reiterated for reasons of credibility and relevance. A long-term policy should not be subjected to radical changes every five years.³⁶⁵

Alternatively, the task could have been to encourage debate for the sake of evaluating the actual results of EU development policy, but this was not the case here. However, this choice is legitimised by the rationale for the very survival of development cooperation in a turbulent context where new priorities, particularly those of security, are attracting the attention of the public and political decision-makers alike. In this respect, the conclusions suggest two possibilities for a future strategy: adopting a defensive approach by avoiding interaction with other policies in order to ensure the autonomy of development or, conversely, seeking closer interaction by clarifying both positive and negative links with other policies to distinguish development cooperation and to demonstrate its role, which is to address the root causes of problems.³⁶⁶ Framed in this manner, it is clear that the intention of DG DEV was to have the audience opt for the latter.

DG Development does not use the policy coherence for development term, although most of the main issues that it raises are directly related to this concept. Even the introduction calls for “a wide-ranging debate to clarify the role of the European Union development policy and aid, in order to review the way the EU policies are articulated with the policies pursued by member states and with civil-society initiatives, in a spirit of coherence and complementarity”.³⁶⁷

364 Cf. Carbone 2007a: 25 where he refers to Cowles 1995 and Christiansen 2006.

365 DG DEV European Union Development Policy Issues Paper: 21-22.

366 DG DEV European Union Development Policy Issues Paper: 21:22.

367 DG DEV European Union Development Policy Issues Paper: 2.

The point put forward for discussion was actually a statement to the effect that “the EU must take full advantage of any synergies between different external objectives. This means that all concerned must recognize the importance of a foreign and trade policy geared towards prosperity, peace and global security and development policy aimed at reducing poverty and inequality in developing countries now and for the benefit of future generations”.³⁶⁸ What is interesting in this formulation is that the other policies are not given an active role in poverty eradication nor obligated to work towards these objectives.

Overall, the trade policy issues in the Paper were framed along the usual lines of trade being a powerful tool to foster economic growth, and necessary for achieving development and poverty reduction objectives in developing countries. In this respect, the issue of market access is raised once again as a key element, as well as developing countries’ appropriate domestic policies and capacity to take the opportunities of increased openness. Here, an important question also emerged on the redistribution of gains to reduce poverty and inequality. The underlying assumption is that trade liberalisation will bring about major opportunities that countries need to be in a position to seize. The task that the EU had in this regard was to further liberalise its own agriculture and fisheries policies, as well as provide an adequate and predictable regulatory framework for trade and investment in developing countries and regions. What followed was a list of EU trade measures that facilitate this task either unilaterally and bilaterally or through “development-friendly and sustainable trade negotiations to which the EU is committed.” This includes addressing the erosion of preferences brought about by multilateral trade liberalisation and, even more importantly, the liberalisation of EU agricultural policy in terms of decreasing trade distortion caused by subsidies. It goes on to note that the agricultural reform in this respect also required removing tariff peaks and tariff escalation. By the same token, the text addressed the fisheries policy reform so as to improve the management of fishery resources and sustainable exploitation, pointing again to the problem of subsidies that are recognised to be a part of the over-fishing and over-capacity dilemma.³⁶⁹ In essence, the normative model that the Issues Paper aimed to put forth rests on two pillars. First, trade liberalisation in terms of dismantling protectionism at the EU end and addressing clear incoherencies between the fisheries and agriculture in more general terms. And, second, reforms in the partner countries.

Although the Issues Paper was produced and delivered by DG DEV and not by the Commission as a whole, its ethos on trade and development was very similar to the overall liberalisation discourse of DG Trade. In this respect, the

³⁶⁸ DG DEV European Union Development Policy Issues Paper: 3-4.

³⁶⁹ DG DEV European Union Development Policy Issues Paper: 5-6.

areas of improved policy coherence were related to dismantling obstacles to further liberalisation and to the facilitation of developing countries' trading opportunities for development purposes. In more concrete terms, these included less restrictive and more simplified rules of origin to counteract preference erosion, which were needed to take advantage of EU market access, which was under the competence of DG TAXUD. Non-tariff barriers related to veterinary, technical, sanitary and phytosanitary standards, which fell under the remit of DG SANCO exports, were also brought up. In addition, the loss of customs revenue in developing countries was listed as a point for further discussion.³⁷⁰ To sum up, the issues that DG DEV regarded as incoherent fell under the sectoral domains of DG Agriculture, DG Fisheries, DG TAXUD, DG SANCO and, to a lesser extent, under the competence of DG Trade, as the trade liberalisation agenda was largely portrayed as a development agenda. Only the issue of revenue loss due to reciprocal tariff liberalisation was directed to DG Trade.

Regarding the respective roles of the EC and the member states, DG DEV stated in the paper that the proper implementation of “the 3 Cs” (cooperation, consistency and coherence) calls for a special role for the Commission. By and large, this constituted the reason why European development policy would require a consensus on a common platform of action.³⁷¹ Within the aid agenda this call was justified by the commitments to “more and more effective aid” made in the Barcelona European Summit in March 2002. Here, the Issues Paper referred to the member state and EC donor practices that the Council had examined and also to the international processes in which the EU was envisaging a greater role.

With regard to the EU's global role in the sphere of the Bretton Woods Institutions, the Issues Paper points to the claim that the EU's involvement in shaping the strategies of those IFIs was still well below its potential in terms of its 30 per cent equity in the IMF and World Bank. Here, it was foreseen that the EU could actually influence positively by preventing and managing financial crises, as well as by promoting reforms in debtor countries. In addition, the EU was seen as being capable of steering conditions in the direction of politically and socially sustainable development with reinforced co-ordination and representation.³⁷²

The Issues Paper marked the launch of the official consultation process that took place in January-March 2005.³⁷³ First, the Commission launched an internal dialogue within the Commission and between the Commission and key actors in the policy cycle. These included the member states, the European Parliament and, somewhat unexpectedly, the European Economic and Social

370 DG DEV European Union Development Policy Issues Paper: 6.

371 DG DEV European Union Development Policy Issues Paper: 8-9.

372 DG DEV European Union Development Policy Issues Paper: 9-10.

373 The report takes account of all comments received up to April 22, 2005.

Committee and the Committee of Regions. Second, it organised a series of meetings and workshops. Third, it launched an electronic debate and online questionnaire.³⁷⁴ The results were published on the Internet with complete texts of the contributions that the Commission received so as to guarantee transparency of the process. The subsequent report on the public consultation was published by the DG DEV Development Policy, Coherence and Forward Studies unit in June 2005. In his foreword to the report, Commissioner Louis Michel declared the consultation a big success. The Commission received 529 contributions in all from different types of stakeholders, two-thirds of them from the donor countries. A notable fact here was that the majority of respondents were from Belgium, France, the Netherlands, Germany, the United Kingdom and Spain. Although the Commission received contributions from developing countries covering almost all geographical areas except MEDA, the input was based on a relatively small number of respondents.³⁷⁵

The model for this type of process was taken from the consultations prior to the launch of the Green Paper on the Future of the EU-ACP Lomé Convention in 1996. However, this time around it was clear from the outset that there would be neither sufficient time nor resources to engage in a more comprehensive debate with developing country partners at the level of delegations or beyond.³⁷⁶ A notable exception here was Bangladesh whose pro-activeness indicated clear interest in broadening the EC development policy towards the non-ACP LDCs in particular.

Regarding the results of the consultation, according to the respondents, the objectives of a new EU development policy should be based on the Millennium Declaration (39%) and not only on the narrower frame of the MDG goals. However, these goals were regarded as important in operational terms. What is interesting is that 37 per cent of the participants considered that the Millennium Declaration plus other objectives of the external action should be used as landmarks in the development field. This inclination was further enhanced in the meetings with and statements from key players and stakeholders, suggesting a clear consensus that eradication of poverty should be the main objective. Sustainable development as such was not referred to in the development chapters but in the context of environment and development. In addition, the need for coherence in the elements of the EU external action was widely emphasised.³⁷⁷

According to the report, a vast majority of the respondents agreed that development policy should never be subordinated to the CFSP or trade policies.

374 DG DEV 2005: Report on the Public Consultation on the Future of EU Development Policy: 4.

375 DG DEV 2005: Report on the Public Consultation on the Future of EU Development Policy: 6.

376 Interviews Academia[21]2008 and EC[30]2009.

377 DG DEV 2005: Report on the Public Consultation on the Future of EU Development Policy: 20.

Furthermore, the objectives of the other external policies should be taken into account in development policy in terms of recognising that development activity is an effective tool for addressing the root causes of conflict and insecurity, while security and a peaceful environment are key to any development strategy. This framing was quite close to the one in the resulting European Consensus statement. The report concludes that development can be seen as a tool to address the root causes of insecurity but should not be subordinated to security policy. This implies that security-related expenditure should not be seen as official development aid and that security in this context should be approached through the larger perspective of ‘human security’.³⁷⁸

The questionnaire was also designed to gather suggestions for appropriate models of trade policy to help developing countries reap the benefits of trade liberalisation. Here the respondents emphasised three key aspects: the need for a balanced multilateral trade system, further improvements in market access, and a wish that the EU should support developing countries in their efforts to create a stable and attractive environment for trade and investment. Interestingly, the report was designed to nominate only one option as the basis for an appropriate trade policy, rather than implying that a policy would possibly require all these dimensions in order to be “appropriate” in terms of poverty eradication. What is also worth noting was the importance given to the need for a balanced multilateral trade system.³⁷⁹ In addition, a key message that emerged from the meetings and statements made by stakeholders was that any new policy should be more cautious about celebrating the substantial benefits brought about by trade liberalisation, pointing to the complexity of trade, and the fact that growth and poverty reduction would not be automatic. In this light, developing countries should not be forced into liberalising their markets, but should have the right to protect their industries and farmers. At the same time, their capacity to face non-tariff barriers should be increased, while the EU itself should deal with the Union’s trade distortive tariffs and subsidies, as well as address supply-side constraints in developing countries.

The report also included a section on the Economic Partnership Agreements. In this regard, the report raised a concern related to reciprocity and the risks associated with insufficient development benchmarking. Finally, the report concluded that trade is, on the whole, seen as an important tool for combating poverty, but apparently there was no agreement on how it should be used.³⁸⁰

378 DG DEV 2005: Report on the Public Consultation on the Future of EU Development Policy: 14-16.

379 DG DEV 2005: Report on the Public Consultation on the Future of EU Development Policy: 17.

However, the final version of the European Consensus does not touch upon this, but starts with the assumption that the current system is “free and fair” (Sub-chapter 5.4).

380 DG DEV 2005: Report on the Public Consultation on the Future of EU Development Policy: 16-17.

Regarding the hot topic of EC and member-state roles, a majority of the respondents (59%) were of the opinion that the Commission should assume a bigger development role. It was also recommended that the EC could more actively pursue a common EU platform for development policy rather than limit itself to coordination and harmonisation of EU aid only, as was the case in the DPS2000.³⁸¹ This bigger role would also imply a bigger EU standing in the WB/IMF, either by individual representation, or at least that the Commission should become a member and represent the Community. However, opinions to the contrary were also expressed, although they formed a minority in this group.³⁸² In addition, several contributions referred to the EU values and principles that should underpin the EU development policy. In all, this type of response provided a strong enough basis for building a Brussels Consensus, or even “a leadership model for global development thinking” as one of the respondents extravagantly phrased it.

At this point, it was stated in the introduction that policy orientations would be drawn from the new Commission Communication on the proposal for a new development policy, not from the report itself. However, the Issues Paper and the Report on the Consultation process provided a good strategic instrument for the Commission to pick and choose appropriate issues for further debate. In this sense, all these activities can be understood in terms of institutional entrepreneurship that aims to mobilise consensus by publishing documents, engaging in the public debate, and organising bilateral or multilateral meetings.³⁸³ In addition, by doing this, the Commission could maintain control over the process in terms of framing the debate and furnishing collective evidence of broader support on central issues that it wanted to influence. In the following section we will move on to look at the kind of policy proposal that was actually put forward by DG DEV and the European Commission as a whole to its institutional counterparts to debate.

4.2 THE COMMISSION PROPOSAL: “HARNESSING GLOBALISATION FOR DEVELOPMENT”

Having outlined the preparatory stage of the European Consensus process in DG Development and in the public consultation, I will now proceed to the policy initiation phase in the European Commission. In particular, I will focus on the Commission proposal for a European Union Development Policy and the

³⁸¹ DG DEV 2005: Report on the Public Consultation on the Future of EU Development Policy: 21-22.

³⁸² Ibid.

³⁸³ Cf. Carbone 2007a: 5, 25.

mandatory impact assessment that the Commission had issued to accompany the proposal. My aim is to demonstrate how the Commission discourse had changed compared to the Issues Paper, and how this change reflected the overall understanding of the role of development policy and policy coherence for development within the EU.

Drawing on the internal debates, various meetings and the consultation process, the Commission issued a communication proposing a joint declaration on the European Union development policy entitled “The European Consensus”.³⁸⁴ By “joint” DG Development was not only referring to the EC member-state axis, but also to the enlarged constellation including the EP, with which it had already conducted preliminary discussions. However, this was not the first time that this kind of tripartite arrangement had been sought, as Commissioner Poul Nielson had invited the parliament to take part in the DPS2000 exercise during his term. Unfortunately, on that occasion too much haste and insufficient attention to the provided comments did not lead to joint results. This failure was then reflected in a certain disinterest and passivity on the part of the EP.³⁸⁵ On the other hand, there was also a structural difficulty hindering the process simply because there was no official procedure in place to facilitate a joint formulation between these institutional parties (*sic*).³⁸⁶

The Commission proposal was timed to coincide with the very beginning of the UK Presidency as it was launched on 13 July, 2005. It was accompanied by a document that was labelled as an Impact Assessment. However, this impact assessment was largely a summary based on the DPS2000 study, presenting the rationale for policy changes, including an assessment of the impact of the “no policy change” option, highlighting the importance of the objectives of the proposed EU Development Policy Statement, as well as envisaging the necessary instruments to move towards them.³⁸⁷

What is noteworthy is that conducting a (sustainability) impact assessment had been mandatory for every new and significant initiative by the Commission since 2003.³⁸⁸ This fact also constituted a very important aspect of the overall sustainable development strategy of the Union when it came to understanding the economic, social and environmental imprint of the EU action.³⁸⁹ What was problematic in this case was that the way in which the concept of impact was understood had very little to do with *sustainability* impact assessment.

384 COM (2005c).

385 Interviews Academia[21]2008 and CSO[31]2009.

386 Interview EC[30]2009.

387 COM (2005d) Impact Assessment SEC (2005) 929: 3-6.

388 Interview EC[16]2009.

389 Interview EC[16]2009. See also Baker 2006.

Rather, it was an estimation of the political impact achieved with the former DPS2000 statement, as well as an exploration of the potential political value of the envisioned European Policy. So somewhat strikingly, a section entitled *Economic, social and environmental impact of the 2000 EC Policy statement* does not discuss the impact in sustainable development terms at all. It jumps directly to exploring the different functions and their impact, what the DPS 2000 had performed in terms of policy focus, and the consequent priorities *as a policy paper* and not in terms of actual poverty reduction outcomes. Although problems related to insufficient integration of cross-cutting issues or lack of shared ownership by the European Parliament and non-state actors are recognised as impact issues in a broad sense, the discrepancy between the title and its content is still notable.³⁹⁰ This is further emphasised since, curiously enough, regarding the envisioned European Development statement and its expected impact, there is an identically entitled chapter later on in the same document which states that:

no quantitative analysis of economic, social and environmental impact has been possible due to the general and political nature of the proposed (European Consensus) Declaration and the number and range of players involved.³⁹¹

However, some likely trends were still identified, based on common evaluation findings of development aid, but there was no reference to any specific evaluation of aid. On these meagre grounds, it was nevertheless boldly assumed that the European Consensus policy would have a positive economic, social and environmental impact. In other words, if the European Consensus were adopted and implemented as the Commission planned, it would have a better impact than the previous development policy in both developing countries and in the Union itself. However, the process is not based on the actual impact of the policy in relation to its objectives, but rather on the likelihood that improvements to the policy will lead to improved outcomes. Although this is one way to approach the effectiveness of the EU development cooperation, it failed to explicitly state the most challenging question: Does EU development policy deliver on its own objectives and to what extent do other policies help or hinder this endeavour?³⁹²

Instead, the positive outcome that the impact assessment presented was based on a list of causal assumptions. First, sharing the Consensus would improve and facilitate coordination among member states and thus increase the overall effectiveness and impact of EU aid. Second, more flexibility in applying

³⁹⁰ See COM (2005d) Impact Assessment SEC (2005) 929: 7-8

³⁹¹ See COM (2005d) Impact Assessment SEC (2005) 929: 3-4 and compare *ibid*: 7-8.

³⁹² Riddell 2007.

EU priorities and recognition of all stakeholders would improve ownership by partner countries. Third, enhanced differentiation would allow the EC to respond efficiently and coherently to the heterogeneity of partners. Fourth, the social and environmental dimensions of sustainable development as mainstreamed, specific objectives of EU aid would have a positive impact. This would be combined with a clear focus and recognition of the validity of the European development policy which, in turn, would lead to greater consistency of EC aid across regions. Lastly, and perhaps most interestingly, it was assumed that the European Consensus statement *per se* would automatically build a causal link to greater coherence among EU policies affecting development cooperation (migration, security, trade, etc.).³⁹³ As the end result, the impact assessment foresaw benefits both for developing countries and for the Union. The developing countries would receive more effective and sustainable EU aid, aligned to the PRPS and national development strategies, while the EU would raise its profile in international development as well as in the political system of the Union.

Intriguingly, the envisioned bigger role for the EC would also contribute to the achievement of shared development objectives in a more efficient and effective way.³⁹⁴ This was stated acknowledging the risk that at least some member states would disagree on this assumed direct causality. By the same token, the European Consensus was designed to strengthen policy coherence for development, which was then assumed to produce economic gains for developing countries in the form of increased exports, reduced costs of remittance by migrants, a reduction in the brain drain, improved environmental sustainability and mitigation of climate change, increased human and state security, better working conditions, and improved access to services such as transport and energy.³⁹⁵ This was all dependent on the European Consensus delivering on these objectives. Even if not stated outright, it is assumed that the Commission proposal will provide these links. Regarding the respective impact for the EU, DG DEV furthermore claimed that the stronger EU voice in the international development arena would be important for EU citizens because it may contribute to a stronger EU role in international affairs and promote EU values worldwide. Hence, the EU norms were seen as important also on a global scale. This claim was further legitimised with an assumption that the EU would produce more public goods by helping to prevent conflicts, reduce the spread of disease and protect the global environment.³⁹⁶ This was why a new development policy – and a consensus on the EU's role – were needed.

393 COM (2005d) Impact Assessment SEC (2005) 929: 7-8.

394 COM (2005d) Impact Assessment SEC (2005) 929: 8.

395 COM (2005d) Impact Assessment SEC (2005) 929: 8.

396 COM (2005d) Impact Assessment SEC (2005) 929: 8.

Regarding the policy objectives, the impact assessment document packages them in the following way:

The overall objective of the new DPS will remain the reduction and ultimately the eradication of poverty within the framework of sustainable development. The operational definition of poverty eradication will be based on the Millennium Declaration and the MDGs in particular. The policy will also seek to achieve greater coherence among Member States and the Commission as well as among the various Commission services in EU external action and those in charge of internal policies with an external dimension.³⁹⁷

This presentation was followed by a discussion which links the objectives to the international development policy contest and already established international development commitments, especially those related to the MDGs, but also to the Monterrey Conference on financing for development and the Johannesburg Summit on sustainable development. Related to the MDGs, the Commission also had an important “carrot” to bring to the table. Namely, the UN High Level Event in September 2005 and the WTO’s Fourth Ministerial Conference scheduled for Hong Kong in December 2005 were approaching.³⁹⁸ These occasions would provide a global arena for the Union’s voice and vision, to which end a joint declaration would certainly be beneficial.

With regard to the debate on an appropriate development policy instrument, the impact assessment paper put forward three options for readers to consider. First, review and update the 2000 DPS, keeping the focus on EC aid only; second, launch a common platform for all EU member states and the Commission, defining common objectives, principles and broad guidelines for the design and implementation of EU aid; and lastly, follow a two-pronged approach with a policy offering a common platform for EU and MS aid on objectives and principles, which would then be referred to as the so-called “Brussels Consensus”, but keeping an EU focus for implementation guidelines.³⁹⁹ To evaluate these options, DG DEV also provided an ex-ante analysis of the rationale behind each option and its likelihood of being accepted. Regarding the first, status quo option, a proposed rationale would have been that a long-term policy should not be changed too frequently. However, here too, the right to alter policy was reserved to include all developing countries and not only the ACP states. Still, this kind of light update was not seen as sufficient to support and promote

³⁹⁷ COM (2005d) Impact Assessment SEC (2005) 929: 5.

³⁹⁸ COM (2005d) Impact Assessment SEC (2005) 929: 5.

³⁹⁹ COM (2005d) Impact Assessment SEC (2005) 929: 5-6.

a stronger EU role in international development.⁴⁰⁰ Concerning the second, and by far the most radical option of having an entirely common European development policy, it was acknowledged that such a formulation would have entailed replacing each member state's development policy statements with a joint one, including objectives, principles, values and priorities. In this respect, it was immediately stated that this model would be unrealistic as member-state aid structures were seen as too diverse. DG Development was also cautious about the fact that promoting such an option could easily have been interpreted as a move to undermine the spirit of the shared competences of the Treaty or even to push towards a unification of EU aid.⁴⁰¹

In this light, the middle-road option stood out quite naturally as the best possible choice. DG Development explained that "it is still politically ambitious but also realistic on operationalisation". Actually, as the Commission pointed out, it would only make official at the EU level what the member states had already agreed individually in international commitments. From here, a "Brussels Consensus" could be drawn up to encompass objectives, principles and a vision for the future.⁴⁰²

At this stage, it was already clear that the Commission's preferred option was a combination of the purely Common EU policy and the third alternative, whereas the UK government stance was strongly in favour of the status quo with minor modifications.⁴⁰³ In this type of setting, the framing became crucial.⁴⁰⁴ In this regard, the Commission had done its homework by laying down facts that made the policy change a necessity, linking it to international development agendas, and presenting the division of labour between the EC and member states as a practical issue that would simply improve the policy outcome. After all, who would have the audacity to argue against the outcome of a public stakeholder consultation and a proposal for an improved policy framework?

The Main Discursive Elements of "Harnessing Globalisation for Development"

After the preparatory work, the next challenge in the pipeline for DG DEV was to find common ground within the Commission. Whereas the preparatory phase had been firmly in the hands of DG DEV, the framing was now opened to the entire Commission. The common foundation was found in the EU's

400 COM (2005d) Impact Assessment SEC (2005) 929: 5-6.

401 COM (2005d) Impact Assessment SEC (2005) 929: 5-6.

402 COM (2005d) Impact Assessment SEC (2005) 929: 5-6.

403 Interviews Council [28]2008, Academia[8]2009 and EC[23]2009.

404 Cf. Carbone 2007a: 5, 25-27.

global role and the essential part that development policy was to play in this international identity.⁴⁰⁵ More precisely, “globalisation” became the key word in the Commission’s proposal for the new development policy. Indeed, there was an interesting shift in focus. To begin with, the concept of “globalisation” was hardly mentioned in the preparatory documents, although the question was hovering in the background. DG DEV was clearly more concerned about the issues related to “competency” and “poverty”. However, globalisation as a new over-arching theme also provided a new kind of entry point to the debate for DG DEV. As a result, the Commission proposal text does not depart from the rationale of global poverty as in the impact assessment but, rather, it places the role and function of development policy in the midst of the globalisation discourse. As a matter of fact, the text stated that the main challenge for the international community is to ensure that globalisation is a positive force for all of mankind, as its benefits and costs are unequally distributed. Hence, “harnessing globalisation” became the main motivation for the EU’s development action.⁴⁰⁶

The idea of harnessing globalisation certainly did not emerge out of the blue. For instance, Carbone (2007:45) cites it as one of the most original elements of the French development policy, according to which development policy should be designed to mitigate and manage the negative effects that globalisation has on developing countries. What was practically common knowledge was that “harnessing globalisation” was also the “motto” of the then Trade Commissioner, Pascal Lamy of the Prodi Commission (1999-2004). But Commissioner Nielsen also used the idea of “harnessing globalisation” and adding “a human face to globalisation” while addressing the World Bank development committee (in April 2000).⁴⁰⁷ The EC approach to globalisation was a depoliticised one in terms of accepting globalisation almost as an ungovernable phenomenon. Rather than focusing on the governance of globalisation, the emphasis was placed on developing countries and their capacities to cope with it.⁴⁰⁸

Second, the impact assessment, although issued on the same date, still spoke about a “Brussels Consensus” and not yet about a “European Consensus”, but the Commission proposal boldly starts with the European Union Development Policy, labelling it “the European Consensus”. The notion of a “Brussels Consensus” had surfaced in the early discussions on the future of the development policy, referring to particular elements such as values, commitments and the principles of the EC as a European alternative to the Washington Consensus.

405 Interviews EC[15]2009, EC[17]2009 and EC[39]2009.

406 COM(2005c) 311 final: 4.

407 Dickson 2004: 50.

408 COM(2005c) 311 final: 4

In the Commission proposal, the Brussels Consensus had been enlarged into the European Consensus for the simple reason that “Brussels” as such could have risked giving the impression that the Consensus was only limited to the EC development policy, focusing on functions in Brussels. In this sense, it was a strategic choice to widen the consensus from Brussels to cover the whole of “Europe”.⁴⁰⁹ This wider scope was also directed at the UK to demonstrate the EC’s ambition. In the words of one interviewee:

After all, it is a different thing to say that the whole Europe shares a view on development than only Brussels.⁴¹⁰

The Commission proposal starts with a presentation of the EU action, which includes both the external and internal policies that jointly form the European model. Interestingly, this model is said to build on coherence and synergy between these two dimensions, which are, in turn, prerequisites for advancing the EU agenda. For the Commission, it is clear that the policy they are proposing is meant to be Europe-wide. Hence the choice of title: “A European Union Strategy for Development”.

Here, development policy is placed at the core of EU external action. The thematic spearhead is structured around the Millennium Development Goals.⁴¹¹ These goals are framed within the context of a common EU vision, scope, values and development objectives. Interestingly, the common vision of development starts from the self-proclaimed assumption that:

... the EU is a major player on the international scene. It aims to be a positive force for change by contributing to better harnessing of globalization and more equitable sharing of the opportunities and wealth it generates. Its action supports the efforts of the developing countries themselves.⁴¹²

Notably, development aid is not mentioned before page 6. However, the Commission leaves undefined what “harnessing globalisation” entails and how exactly it is to contribute to the development efforts. Rather, it appears as if it was taken for granted that the EU’s own action in development policy, as well as the re-direction of other policies, would be sufficient. In this regard, development policy provides a strategy for equitable globalisation by establishing links between development and other policy sectors based on the

409 Interview Academia[21]2009, Interview Council[28], Interview EP[3]. Interview 2009.

410 Interview Academia[21]2008.

411 COM (2005c) 311 final: 4.

412 COM (2005c) 311 final: 6.

model that was already presented in the Issues Paper. These included security, migration, trade, the environment, and the social dimension of globalisation, which was now brought in for the first time.⁴¹³

As regards trade and policy coherence for development, the Commission proposal differed quite remarkably from the DG DEV Issues Paper. Most strikingly, the references concerning areas of improvement vis-à-vis agriculture, fisheries, rules of origin and loss of tariff revenues in developing countries were all deleted. Instead, the section starts with a definition of the EU as the most open trading partner of developing countries in the world.⁴¹⁴ In practical terms, these cuts narrow down the original agenda of trade liberalisation, market access and the previously identified incoherencies in the trade and development nexus. This type of framing significantly limited the scope of the policy coherence for development. It also demonstrated how the development-oriented agenda was streamlined with the overall agenda of the Commission to the detriment of the development policy.

As an alternative to DG DEV's Issues Paper, the Commission proposal on trade was structured around three elements: market access, trade for aid, and regional integration. As regards the first elements, the Commission language reinforced the Commission's positive role as well as the overall optimism vested in the world trading system as being open, rules-based, and one in which EU action protects weaker nations. In fact, this characteristic was seen as something that is "inbuilt into its rules book and modus operandi". However, this noble position is not sufficient to guarantee good results but the text states that developing countries "for their part, are also increasingly aware of the need to systematically incorporate trade into their development and poverty reduction strategies while ensuring the implementation of the necessary internal reforms to enable them to take advantages of these opportunities". From the trade and development aid perspective, the EU recognises that developing countries need more substantial support for this often complex process of trade opening and integration, and here the EU will further improve and coordinate trade-related programmes and, *nota bene*, provide *additional* support for adjustment and integration into the world economy, in cooperation with the international community.

In this respect, two observations require further analysis. First, it was through aid that developing countries were to be supported for trade and not through changes in the trade policies or trading systems *per se*. Second, to this end, the Commission proposed additional aid for these purposes. Given that the financial references were fixed then as they are now to the EDF and member-state

413 COM (2005c) 311 final: 8.

414 COM (2005c) 311 final: 8.

budgets, this question requires further elaboration. So in practice, this proposal was related to the re-allocation of existing funds for this purpose. The third element, regional integration, had not been emphasised by DG DEV either.⁴¹⁵

However, the Commission did not connect these dots to the debate on Policy Coherence for Development. Instead, PCD was discussed under a separate sub-chapter at the very end of the proposal. An interesting aspect in this respect was the assumed positive causality between the EU intentions and the expected results. In particular, the Commission proposal referred to the May 2005 Council conclusions identifying the 12 key policy areas that were to characterise the EU PCD commitment.⁴¹⁶ In turn, these commitments were to constitute “a substantial additional contribution to the fulfillment of the MDGs”.⁴¹⁷ To this end, the Commission recognised the importance of progress to be made at three levels:

(1) at Member State level, by the reinforcement of procedures and instruments relating to policy coherence, based on best practices developed by certain Member States; (2) at Council level, by the strengthening of genuine integration of development issues into the work of the Council’s sectoral groups; (3) at Commission level, including by the reinforcement of impact analyses from a development perspective.⁴¹⁸

To anticipate the future implementation, the Commission’s preferred option would have included a common operational guideline to direct both the Commission and the Member States’ policies.⁴¹⁹ However, in the resulting proposal the guidelines for actual implementation of development policy were limited to the Community itself.⁴²⁰

4.3 BETWEEN PRESIDENCY PRIORITIES AND PARLIAMENT’S PREFERENCES

If 2005 was considered a super year for the international development community as a whole, it was even more so for the British government in this sphere of global governance. On top of the long-term focal and critical role in EU development circuits, it was the twin presidencies of the EU and the G8 that gave Britain a

415 COM (2005c) 311 final: 8.

416 Cf. COM (2005b).

417 COM (2005c) 311 final: 13.

418 COM (2005c) 311 final: 13.

419 Interviews Academia[8]2009 and EC[30]2009.

420 COM (2005c) 311 final: 13.

unique opportunity to steer and influence not only the European development policy, but also to a certain degree the global one. Even though it was officially declared that Britain would continue along the lines that it had inherited from the Luxembourg Presidency, the UK had a strong opinion both on the content of the Commission proposal as well as on the institutional position of the future development policy.⁴²¹ In this respect, it is interesting to examine how much of the Commission proposal the UK would actually agree on and choose to eventually put forward to the Council for adoption. Certainly, it posed a challenge for the Commission leadership for the first half of the year. Furthermore, notwithstanding the question of who would have the last word on the EU development policy, it was also time to strike a balance between Europeanisation and national sovereignty in development policy for the years to come.

As discussed earlier, the institutional right to initiate policy processes that is vested in the Commission relates to the beginning of the policy circle. Thus it does not imply that the same power position would last until the end of the process, although this is also possible. Although the very function of the Commission proposal is to start off the process and provide the Council with an informed basis to build on, it is difficult to say to what extent the Commission stance usually prevails. This varies from one policy sector to another, on the one hand, and from presidency to presidency on the other. So it is not completely unheard of for the country holding the presidency to open up the proposal for major changes or dismiss it altogether by submitting its own paper for this purpose.⁴²² In this case, the Commission had already invested substantial resources and showed determination in the policy overhaul as discussed in the previous sections. To stress the urgency of the matter, the Commission had directly asked the Council and the Parliament to endorse its proposal in the closing chapter of the introduction. This plea was supported with a note on how a tripartite statement would contribute significantly to the aims of coherence and effectiveness in the area of EU external action.⁴²³ However, this was not enough to convince the UK government.

Despite the Commission's efforts in policy initiation, it was rather striking how the Commission's preparatory work was largely ignored by the presidency. Indeed, the Brits were altogether disinterested in promoting the work already done at the Brussels end. Of course, this alleged indifference was more strategic than anything else, as the British government had been involved as a financier of the DPS 2000 assessment and the parties had been in contact with government and Commission officials, as well as with the MEPs

⁴²¹ DFID, *The UK Presidency Priorities 2005*.

⁴²² Interview Academia[21]2008, Council[28]2008, EP[3]2009, EC[30]2009.

⁴²³ COM (2005c) 311 final: 5.

of the Development Committee.⁴²⁴ Furthermore, since the very beginning of the British Presidency, there had already been a strong official commitment to a joint tripartite agreement as this sample from then Secretary of State for International Development, Hilary Benn's first address to the European Parliament Development Committee clearly shows:

... Adopting a successor to the 2000 Development Policy Statement will be among our most important tasks during the next six months. I hope that the Parliament, Council and Commission will reach a collective agreement by the end of the year, and agree on a new statement that reaffirms the reduction of poverty as the primary objective for our work in developing countries...⁴²⁵

However, this type of firm support was not to be taken unconditionally. As discussed above, the UK's take on the process was very different from the Commission's. First, its preferred option was to limit the reform to the Community policy and to do it thoroughly. Second, while the UK stressed this focus, it was very reluctant to start discussing a *common* framework for the policy, let alone any joint operational guidelines for both EC and member-state bilateral development action. To secure these preferences, it had to take the leadership from the Commission.

This quest for leadership became evident right after the G8 Summit in Gleneagles in Scotland (6-8 July 2005). On that occasion, the host government had strongly promoted its own global agenda to the group of leaders of the allegedly most powerful countries: the United States, Canada, France, Italy, Japan and Russia. What was remarkable in this meeting was the British decision to build the G8 agenda around two main development issues: poverty in Africa and climate change. This focus had already been accentuated by campaigners and NGOs around the globe, united around the Global Call to Action against Poverty. One of the key purposes of this coalition was to increase the pressure on world leaders to live up to their promises of reducing poverty. In the UK, the "Make Poverty History" campaign was the flagship of this process. Indeed, huge machinery was harnessed behind the initiative, including pop stars such as Bob Geldof, who again led massive Live 8 concerts around the world. For Prime Minister Tony Blair, the G8 meeting provided him with a possibility to position himself as the leader of this global front, despite the then already unpopular "war on terror" and raging protests outside the G8 venues.

The DFID paper on the UK's EU Presidency highlights the possibilities afforded by the twin presidential roles that the Prime Minister would take,

⁴²⁴ Interview Academia[8]2009.

⁴²⁵ Speech by Hilary Benn to the EP Development Committee on 12 July 2005.

both in the context of the EU and the G8 “to make real progress on climate change and Africa in a complementary manner”. In addition, it was seen at the outset that this package was part of the larger deal in terms of the UK’s global agenda. In terms of specific priorities, the DFID summarises matters as follows:

Our priority is to secure decisions related to poverty reduction, AIDS, development Africa and the revision of the EC Development Policy that ensure that the EU provides more and better aid that maximizes its contribution to the fight against poverty. We will also continue to work towards an ambitious outcome to the Doha Development Round that makes trade work for developing countries and strive to ensure that greater account is taken of developing countries in EU trade policies, including in negotiations for Economic Partnership Agreements. We will also take forward work in a number of other areas. These include untying regulation, migration and illegal logging.⁴²⁶

Unlike the Commission, the UK did not share the need to package these objectives under one policy framework but, rather, preferred dealing with the issue areas of poverty reduction, AIDS, and African development separately in the context of the bilateral development policy and its presidency priorities. To highlight the division between the national and European development agendas, the whole EC Development policy review was discussed as a single item on the list of “tasks to do” and not as *the* all-encompassing European policy, the way the Commission had framed it. In addition, the UK position links the traditional development cooperation agenda directly to the one on international trade. Here, the 2005 Doha Ministerial Meeting in Hong Kong offered a new possibility to demonstrate the EU’s will and vision – in UK terms – “to make trade work for developing countries”.

Regarding the actual outcome of the G8 meeting, the results on climate change were more important symbolically than they were in terms of substance. If the purpose was to pave the way for the actual climate talks (UNFCCC/COP) by the main economic powers, the UK could take the credit for providing such an opportunity, even though no pledges were made by any of the countries. Perhaps more promisingly, the G8 was able to agree on \$25 billion a year more development and potentially \$55bn in debt cancellation to be delivered globally. Two-thirds of the aid package was pledged by the EU. This commitment was linked to the breakthrough during the Luxembourg Presidency in May 2005 when the EU made “the historic commitment to double its aid by 2010” to €66 billion, with half going to Africa. Now, under the UK’s leadership, the group

426 DFID UK Presidency Priorities 2005.

could count on getting the US, Japan and Canada on board. In the words of then Secretary of State for International Development Hilary Benn:

....The G8 Summit last weekend discussed Africa and Climate Change. In September world leaders will meet at the UN Millennium Review Summit to assess progress on the MDGs, and in December trade ministers in Hong Kong will have the chance to reach agreement on a development round. As the world's largest provider of international aid, and as the main trading partner of developing countries, we in the EU have both the opportunity and the responsibility to act....

....This [May 2005 Commitment] showed Europe at its best. Council, Commission, Parliament and civil society – all working together towards a common goal: reducing global poverty. The US, Japan and Canada have also now committed to increase their aid.⁴²⁷

Interestingly, in the presentation of the UK's Presidency priorities to the Parliament, Hilary Benn highlighted the importance of the Luxembourg Presidency contribution and promised explicitly to build on that. In a similar way, the EP report drafted by British MEP Glenys Kinnock on the EU's role in the achievement of the MDGs was fully acknowledged, while the entire preparatory work carried out by Commission on the very same issues was largely ignored in this important address to the EP. Apart from this apparent downplaying of the EC by the UK, this demonstrates how differently the Commission and the presidency saw the same endeavour of a collective agreement. For the Commission, something historic was happening in this policy reform both in terms of the future of European Development policy and its own position. In turn, the UK presented the issues *per se* as politically important – so important that the country did not want to leave them entirely under the control of the Commission. Based on this claim, it could justify its own position as the leader of the Council in the global context. What is also crucial to understand is that the perception of a collective agreement differed radically. Whereas the Commission aimed at a separate high-level statement that would have followed the model set by the European Security Strategy, the UK wanted a joint text but as a part of the Council Conclusions, as was the format previously with the DPS 2000.⁴²⁸

In this situation, the UK used its presidency power and position and decided to start the policy reform process “anew” with its own text, which replaced the Commission proposal in the Codev and in the subsequent tripartite working

⁴²⁷ Hilary Benn's speech, 12 July 2005 at the EP Development Committee.

⁴²⁸ Interviews Academia[21]2008 and Council[28]2008.

group proceedings.⁴²⁹ Perhaps most importantly, the UK stated that it wanted to reinstate poverty eradication in European development cooperation and to have an instrument to support this with a collective agreement and proper financing – and spend it well.⁴³⁰

This type of critical formulation was a dig at DG Development and its concerns about the EU's external role. Without declaring the UK's moral superiority in this respect, the UK certainly had a point. Development and poverty would need to be focused on, not as a strategic interest but in terms of substantive importance. However, the way in which this question could be addressed in the UK vision was still open, apart from the increased development financing and trade liberalisation as a whole. On the other hand, Britain simply had no interest in playing along with the Commission in promoting the EU's global role in development, let alone beyond it. It was just embarking on a presidency that was full of international landmarks where it could demonstrate its own power as the leader of the EU front. Certainly, it was well positioned to do so: in June 2005 Tony Blair had informed the EP about the UK's presidency priorities, including global development with a particular focus on Africa, which gave the DFID a strong position within the government. Second, it could rely on a number of Eurosceptic member states or states that had neither the tradition nor the will to work side by side with the Commission on development. And thirdly, it had just successfully led the G8 talks on these issues, in particular on development financing. The comment by then Chancellor of the Exchequer Gordon Brown on the UK's Development Agenda to European Financial Ministers' colleagues aptly conveys these sentiments:

From Scotland this summer, *the decisions of the G8* on debt relief, aid and trade justice, *can lead the world* – and put it on course to meet the MDGs...

...Taken together the proposals – which combine action on debt aid and trade with good governance, transparency, an attack on corruption and the encouragement of private investment – are *a new deal* between rich and poor countries, *a Modern Marshall plan* for Africa and the developing world. [emphasis added]⁴³¹

So to summarise, the UK clearly aimed to launch a development policy process that had these international objectives at heart. But contrary to the Commission's position, the UK saw that the EU could play a role in the process under the UK's coordination, and not vice versa.

429 Interviews EP[3]2009, Academia[21]2008 and Council[28]2008.

430 Hilary Benn's speech at the EP Development Committee on 12 July, 2005.

431 Gordon Brown on the UK's Development Agenda, Edinburgh, 3 June, 2005.

More importantly for development policy perspectives, the UK brought Sub-Saharan Africa to the fore as an EU policy priority in the second half of 2005. This chimed well with the EC priorities that had already been pencilled in with regard to the first EU strategy for Africa. This priority was also timely as the UN's September review of the MDGs was fast approaching. Putting Africa at the top of the agenda was also justified due to the fact that it was least likely to meet any of the MDGs.⁴³² Consistent with the MDG agenda, the UK government also wanted to focus on health issues. This provided common ground and an opportunity to build on, as they had during the Irish, Dutch and Luxembourg presidencies. In this African-MDG context, the question of AIDS/HIV and other poverty-related diseases was highlighted. This topic was also important because the Council had agreed on a new programme for Action on HIV/AIDS, Tuberculosis and Malaria back in May, and the British wanted to have the Parliament on their side to support its implementation.⁴³³ Again, the EC efforts on the MDG front were relegated to the sidelines, despite the fact that the Commission had strongly rallied around the questions and issued the so-called EC Spring (2005) package on the MDGs and PCD for the Council. Disappointingly for policy coherence for development, the opportunity was not taken, although Hilary Benn herself highlighted the interconnection between development and trade, as well as the development and security agendas. Again, in Hilary Benn's words:

In the long-term, fairer and freer trade, and the economic development it brings, holds the key to improving the lives of poor people. *Europe has provided real leadership on development in 2005. We now need to do the same on trade.* Only an ambitious outcome to the Doha Round in Hong Kong in December will make trade for the poorest countries. We need your [EP] help in building the case for this. [emphasis added]⁴³⁴

Indeed, there was a lot of optimism in the air. Regarding trade, the UK was willing to press forward with the liberalisation agenda, which would then benefit developing countries by increasing access to the European markets. In particular, the Brits pointed to the case of sugar, certainly central to the whole trade and development agenda including the EBA initiative, the Economic Partnership Agreements, rules of origin, as well as the entire Doha Round.⁴³⁵ However, the development impact of these initiatives remained

432 Holland 2009: 26-27.

433 Hilary Benn's speech at the EP Development Committee on 12 July, 2005.

434 Ibid.

435 Hilary Benn's speech at the EP Development Committee, 12 July, 2005.

to be defined in the actual negotiations (see Chapter 6 and Sub-chapter 6.4). Regarding security, the G8 agenda and the unpopular war on terror intersected dramatically as there was a series of bomb explosions on the London underground during the G8 meeting. In her address to the European Parliament, Hilary Benn made the connection between terrorism and poverty:

...Europe's values of humanity and of hope. The best chance we have to ultimately defeat terrorism, and part of this fight will demand of us that we defeat poverty as well.⁴³⁶

As regards the role of the EP, its stance towards the MDGs was explicated in the Report and Motion for a European Parliament Resolution on the role of the Union in this endeavour, which was adopted in March 2005. The timing is interesting because it was the EP that published its report first as a contribution to the EU's preparations for the 2005 progress review. Referring to the Commission's draft text on the MDGs and PCD, the EP called for the EU to take responsibility for, and an unequivocal position on, the MDG8 policies to increase coherence for development.⁴³⁷

In this task, the EP's point of departure is much more demanding compared with those of the Commission and the forthcoming presidency. For the EP, the MDGs were to be assessed as part of a larger poverty eradication agenda promoting sustainable development, justice, equity, governance and the rule of law. Its point of departure was based on three challenges: first, recognising that the number of people living in extreme poverty has more than doubled over the last thirty years as reported by the UNCTAD LDC report 2002; second, recognising that meeting the MDG targets implies doubling the current amount of aid and maintaining it at that level for at least a decade (cf. Sacks/UN Millennium Project Task Force) while improving the quality and content of aid vis-à-vis the MDGs as well as donor coordination; and third, and perhaps most importantly, recognising that:

[the] action against poverty requires above all a radical change of policy in both industrialized and developing countries in order to address the structural causes of poverty, including unfair world trade rules, unaffordable debt payments by developing countries to international financial institutions, and unfair distribution of wealth.

⁴³⁶ Ibid.

⁴³⁷ EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock: 14-15.

... MDGs should not be seen as a technical matter which will be resolved simply by providing money without identifying and tackling the underlying causes of poverty (...) Regrets that whilst MDGs 1-7 have clear deadlines, this is not the case for MDG8.⁴³⁸

Importantly for our topic, the EP called on the EU to take concrete action against poverty by adopting a coherent policy between its trade, development cooperation and common agricultural policies to avoid direct or indirect negative impacts on the economy of developing countries. To include trade aspects in the DEVE report, DEVE called on the EP International Trade Committee to give its opinion, which was then drafted by MEP Caroline Lucas and largely incorporated into the resulting DEVE report. I will return to these issues in the next section on the comparison of alternative content.

Another issue area that needs to be highlighted in the EP Report is health. Similarly to the UK presidency agenda, together with trade, the issues related to poverty and health were seen as a priority for the whole Union. According to the EP position, the EU should take the lead in supporting public social services such as basic education and health services, including sexual and reproductive health. This question was also linked to more structural issues such as the unbearable debt servicing-public expenditure ratio, with the report highlighting how two-thirds of developing countries spend more on servicing debt than on basic social needs.⁴³⁹ In addition, the EP report points to the fact that higher HIV/AIDS infection rates exist in Sub-Saharan Africa where expenditure on health and education has been drastically reduced, while simultaneously some tropical diseases would be treatable but for the fact that drugs are either unaffordable, no longer produced, or lacking in quality or effectiveness. In this context, the gender issue was also brought to the fore as one of the conditions for achieving the Millennium Development Goals.

4.4 FROM BRUSSELS TO EUROPEAN CONSENSUS: A SHORT COMPARISON OF ALTERNATIVE CONTENT

In this sub-chapter, I take a closer look at how and on whose terms the content of the first European Consensus statement was negotiated during the UK presidency in 2005. I also explain what these terms were and what kind of model they provided for the EU's normative model in development governance and the discursive and institutional power related to it.

⁴³⁸ EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock: 4-5.

⁴³⁹ EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock: 5.

Although it was anticipated within the Commission that the UK presidency would prove to be testing for the Commission's authority, it was nevertheless acknowledged that Britain was also in a position to attract political attention and resources for the purpose of development policy.⁴⁴⁰ Besides, both parties shared an interest in policy reform, albeit on diverse grounds. In this equation, the role of the Parliament was to balance and provide development policy with much needed legitimacy and political value. Also, in more pragmatic terms, and by virtue of the selected MEPs, the Parliament's input was expected to improve the content of the statement and perhaps make it more acceptable to a wider range of stakeholders.⁴⁴¹ In other words, it would be advantageous to have this type of tripartite setting facilitate the building of the consensus, be it of the Brussels variety or, more grandiosely, of the European kind. As one interviewee put it:

... A statement like that needs to pull people together (...) bring the European Union development sector together, not only the officials but also the Parliament and non-state actors. It has to have strong symbolic importance.⁴⁴²

However, it was not only the Brits that the Commission needed to convince. There were also other member states, such as Denmark, that either strongly opposed the idea in the beginning or at least wanted to keep the common dimension as limited as possible and concentrate more on the EC role in development. These Council members were eager to challenge the Commission and did not hesitate to ask for evidence on what the EC 2000 policy had actually achieved before moving forward to discuss any joint frameworks. In addition, there was resistance inside the Commission. In particular, this was the case between DG DEV and RELEX on development aid allocation, as well as on more general terms between DG DEV and trade- and agriculture-related DGs.⁴⁴³

From the EP perspective, there was very little knowledge in general on the EC development policy in the Parliament, let alone this type of guiding policy statement, which should have been renewed in the first place before the European Consensus process took place.⁴⁴⁴ This was partially explained by the failure of Poul Nielson to have an inclusive process for the DPS 2000, which was eventually signed only by the Council and not by the parliamentarians. This was due to a simple, but politically costly miscalculation in the process as the

440 Interviews Academia[21]2008, Council[28]2008, EC[30]2009 and EC[34]2009.

441 Interviews EP[3]2008, Academia[21]2008 and EC[30]2009.

442 Interview Academia[21]2008.

443 Interviews CSO[11]2009, CSO[20]2009 and EC[15]2009.

444 Interview Academia[21]2008.

EP was not given enough time to react before the Commission communication was submitted to the Council for approval.⁴⁴⁵ This time around the EC simply could not afford a similar error.

As the time was at hand to start the official debate on the future of the European Consensus at the Council, it became clear that the UK would not use the Commission proposal as the basis for discussion. This was the case despite the Commission's hard preparatory work and active engagement with different actors in Brussels and abroad. The UK decision to start the debate in CODEV on the future of the development policy with an altogether new tone and focus was a bitter, yet not entirely unexpected blow to the Commission leadership. Also, the EP stand on the Commission proposal had not been too enthusiastic, and consequently the poverty-centred text was welcomed by the MEPs.⁴⁴⁶ As one might expect, the Commission did not agree to this change at first, and the issue was debated.⁴⁴⁷ It had been the Commission's role to initiate the process by the Treaty, yet it was much less clear who should then take it forward and how far: the Commission or the presidency. In this particular case, both parties were envisioning this leadership role.

As a result, the Commission proposal was opened and redrafted again, but this time with the EU presidency holding the pen. In this kind of situation, it would be very difficult to claim leadership if the presidency backed by critical member states was not willing to accept the Commission proposal as a basis for discussion. However, the tripartite approach provided the Commission with an alternative route to the regular CODEV proceedings. Instead of processing the development statement manuscript only between the Commission and the member states, the process was opened up to a group of members from the European Parliament Development Committee. So the DPS review continued with three well-informed parties: the Commission that had invested a lot in the preparations, the UK that had chaired the G8 with a development focus, and the parliament that had also been proactive in terms of producing opinions and reports that were directly related to the MDGs and the EU's role in development.

What they all had in common was a focus on the MDG process and EU-Africa relations and, also importantly, on development and trade concerns. In addition, the Parliament and the UK both had a strong focus on health issues in terms of poverty-related diseases and AIDS/HIV. What is also noteworthy is that out of this group the environmental dimension of sustainable development was by no means most advanced by the EP, although the UK had climate change

445 Interview Academia[21]2008.

446 Interview EP[3]2009.

447 Interview EC[30]2009, Academia [8]2009 and Council [28]2008.

high on its G8 agenda. Yet, it was not clear on what terms, and in what kind of framework these issues would be presented in the collective statement.

This was to be decided in a joint process, which started with the UK presidency and lasted until the GAERC Council meeting of November 22 and, of course, eventually until the moment the tripartite statement was successfully signed on 20 December 2005. During this process, the representatives from CODEV chaired by Finland, the UK presidency presented by Development Counsellor/external relations Peter Landymore, and the Commission DG DEV Bernard Petit, Françoise Moreau, and Louis Michel, met regularly to discuss and debate the format and content of the future development policy statement. In parallel, MEPs from the DEVE Committee, most notably Anders Wijkman, Luisa Morgantini, Glenys Kinnock, and Max van der Bergh were invited to informally offer their insights into the DPS review. In terms of procedure, the presidency and Commission were redrafting the proposal jointly, and presenting it for close scrutiny by the member states at the CODEV sessions. At the same time, the MEPs were asked to feed in their views on what they regarded as the key aspects of the proposal, which were in turn checked and discussed under the lead of the Presidency, the Commission, and CODEV representatives. In practice, the EP DEVE Committee representative Anders Wijkman was meeting with the person in charge of the UK mission, Peter Landymore, as well as Bernard Petit on a weekly basis. The DEVE Committee was informed on the evolution of the statement every other week so as to secure institutional support for the process.⁴⁴⁸

So it was the presidency document that went through CODEV almost weekly with the amendments made by the Commission, taking account of the parliamentarians' remarks. However, in terms of procedure, it is important to point out that there was no clear blueprint for how this process would eventually evolve. An element of great uncertainty was that, despite the preliminary support for a collective endeavour, the tripartite outcome could not be taken for granted unless this second proposal was officially accepted by each institution.⁴⁴⁹ In the words of one participant:

... it all happened in bits and pieces and it was really learning by doing and inventing a procedure.⁴⁵⁰

The nature of the process also made it possible for strategic manoeuvring in terms of not always providing feedback on time or completely ignoring initiatives to take the process forward. What is more, member states did not

448 Interviews EP[3]2009, Council[28]2008 and EC[30]2009.

449 Interview EC[30]2009.

450 Interview EC[30]2009.

hesitate to voice reservations about issues that they felt uncomfortable with or request additional changes. As one may expect, sometimes the negotiations turned difficult and debates became very heated, especially when the pressure and stakes increased towards the end of the process. This was the case particularly between the Commission and the presidency when neither party was willing to capitulate on a point that they considered crucial for the future statement.⁴⁵¹

Although driven by circumstances, the process was also marked by ambition. It was oriented towards what each of the parties considered to be the best possible yet politically acceptable outcome, both in terms of the format and functions of the document. In other words, the process was very much about presenting their views on what the EU should and could do, and why. On the negative side, the process hinged largely on the group members' personal qualities as well as on the authority vested in their respective institutions. In addition, the way in which the leaders of this process were perceived by their counterpart institutions and their members was also important.⁴⁵² Perhaps even more concerning, apart from the issue of increasing development aid, was the fact that there was very little time to discuss the actual pre-conditions of development, let alone the EU's role in providing them.

In this inter-institutional configuration, the Commission position was to defend and promote the work already done and agreed across the EC. Compared to the presidency and the EP, in this respect the Commission staff had an additional burden to bear. First, the idea of "harnessing globalisation" was largely rejected by the other parties because of its insufficient poverty focus. This, combined with the EC's past reputation, inaccurate development-aid data management, as well as the personal characteristics of the development Commissioner himself, slowed the process down in the beginning.⁴⁵³ DG DEV also had the most to lose because it was primarily in its interests to have the development policy renewed in the spirit of a more harmonised common policy. Furthermore, DG Development needed acceptance of its role from the larger development community for the sake of the legitimacy of its own functions inside the Commission Services. Intriguingly, it could not, however, turn directly to the official ACP institutions because of the global focus that it was now advocating.⁴⁵⁴

451 Interview Council[28]2008. See also Louis Michel's speech at the Palace of Westminster on 28 November, 2005.

452 Interviews EP[3]2008, Council [28]2008 and Academia [8].

453 Interviews Academia[8]2009, EC[23]2009 and EC[30]2009.

454 Interviews CSO[11]2009 and CSO[31]2008.

Agreement on the Agenda-Setting

To start first with the elements on which all three – the EC, the EP and the UK Council presidency – could agree, the Millennium Development Goals stood out as an uncontroversial element for a common foundation. In addition, the previous joint EU contributions to the other UN processes of the 1990s and early 2000s constituted the very basis for the European Consensus.⁴⁵⁵ This was also important for extending the poverty focus beyond the MDGs.⁴⁵⁶ In addition, there appeared to be a growing understanding of the importance of reaching a joint EC position, although the end results had not always been very successful in these multilateral arenas.⁴⁵⁷ As a matter of fact, the member states had expressed substantial national reservations about the final declarations and conclusions of these conferences.⁴⁵⁸ On the positive side, the Paris Declaration on Aid Effectiveness of May 2005 provided a fresh and positive example of successful coordination. Hence, it seemed that “A European Consensus” was already in place, at least regarding development aid and cooperation. It only needed to be brought together under a single framework.

In addition to the substance, the scope and packaging of the Consensus also needed to be agreed on. In other words, the parties needed to make a choice between a joint European framework encompassing both the EC and the member states, or just the renewal of the existing European Community development policy (2000). Second, the parties needed to agree on the very rationale for this EU development policy – in other words, to what extent the new paradigm would have centred on “harnessing globalisation” or on poverty. Consequently, this required a joint understanding of how aid should then be allocated so as to best serve the chosen purpose. Perhaps most importantly for our focus, the issue of trade was high on the agenda but with different degrees of optimism between the parties in the ongoing Doha Round. This naturally had implications for the notion of policy coherence that was to be included. And finally, the member states were particularly keen to debate the role of the Commission in development policy.⁴⁵⁹

455 These included the International Conference on Financing for Development (Monterrey 2002), the World Summit on Sustainable Development (Johannesburg 2002), the Third United Nations Conference on the Least Development Countries (Brussels 2001), the Fourth World Trade Organization Ministerial Conference (Doha 2001), the International Conference on Population and Development (ICPD, Cairo 1994), the UN General Assembly’s 1999 special session to review progress towards meeting the ICPD goals (Cairo + 5), and the World Education Forum (Dakar 2000).

456 Interview EC[23]2009.

457 See for instance, Lightfoot & Burchell 2005.

458 EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock.

459 Interviews Academia[21]2008, Council[28]2009 and EC[30]2009.

Even though one might expect that it would not be much of an effort to jointly state something that had already been agreed elsewhere, this was not the case. In actual fact, one of the main points that the Commission succeeded in getting through was that the Common Part which constitutes the first part of the Consensus could be agreed on and maintained, albeit with different content. In fact, the resulting text was largely fine-tuned according to the UK preferences. Consequently, the joint part was no longer called a Common Framework or anything remotely hinting at a common policy, nor was it called “European Union development policy” as was first suggested in the Commission proposal. Instead, it was entitled the “European *vision* of development”. The request for the name change came from the member states, most notably from the UK. These two excerpts aptly illustrate the matter:

Well, in the Commission proposal we had this idea of having a Common Framework and the idea was that we would agree at the EU level on the main areas for our cooperation, but the member states could not accept that because for them it was too much like telling them what to do and where they should be doing it.⁴⁶⁰

I guess it was the wording [European Union development policy] that disturbed them and gave the impression that they would be tied by it. (...) So the “vision” was better for them because it was more about the objectives of the policy and not on how to do it. And that was the compromise.⁴⁶¹

This decision clearly put paid to the prospects of having a policy statement that could have contained both a shared understanding of the development objectives as well as a shared agreement on operationalising them and dividing the task between the parties. This was something that the Commission would have seen as its ideal option at the beginning of the process. However, the concession that the member states wanted the EC to make was that Part Two of the Consensus would focus entirely and extensively on the role of the Commission. In addition, the member states proposed including a clause according to which they would monitor how the Commission managed to implement the European Consensus statement. Interestingly, they were not equally eager to have a similar clause imposed upon themselves. Of course this was not something that the Commission could have agreed on as DG DEV regarded it as necessary to assess the implementation of both parts of the statement.⁴⁶² However, in the final text it essentially says that the Commission

460 Interview EC[30]2009.

461 Interview EP[3]2009.

462 Interviews Council[28]2008 and EC[30]2009.

should develop a set of measurable objectives and targets for implementing this Policy, and assess progress against this on a regular basis in the Annual Report for implementation of the European Community Development Policy, while seeing to it that all its services and delegations managing and implementing this Community Development policy use the document as their key reference.⁴⁶³ The first part that concerns all the actors did not result in similar obligations.⁴⁶⁴

As for the European Parliament, aiming at and eventually accepting a common *European* policy statement was not similarly problematic. The document to which the EP gave its assent was still referred to as the “EU Development Strategy” just a few weeks prior to actually being signed by the institutional parties.⁴⁶⁵ But for the British presidency this really was a bone of contention. Indeed, it became one of those factors that hindered the process right up to the final weeks.⁴⁶⁶ As part of the resulting compromise, the role of the Commission was defined in stricter terms than what the EC had hoped for.

There was broad support for the EC to underline its areas of excellence; building on its strengths and experiences and to identify where at the Community level we need to further develop expertise. However, there was recognition that this should not restrict the Commission from working in other areas. What is needed is a balance between the need to concentrate efforts in a country, whilst retaining the flexibility to respond to a range of partner countries’ priorities.⁴⁶⁷

Apart from this battle between different document formats, the very function of the document was also debated by the three parties. Here the Commission was keen on promoting its own innovative approach to development policy under the banner of harnessing globalisation. However, despite the strong push by DG DEV, the idea did not get very far as the Brits made it clear that they actually regarded harnessing the Commission as being much more in line with their interests than harnessing globalisation. In fact, the UK saw globalisation largely in the light of opportunities, especially in terms of globalisation of economies and international trade.⁴⁶⁸ In this sense, the coinciding processes of the development statement renewal with the WTO Doha Round and its Hong Kong ministerial meeting provided a unique opportunity to seek a combined outcome.

463 European Consensus Statement 2005, paragraphs 125-126.

464 However, progress was made in 2007 when the EC and the member states agreed on a Code of Conduct and Division of Labour.

465 European Parliament Resolution P6_TA-PROV(2005)0528.

466 Interviews Academia[8]2009 and EC[30]2009.

467 Hilary Benn, Letter on the Informal Meeting of EU Development Ministers 2005.

468 Interview Academia[7]2009.

In a nutshell, this meant an outcome based on further trade liberalisation at the multilateral level in order to dismantle at least some of the protectionist obstacles to trade, thereby unleashing trade potential for the benefit of poverty reduction. Interestingly, the DG DEV position was much less optimistic towards the prospects of trade liberalisation and its development potential.

...If you look back, still at that time [2005] we had this mantra that globalisation is good for everyone and we just have to accept it fully. It was globalisation equals trade liberalisation and voices that were not singing from this hymn sheet were not accepted, particularly from some of the member states. So we paid attention to the language of globalisation, making sure that it works and that its impacts would be assessed, and there were a lot of discussions around it.⁴⁶⁹

This tension merits scrutiny for three important reasons. First, the Commission approach clearly went against the official view of the dominant view in the Commission on trade liberalisation, thereby signalling that there was an internal battle over this issue, which did not exist officially. However, in the Commission proposal it was already narrowed down a little in terms of strategic trade liberalisation (see the previous Sub-chapter). Rather unrealistically, the EC had tasked development policy with cushioning the effects of the globalisation process for the poor, without changing the parameters of globalisation *per se*. Second, the differing positions demonstrated what was already reflected in the public consultation, namely the ambiguity around the role of trade in development. In other words that “*trade is important to development but there is no agreement on how it should be used*”.⁴⁷⁰ Third, the UK interest in this was to promote trade liberalisation with a view to making progress during the Doha Round, while at the same time focusing on poverty in development cooperation in terms of increasing aid and directing it to the LDCs, especially in Africa. In addition, what the UK was willing to do was reinstate the rules of origin on the PCD agenda as a key issue for the pro-poor trade liberalisation agenda. What is important to note is that for the UK, the emphasis of the liberalisation agenda was clearly more on the market access side in the EU and not on pressing reciprocal liberalisation onto developing countries.⁴⁷¹ This position was concretised in a call for lower export subsidies and import barriers on the agricultural products of developing countries as a part of the presidency agenda for the Doha Development Round.⁴⁷²

469 Interview EC[30]2009.

470 DG DEV Report on Public Consultation June 2005.

471 See Sub-chapter 6.4., Khor 2005.

472 Michael White, *the Guardian* 21. 12. 2005.

This view was also in line with the EP DEVE committee's vision. The EP DEVE committee (with support from the EP International Trade Committee) was calling for improved market access for developing country exports. In addition, the DEVE committee suggested that the development and trade interrelationship should be extended to cover both social and environmental aspects of trade liberalisation. Furthermore, what they also wanted to see was a concrete timetable to eliminate agricultural export subsidies, and further elaboration on food security and rural development as being "among the most effective elements in poverty eradication".⁴⁷³ To this end, the EP suggested the introduction of a so-called "Development" in the WTO Agreement on Agriculture to enable poorer countries to better address the question of food security. Here, the issue of price stability for commodities and a review of international supply management mechanisms were also brought into the debate.⁴⁷⁴

Of equal importance was the establishment of common ground between the committees on the question of Special and Differential Treatment to meet developing countries' concerns on the impact of trade liberalisation and reciprocity. In this respect, it was also important for the DEVE committee to bring the larger issue of WTO reform onto the European agenda. The argument was based on the importance of sustainability and poverty eradication for the WTO "Development" Round. Importantly for our topic, the EP position on policy coherence was also stronger because it pointed to the lack of clear targets for the MDG 8 on global partnership, including international trade and financing. Furthermore, it changed the terms of the debate from positive coherence and pointed instead to incoherencies between its trade, development cooperation and common agricultural policies as a part of the EU MDG agenda.⁴⁷⁵

In this broader trade governance framework, the EP also included a provision on the Economic Partnership Agreements (EPAs) and the MDGs. The main points included, first and foremost, that no ACP country should find itself in a more unfavourable situation after such an agreement, and that there should be no *a priori* guarantee or commitment that ACP countries sign up to any EPA arrangement.⁴⁷⁶ At the level of specific requirements, the EP then called on the EC to ensure the availability of instruments for ACP development and poverty eradication, including the continuation of non-reciprocity in market access, a focus on supply-side constraints and safeguards for sensitive products, as well as the strengthening of existing regional integration efforts. I will return to this issue in Sub-chapter 6.4 on the EPAs.

473 EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock 7, 11.

474 EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock: 11-12.

475 EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock: 6.

476 EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock: 12-13.

To summarise, what all three parties had in common was the need to dismantle protectionism in Europe and thereby improve market access for poorer countries. However, there were also variations in this respect regarding the issues that each party saw as crucial. Both the UK and the EP shared the same concern over the possible negative side of trade liberalisation related to reciprocity. In this regard, the EP's elaboration on the EU's role in development and trade in achievement of the MDGs provides the most thorough account of the aspects that a joint development and trade agenda should include.

To shift the focus to the aid element, the progress made in Monterrey and Paris regarding development financing and its effectiveness was crucial. In particular, the prior commitments made in terms of assuring sufficient resources certainly saved a lot of time. What still needed to be decided was the resource allocation so that they would best serve the overall objectives, most concretely those of the MDGs. This aspect proved to be problematic, however. On the one hand, the Commission did not have a shared understanding, as the views of DG DEV and RELEX varied. On the other hand, the member states were not in unison either on where the newly agreed aid resources should be placed.⁴⁷⁷ DG DEV advocated an LDC-country and low-income country priority at first, whereas for RELEX the middle income countries in Latin America and Asia were of equal importance from a general foreign policy perspective. Similarly, the Nordic+ Group of member states were more inclined to direct aid to the group of the poorest countries globally. Thus at this point, there was no longer a division between the ACP group and the others. In turn, the Southern donors and new member states were more in line with the RELEX view.⁴⁷⁸

A compromise was reached with a joint focus on Africa that would then guarantee this geographical LDC priority but also enable aid allocation to the middle income countries. The choice was justified by the fact that the majority of the LDCs are actually Sub-African states. In this respect, the role of Commissioner Michel was important. He saw this as his personal opportunity, as DG RELEX had indicated that DG DEV could also play a bigger role in terms of foreign and security policy matters in Africa.⁴⁷⁹

With regard to the main issue of the statement, the development objectives, the EP's contribution was important because it expanded the scope of development goals to take the environment and the livelihoods of the poor into account more concretely. In the EP's view, these aspects received alarmingly little attention from the EC.⁴⁸⁰ In line with the DAC (2004 Povnet) notion

477 Interviews Academia[8]2009, Council[28]2008, EC[30]2009 and EC [34]2009.

478 Interviews EC[30]2009 and EC[34]2009.

479 Interview EC [34]2009.

480 Interview EP[3]2009.

of poverty, the Group of Nordic countries wanted to expand the concept to achieve as comprehensive an approach to poverty as possible. This resulted in the final formulation as “multidimensional aspects of poverty”.⁴⁸¹ The EU MDG goals were also streamlined towards sustainable development. In addition, the parties agreed to include human rights and good governance in the three-dimensional (economic, social and environment) concept of sustainable development.

The Commission and the Liberal Member States

Despite the debates on policy coherence for development both within the EC and in the member states, its role in the future Consensus was far from clear. In the first versions produced by the UK presidency it was coupled with “Aid Effectiveness and Policy Coherence for Development” and later on with “Development Cooperation and Policy Coherence for Development”.⁴⁸² In this respect, the Nordic countries again played an active role in ensuring that PCD would not remain associated with development policy, but that it would constitute a standalone concept in its own right. The Nordics maintained that it was necessary to discuss PCD both in the context of the development goals as well as in relation to the other 12 policy domains indicated in the May 2005 Council Conclusions. However, again there was insufficient time to re-open the debate.

I think that the PCD issues were mentioned and discussed, both coherence and consistency, but we had very little time and there was pressure to finish this by the end of the year.⁴⁸³

The rush resulted in a text that largely followed the lines of the Commission proposal, but which then remained disconnected from the main goal of poverty eradication and “multifaceted poverty”. With hindsight, this was a missed opportunity given that the text was supposed to constitute a *European* and inter-institutional Consensus on development and not just a sectoral policy statement.

For Britain, policy coherence for development was also important, but it approached the matter in a very pragmatic way. A lot of optimism was invested in the Doha Development Round and in particular in the fourth Hong Kong ministerial meeting. The timing was also crucial, as the issue was discussed

481 Interviews EP[3]2009 and Council[28]2008.

482 Interview Council[28]2008.

483 Interview EC[30]2009. The time limits and pressure were mentioned in other interviews as well.

towards the end of the European Consensus process, which coincided with the preparations for the WTO ministerial conference.⁴⁸⁴ These two tracks were discussed in parallel in an informal gathering of all EU Development Cooperation Ministers in Leeds on 24-25 October 2005.⁴⁸⁵ More precisely, the key issues on the agenda included the European development policy, MDGs, Africa and trade.

Interestingly, the meeting was also attended by the Trade and Development Commissioners and parliamentarians, together with other prominent external speakers from the UN.⁴⁸⁶ On this occasion, it was confirmed that the final objective of the emerging development policy statement would be poverty eradication in compliance with sustainable development and the implementation of the specific Millennium Development Goals. In addition, the EU ministers also agreed that the EU would strive towards reducing trade obstacles and towards positive and development-oriented negotiations in the WTO.⁴⁸⁷

At the core of this task was the pledge made by Trade Commissioner Mandelson to have all OECD countries to join the EU's EBA initiative for duty-free, quota-free access for LDCs, and to dedicate more resources at EU and national levels to help poorer countries build their capacity to trade. The Secretary of International Development, Hilary Benn, reported on the outcome in the capacity of the EU presidency and chair, reaffirming the consensus on the need to "put trade at the service of development". Specifically, this was deemed to imply increased market access for products in which developing countries have a comparative advantage (especially agricultural products); the need for all agreements to reflect the different levels of development of developing countries, and South-South trade. In addition, ministers joined France in calling for an urgent WTO response to the plight of West African cotton producers. Whilst Benn stated that "negotiating specifics are clearly a matter of trade colleagues, development ministers agree that they have an important role to play in ensuring priority concerns of developing countries are addressed both before and after the WTO Ministerial in Hong Kong". The EPAs were also to be viewed in this context of fairer rules and more focused Aid for Trade. Indeed, a special Aid for Trade package was marketed to be published prior to the Hong Kong Ministerial.⁴⁸⁸

484 Interviews EC[1]2008, Academia[7]2009 and CSO[20]2009.

485 Khor 2005 TWN Info Service on WTO and Trade Issues (Nov 05/4).

486 Letter from Hilary Benn 2005.

487 Press release 25.10.2005

488 Hilary Benn, Letter on the Informal Meeting of EU Development Ministers 2005.

A European Consensus – After All

Coming back to the Commission-Presidency interaction, both parties saw the end result as positive regardless of the twists and challenges during the process. Most importantly, a consensus was reached on key issues. As Hilary Benn reported to her government on the European Consensus:

...there was consensus that poverty eradication remains the primary objective, while globalization provides the context within which development is pursued. There was broad agreement that whilst our development objectives for working with both Low Income Countries and Middle Income Countries are the same, the way in which we implement and approach development assistance will be different, according to partner countries' situations and needs.⁴⁸⁹

Much of the pressure was now off the Commission by virtue of the fact that the UK finally chose to agree to have a common thematic framework after the informal development ministries meeting in October 2005. The reason for this agreement was the growing support among the member states, which saw the common platform as beneficial for “more effective and coherent development work, in line with the Paris declaration”.⁴⁹⁰ As Benn explained to her compatriots:

...Doubts were expressed on the need for and feasibility of a single thematic framework for all EU development activities. However, it was important to indicate in a comprehensive way common objectives and principles, and shared understanding of the breadth of activities needed to eradicate poverty....⁴⁹¹

Respectively, in his speech on the newly adopted European Consensus to the House of Commons and invited European MPs and MEPs, Development Commissioner Louis Michel admitted that the single European approach had raised concerns and questions related to division of competence. By way of reassuring the audience gathered in the House of Commons, Michel stated:

Let me address now an often voiced concern. Subsidiarity. The Commission has no ambitions to encroach on the competences of Member States. Each Member State will of course continue to define its own development policies and priorities. The European Consensus is inspired by the spirit of complementarity.

489 Ibid.

490 Ibid.

491 Ibid.

We have agreed a common framework for bilateral and Community policies. With this common vision, we can be more effective in bringing about change. In plain English, the whole is more than the sum of the parts.⁴⁹²

Although by the end of October it appeared to be clear that the Council would approve the text for the European Consensus, it was still uncertain whether the European Parliament would actually join the celebrations and co-sign the document. So together with the promotion to the House of Commons, Commissioner Michel used this occasion to persuade parliamentarians to support this “historic step”. Without any irony, the fact of *not* having had a common vision for the past 50 years and now finally having one was brought to the fore. And certainly in this sense, it was an improvement.

... And I cannot stress enough what a breakthrough this is for EU development policy. For the first time in 50 years, the Council and the 25 Member States have agreed on a common vision for actions, not just multilaterally, but also bilaterally. At last, we have a common set of values, principles, objectives and means to truly combat poverty.

Now we have agreed to enhance the effectiveness of aid. And to ensure greater coherence between development and other EU policies.⁴⁹³

Perhaps even more importantly, Commissioner Michel also highlighted that in its nature as a jointly adopted document, the European Consensus made the eradication of poverty the central aim for the Union as a whole. This unity reached completion with the long-awaited assent from the European Parliament. From the Commission’s perspective, this “detail” was left in the air until the very last moment. By the end of November 2005, there was only the Council approval, while the EP kept the other two parties waiting. By that time, the Commission knew that the EP was working on the Consensus resolution. However, the news about the EP’s assent came as a surprise to the Commission. Curiously, it was the president who was the first to get to know about this historic decision.⁴⁹⁴

In its resolution, the European Parliament welcomed the statement as a common and updated frame of reference for all Commission services and delegations on the Community’s objectives and principles for implementation of all development cooperation. Also highlighted was the fact that the EU and the member states had agreed to promote a common EU vision of development

492 Louis Michel, the House of Commons, 28 November 2005.

493 Louis Michel, the House of Commons, 28 November 2005.

494 Interview EC[30]2009.

with a renewed poverty focus, together with the MDGs, resources and policy coherence for development. Especially welcome was the intention to tighten the control of EU arms exports. What the EP was not that satisfied with was the insufficient attention to children's rights, and human development in terms of health and education. But in all, the resolution concluded that the document largely corresponds with the Parliament's priorities in the field of development policy. In addition, the EP expressed its intention to actively promote the "European Consensus on Development", particularly by working towards greater policy coherence for development in Community policies, and by seeking dialogue with citizens and the civil society. Crucially, the EP instructed the Commission and the member states to operationalise the policy, in other words to "develop a set of measurable objectives and targets for implementing the agreed policy and for assessing its progress at regular intervals".⁴⁹⁵ Lastly, the EP was also very satisfied with the process through which the Consensus was eventually reached, calling on the Council and the Commission to "regard this process as a model for future negotiations on crucial policy matters".

However, there was still one more hurdle to overcome. Namely, there was no official procedure to bring these three parties together to undersign the statement. The Council secretariat did not want to create a precedent of inviting the Parliament to the Council. However, functionality superseded formality as the formulation was found to satisfy the parties involved.⁴⁹⁶ This special arrangement was also reflected in the rather formidable title: *Joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: "The European Consensus"*.

The words of the chair of the British International Development committee aptly encapsulate the prospects for collaboration stemming from the newly born statement. After the examination of witnesses hearing, he noted to Commission representatives Bernard Petit (DG DEV) and Giorgio Cocchi (DG DEV) that:

The one thing that seems to be coming out of this is we are moving into a new era where we are trying to get more partnership between Member States and the Commission and we wish you well. In reality, what you have to do is add value to the Member States and the Member States have to add value to the Commission and I guess that that is a matter of trust and time.⁴⁹⁷

⁴⁹⁵ European Parliament Resolution on a Joint Statement. EU Development Strategy P6_TA-PROV (2005)0528.

⁴⁹⁶ Interview EC[30]2009.

⁴⁹⁷ Examination of Witnesses 6 December 2005. International Development Committee, the UK.

CHAPTER CONCLUSIONS

My main aim in this chapter was to trace the process that led to the joint adoption of the first European development policy statement. The negotiations in their different framings, conceptualisations, elements, presentations and priorities can also be read as the product of a joint European discourse. While my focus was on the inter-institutional cooperation and competition, it was equally important to examine how the trade aspects of policy coherence for development were shaped and presented in this context. I structured my analysis around three phases: policy initiation (including preparatory work), and policy formulation up to policy adoption.

To draw conclusions on the policy process, I will start with a few observations on the policy initiation. Under the leadership of Commissioner Michel, DG DEV embarked on a process that was strategically prepared, timed and established. The DPS2000 assessment provided common ground both for the EC as well as the Council. What was interesting was the way in which the policy consultation that took place before the official policy proposal by the Commission was kept in hands of DG DEV as the *chef de file* and shared with the entire institution. In this sense, DG DEV could have the first say on the framing and defining of the new policy directly with the parties that were engaged in the consultations. Even at this stage, the approach to development policy was as a single policy both for the EC and the member states with a global, not ACP-specific scope. However, the main idea was that of poverty eradication and the MDGs, while highlighting the importance of the EC in this respect.

Regarding policy coherence for development, the Issues Paper suggested a normative model that rested on two pillars: first, trade liberalisation in the North in terms of dismantling protectionism at the EU end and, second, addressing clear incoherencies between the fisheries and agriculture in more general terms. Specifically, DG DEV brought up a concrete list of issues that had constituted a bone of contention within the Commission services. In addition, the Issues Paper suggested reforms in the partner countries themselves.

However, the resulting Commission proposal, negotiated through inter-service consultations, took a more cautious and protectionist approach. Furthermore, the proposal was packaged with an impact assessment which, rather than assessing impact *ex post vis-à-vis* development policy goals, focused on the assumed political impact of a new development policy *ex ante*.

Regarding the official policy initiation by the Commission, there were interesting changes in the policy focus and rationale. Compared to the Issues Paper, development and policy coherence was framed differently in the actual Commission proposal. The poverty perspective had been converted

to the idea of “Harnessing Globalisation for Development” from then trade Commissioner Lamy, and it was the dominant discourse in DG Trade on the eve of the 2005 Hong Kong ministerial of the Doha Development Round. This type of framing again presented an altered perspective on the development and trade interrelationship. Most importantly, it defined a joint task for all external branches to harness globalisation as something external to the political sphere, and shifted the focus from the EU trade and development interface. In this exercise, the EU was defined as a positive force that can help in this endeavour based on its own values and policy objectives.

Globalisation *per se* became something that should be addressed through multilateral governance by the respective EU policies. This approach manifested aspirations to exercise normative influence. While focusing on poverty, the UK and the EP did not share the EC’s enthusiasm to harness globalisation in these terms, and rejected it as the foundation for the EU development discourse. This kind of internal confusion on the very purpose of development policy risked weakening the EU’s normative stance.

In the policy formulation, however, the Commission or the member states’ stance towards the existing order was a very conservative one, and did not include reforms beyond the duty-free, quota-free market access norm for the least developed countries. In this respect, the European Parliament had the most encompassing view. The understanding of policy coherence was structured around EU market access and trade liberalisation measures at the EU end that could support developing countries’ trade with the Union. However, the concrete list of issues for policy coherence was remarkably narrowed down compared with that of DG DEV and the EP’s broader proposals towards the overall Commission agenda. At the same time, the role of development policy was largely reduced to development assistance for trade and regional integration. Therefore, the normative standard also remained rather narrow within the trade liberalisation paradigm. But thanks to the EBA initiative, the Union could already portray itself as the leader of the market access agenda for the LDCs. However, the EBA had a bigger task than this, namely to show “that the EU was serious about getting the most disadvantaged to share in the fruits of trade liberalisation”.⁴⁹⁸ This approach provided common ground for DG DEV and DG Trade at the Commissioner’s level. It was also something that the UK, as the Council president, could agree on.

As regards the Commission-Council interaction in the development policy process, it would be tempting to ask which of the following two questions was more important: how and by whom development policy is made, or what kind of development policy is made in order to respond to the global challenges?

⁴⁹⁸ Pascal Lamy describing the EBA, as cited in Faber and Orbie 2007: 1, Orbie 2007: 20.

Quite paradoxically, the EU development actors found it easier to advance their respective agendas internationally than to agree on a common course at a joint Union level and to take these commitments forward. Both the Commission and the Council president, the UK, were ambitious in their own right. For its part, the Commission was raising the development policy profile within the Commission services and promoting the Europeanisation of development policy vis-à-vis the Council. At the same time, the UK was active in the G8 context as an individual member state, placing poverty eradication in general at the core of the G8 agenda in the WTO Hong Kong ministerial. In addition, the UK put pressure on the Commission to sharpen its development policy stance. However, the UK was clearly seeking to boost its own singular role, rather than promote the Union as a whole.

The time spent on inter-institutional competence, procedural questions and internal coordination was time taken away from the policy substance. This was particularly the case with policy coherence for development, which was adopted from previous Council documents. Regarding the trade aspects, the EC, Council and, in particular, UK support for the WTO Doha Round did not create sufficient pressure for a more compelling development perspective.

To what extent then could the EC play the role of an institutional entrepreneur and a leader of the Union front? Clearly, the adoption of the tripartite European Consensus marked a success in this respect. However, the EC failed to promote its original idea of a single EU development policy framework as the document resulted in two parts: The “joint vision” and the EC development policy. In sum, the EC skilfully applied the internal processes of security and trade to generate momentum for the new policy. Similarly, it linked the future policy to the global processes and changes in the external environment. It bypassed the other services first, and then allied with DG trade. It also brought the parliamentarians actively on board and broadened the Council-EC aquis. This improved not only the quality of the cooperation but also the quality of the resulting Consensus statement. Yet, the EC could not retain control of the agenda after the UK took up the presidency. On the other hand, the UK did not get its own way either. Its preferred option – a new EC policy in the context of the Council conclusions – was rejected as less adequate than a joint European statement. Thus, a step towards Europeanisation was taken.

5 CRITICAL DISCOURSE ANALYSIS OF THE EUROPEAN CONSENSUS STATEMENT

In Chapter 5, I will unpack and analyse the content of the resulting joint statement entitled “The European Consensus”, which formed a new foundation for the EU’s development action from 2005 onwards.⁴⁹⁹ In this section, I apply Critical Discourse Analysis (CDA) in line with the overall theoretical framework. Again my focus is twofold in that I examine the issues that define the kind of normative model for development policy that the EU launched vis-à-vis its peers and partners, and analyse the trade-related coherence for development in this equation. Consequently, I will focus my analysis on both the general frame that was to constitute the European vision both for the EC and the member states, as well as on the parts of the statement that define policy coherence for development.

5.1 UNPACKING THE EUROPEAN CONSENSUS WITH CDA

The purpose of this sub-chapter is to bridge the policy process and the actual Critical Discourse Analysis (CDA) of the final European Consensus document. In more methodological terms, I will proceed with a three-dimensional analysis that includes text, discourse production (i.e. discourse practice) and social practices (i.e. the application of discourse to naturalise the ways in which reality is perceived, cf. Fairclough 1992). Drawing on the previous chapter, my focus now shifts from the discourse production to the final text and argumentation that constitute the core elements and ideas of the EU’s development discourse. From there, I move on to discuss the European Consensus as a frame for social practices that have normative implications (i.e. normative influence here).⁵⁰⁰ These elements are reflected against the Barnett and Duvall (2005) model, according to which discourse is one of the main manifestations of power shaping social relations and our conception of social reality.⁵⁰¹ In line with CDA, key excerpts from the European Consensus text are included to facilitate reading, following the sequence of the original text.⁵⁰²

499 The time frame for the future policy was planned for a five-year period. However, as of the beginning of 2013 it still constituted the main reference for developmental action in the Union. The full text was published in the Official Journal 2006/C 46/01.

500 Fairclough 1992: 73.

501 See Chapter 2.2.

502 The full text is available at http://ec.europa.eu/development/icenter/repository/european_consensus_2005_en.pdf

As a method of text analysis, CDA focuses on the details in interrelationship with external linkages in order to constitute a bigger picture, in this case of the EU's normative agency for international development. In this respect, the concept of inter-textuality is useful.⁵⁰³ Fairclough defines inter-textuality as a property that texts have as responses to other texts and voices. It refers to the nature of a text as being full of snatches of other texts. They may be explicitly demarcated or merged in, echoed or contradicted and so forth.⁵⁰⁴ Whereas "discourse analysis" would only describe the text and its structures, CDA systematically tries to connect text with discourse and social practices, and their institutional and political contexts.⁵⁰⁵

It is important to note that due to the evolution of the EU's development policy, the discourse is not limited to any specific geographical area, but aims instead to provide a joint, overall basis for developmental partnerships across the world. In a sense, what we are about to analyse are global policy guidelines by a global actor who seeks to streamline and coordinate its policies. Constituting this kind of framework has required an intensive process of policy formulation inside the Union, involving different institutional actors at the Brussels and member-state levels in this area of joint competency. As in the past, EU development policy reflects the changes in the international environment by reacting, but also by anticipating emerging challenges such as globalisation.⁵⁰⁶

As discussed above, many of the core areas of the Consensus can be inferred from the positions adopted by the Union and the key member states during the major international conferences of the early 2000s. Some of them have been opened again for debate and consolidated inside the Consensus. Others have been accepted, as they were adopted elsewhere in international conferences and then merely pasted into the European Consensus document, as I will show in a more detailed manner in the ensuing section.

The magnitude of the development policy formulation exercise also raised high expectations for the European Consensus policy. These expectations were largely defined at the outset of the process. They included both internal and external functions that would support the EU's role and goal attainment as discussed above. Of course, the presentation also served the implicit political aim of consolidating the joint position and transferring the image of the united approach to other EU policy sectors, development policy partners, and other donor agencies as well as to the wider public.⁵⁰⁷

503 The concept of inter-textuality is often associated with Julia Kristeva's work.

504 Fairclough 2003: 47.

505 Maingueneau 2006: 230.

506 DPS Study Report ECDPM/ICEI/ODI 2005: 7.

507 Interviews Academia[8]2009, CSO[11]2009, CSO[19]2009, Academia[21]2009, EC[23]2009, Council[28]2009 and EC[30]2009.

To analyse a public document of this kind, the notion of “preferred reading” is useful. By preferred reading, I refer to the explicit message of the statement that the EU seeks to convey.⁵⁰⁸ At this public level, the European Consensus celebrates EU development policy in the light of the past, present and future commitments that the Union has adopted or is aiming to adopt in order to reach its own objectives. As such, it is also a statement of past records and future intentions. In addition, it is an overview of the content of this public sector policy inside the European Union but, also importantly, in the broader global context. At a more operational level, the statement provides common policy guidelines for EU development policy which should be followed both at the national, bilateral, as well as at the Community levels. In addition to the broad vision, the guidelines point to a new path for the planning of development co-operation activities. In so doing, the Consensus statement directs both the national and Community development-related processes of the world’s largest donor in terms of EC and member-state official development assistance. At the same time, the guidelines also serve as a basis for assessment for the recipient countries in the developing world, as well as for the international NGO community working on development issues.

The Consensus statement is constructed to provide a unified EU vision of development and globalisation, as well as to define the “partnership” between the EU and developing countries in this context. The European Consensus Statement consists of an Introduction entitled “The Development Challenge” and two main thematic parts. The first part provides a Common Vision of Development, including issues such as common objectives, multiple aspects of poverty eradication as well as common values and principles. The second part sets out the European Community Development Policy to guide implementation of the common vision at the Community level, and specifies priorities for concrete action by the Community. The public message that the parties to the Statement seek to convey to the various audiences can be inferred from the summary of the Statement. The message as such is a manifestation of the Union’s intention and capacity, which can be harnessed for the purpose of poverty eradication and global equity. It reads as follows:

... the European Consensus reflects the European Union willingness to make a decisive contribution to the eradication of poverty in the world and to help build a more peaceful and equitable world.⁵⁰⁹

508 That is, “how the text seems to want to be read and what it publicly wants to represent”. See also O’Regan 2006: 183-186.

509 The European Consensus on Development Summary: 1.

This expression of willingness and motivation takes us towards a more implicit level of the Consensus, namely the level of discourse and normative power that the EU exercises through it. In this sense, “The European Consensus” offers a unique sample of the EU’s development discourse – jointly worded and eventually agreed with all key actors – which contains a set of ideas, assumptions and interest-driven motives related to the EU’s role and its identity as a normative power in international development. This single policy framework also provides a single sample of the EU approach to the way in which the field of development policy is conceptualised in its entirety, while emphasising certain elements and marginalising others. In so doing, it is designed to promote certain norms directing development action and construct certain possibilities, but also exclude other combinations. Through this discourse, the European Consensus reflects and reinforces the power that the EU and its member states use in the field of international development. To what degree this use of power is regarded as legitimate also depends on how successfully the EU’s argumentation is constructed. The European Consensus Statement – being a high-level political document – is a typical example of persuasive political rhetoric.⁵¹⁰

In the following, I first address the European Consensus statement through a textual and inter-textual analysis. In this respect, attention is focused first on the *text itself* and how it simultaneously represents reality including the need for development and development policy, as well as a certain kind of framing of problems and defining available solutions that the Union will provide in this given context. In addition, it establishes guidelines on how the Union should enact social relations and establish identities between the actor and the objectives of the developmental action. In this sense, discourse contributes to the constitution of the *social structure* of international development: it reflects its own norms and conventions, as well as the relations, identities and institutions which lie behind them. In addition, as described above, the EU development discourse is also a reaction to social reality related to development policy and external relations at large. Based on the publicly stated purpose of the Consensus statement, the EU has expressed the intention to contribute decisively to poverty eradication and global equity. Next, I proceed to analyse what this contribution entails, how the Consensus statement constructs the EU’s agency in this context, and the actual response for global governance.

In the analysis, I focus on the Introduction to the European Consensus Statement entitled “The Development Challenge” and the first thematic part called “The EU Vision of Development”, which characterises the joint EU position in the development debate. In addition, I also analyse Part II of the

⁵¹⁰ See e.g. Palonen & Summa, 1996 and Jokinen et al., 1999. On rhetoric and justification, see Karagiannis 2004: 7.

Consensus Statement concerning the EC to the extent that it is relevant to the overall topic of policy coherence for development at the development and trade interface. Within this scope, I look particularly at the conceptualisation of development policy as a whole, with a particular focus on policy coherence for development in the text. My aim is to probe beneath the explicit surface of the preferred reading of the Consensus Statement and to connect it to other ongoing discourses of development as presented above.

I conduct the analysis in three stages. First, I look at the text itself in terms of vocabulary and text structure, as well as formal properties in the argumentation of the text paragraphs. The formal properties include different types of speech acts such as promises, requests, threats, persuasions and ideational propositions that constitute the discourse. In addition, I look at the attitudes, positions, facts and conceptual categories that the text constructs. Second, I connect and assess these in relation to external discourses on the key themes of the European Consensus Statement. In terms of presenting the analysis, the first two phases are described simultaneously. Finally, more theoretical reflections (i.e. social practices) are presented in the chapter conclusions.

5.2 THE EUROPEAN UNION AND “THE DEVELOPMENT CHALLENGE”

The European Consensus Statement text begins with an Introduction entitled “The Development Challenge”. It describes the EU position on development, states the main goals of development policy and defines the global context within which these goals are pursued. In addition, the Introduction identifies the roles, responsibilities and motives of the key pre-constituted development policy actors: the European Community, the EU member states and the recipient countries themselves. The following text sample is the first paragraph of the Introduction, which sets the task and provides justification for the Union’s development policy.

The Development Challenge

1. Never before have poverty eradication and sustainable development been more important. The context within which poverty eradication is pursued is an increasingly globalised and interdependent world; this situation has created new opportunities but also new challenges.

Combating global poverty is not only a moral obligation; it will also help to build a more stable, peaceful, prosperous and equitable world, reflecting the interdependency of its richer and poorer countries. In such a world, we would

not allow 1,200 children to die of poverty every hour, or stand by while 1 billion people are struggling to survive on less than one dollar a day and HIV/AIDS, TB and malaria claim the lives of more than 6 million people every year. Development policy is at the heart of the EU's relations with all developing countries.⁵¹¹

The beginning of the European Consensus Statement text connects the EU's development policy discourse directly to the debate on poverty eradication and sustainable development, highlighting the significance of the attainment of the policy goals in general in a new type of global context. Although not explicit, the beginning offers inter-textual linkages to the wider discussion on the UN Millennium Development Goals and more generally to sustainable development. It draws on the statistics produced for the UNDP and refers to the one dollar a day poverty line set by the World Bank. At the same time, the text both defines the EU's approach to the debate and presents the grounds for its new contribution.⁵¹²

The text divides the context in which EU development policy will be implemented into two conceptual categories: *global* and *interdependent*, which set the conditions for the development policy formulation and objectives. The categories are followed by another pair of conceptual categories: *new opportunities* and *challenges*, which are attributes of "global and interdependent". As the heading of the Introduction states, the EU sees development as a *challenge* and the EU itself is going to confront the challenge by *combating* global poverty. In the light of the first paragraphs of the Introduction, the statement text is designed to describe how the EU combats global poverty by means of development policy. However, the *opportunities* of the global world are not discussed here. More importantly, *sustainable development*, which according to the text is as important as poverty eradication and more important than ever before, is not defined but is taken for granted as something that automatically goes together with poverty eradication. Mentioning sustainable development, however, conveys the understanding that the "European Consensus Statement" is written to serve this goal too.

The latter section of the text sample elaborates the manifestations of poverty as the motivating force for development policy in the interdependent world. The text points out two main reasons why it is in the EU's interests to confront the development challenge and to combat global poverty. Firstly, the text sees it as a moral obligation, but extends the obligations beyond the moral ground.

511 The European Consensus: para.: 1. Cf. European Development Strategy 2003. Cf. also The European Community's Development Policy 2000.

512 The goals were already included in the Treaty of Maastricht but were further defined by the Commission in the context of the UN multilateral negotiations. See Commission 2002 and 2005a.

Namely, it points out that combating poverty could help the EU to contribute to the construction of a more stable, peaceful, prosperous and equitable world that would at the same time benefit the EU. This argument provides the EU developmental action with a rational, interest-driven motive. But there is also a moral dimension: the Union – represented by the personal pronoun *We* – would not allow 1,200 children to die of poverty every hour, or stand by while one billion people are suffering from poverty and related diseases.⁵¹³ Here the text presents the EU as a privileged group, capable and willing to act as one, with a collective *we* referring to a dual EU, including the institutions and citizens of the EU.⁵¹⁴

Also of interest here is the phrase “in such a world”, which points to an ideal state of an equal and interdependent world (still under construction) where inaction would not be tolerated. As discussed in Sub-chapter 3.4, the joint motive is formulated similarly to the way it was in the European Security Strategy two years earlier, but with a stronger moral motivation.

Again, poverty in the interdependent world is described in an emotionally appealing way, and is supported with statistics. Numerical data give us an impression of the magnitude of the *challenge* and, as a consequence, emphasise the importance of the EU’s development policy. Although describing and presenting development as a “challenge” is very common in political documents and speeches, it is worth a closer look. If we compare the content of this “challenge” with the dramatic facts about poverty which the text builds on, then categorising development as a “challenge” is a strikingly neutral position. For instance, one could question this neutral categorisation by asking whether the presented fact of 1,200 children dying of poverty every hour is really a “challenge” or more of a “state of emergency”. A challenge is something that the EU can presumably respond to by the traditional means of its development policy, namely development co-operation, external assistance and trade partnership, whereas an “emergency” would require radical changes in the EU’s approach. Thus, by defining development – required due to the magnitude of world poverty – as a *challenge*, the EU distances itself from the possible immediate effects as well as the causes of poverty.

In fact, an analysis of the root causes of poverty is absent from the document. This position is reinforced with the term *combating* poverty, as if the EU were automatically there on the side of good versus evil, with development policy *at the heart* of its relations with *all* developing countries.

Despite the proclaimed interdependency, the EU position on development is clearly one of an external actor: people who live in the middle of the presented

⁵¹³ Riddell 2007: 142 makes a similar observation.

⁵¹⁴ See Krzyzanowski 2005: 137-163.

“development challenge” would describe it with different attributes. What is also important is that the text explicitly underlines the fact that development policy is a Union policy towards *all* developing countries. This approach is further clarified with a footnote explaining that by *developing countries* the EU means all those countries in the reviewed list of ODA recipients compiled by the DAC in April 2006. Hence this statement officially puts an end to the special position of the APC group for the Union, compared with other developing regions. However, the ACP group as such has been further dismantled by the special attention paid to Africa and to the emerging African Union in the subsequent parts of the Consensus document.

The external position in the European Consensus appears even stronger if we contrast it with the key EU countries’ colonial past and with the EEC’s associational arrangements.⁵¹⁵ The Consensus Statement neither refers to the colonial heritage nor discusses Europe’s central role in the construction of the interdependent and global world system. Instead, the development policy statement text is formulated, in a way, as if the EU, the developing countries and “the development challenge” had only recently converged. Karagiannis (2004) has addressed this feature of the EU approach. In particular, she points to how the European policy has shifted from accepting responsibility for colonialism to a more amnesiac politics in which post-colonial countries are responsible for their own fate.⁵¹⁶ This line of thinking is manifested in the second paragraph of the Introduction in terms of *responsibility for* development, laying the foundation for the donor-recipient relationship in the European Consensus.

The second paragraph of the Consensus statement shifts the focus of the document away from the pressing need for poverty eradication back to entirely different types of internal challenges for the Union. It starts with a juridical definition (cf. Treaty of Maastricht) of *shared competencies* of development co-operation between the European Community and the Member States whereby “the Community policy shall be complementary to the policies pursued by the Member States”. In the light of Chapter 4, this line is there to reassure those who were against further Europeanisation. The wording emphasises the role of the bilateral policies to which EC policy should be aligned, rather than the other way around. In this sense, the Commission failed in this final attempt to act as an institutional leader.

Interestingly for the developing policy sector and its objectives, the text proceeds from the question of *competency* to the question of *responsibility*. It states that “developing countries have the *prime responsibility* for their own

515 On the EU’s development policy and co-operation background, see Holland 2002, Grilli 1993 and Rodney 1982.

516 See Karagiannis 2004.

development”.⁵¹⁷ This position has twofold implications. On the one hand, it could be read as an expression of sovereignty whereby the partner countries take the decisions *and responsibility* regarding their development strategies. On the other hand, if we take development policy as a public policy of the Union, this position to a certain degree discharges the EU of the *prime* liability regarding the possible failures in policy delivery. At first glance, and compared to the dramatic description of the development challenge above, this strong definition of responsibilities seems rather startling. On the other hand, this attitude is consistent with the EU’s external position on the problems caused by poverty.

Regarding the Union responsibility, paragraph 2 continues by stating that the developed countries have their responsibilities too and that the EU is committed to meeting these responsibilities both at the levels of the Community and the member states.⁵¹⁸ One might assume that these responsibilities would refer to the previous development commitments. Conversely, the text does not name these responsibilities or define what would be the specific Union responsibility in development, but instead shifts immediately to describing how “Working together, the EU is *an important force for positive change*.”⁵¹⁹

In the text, this role of a force for positive change is based on the EU’s action in the field of development and trade policies, especially as regards the LDCs.⁵²⁰ For this reason, I will also follow this argument more closely across the document. Regarding foreign aid, the argument goes that the EU provides over half of the world’s aid and has committed itself to increasing this assistance. The commitment is not only limited to increases in terms of development funding per se but also in terms of the *quality* and *effectiveness* of development aid. Although not yet made explicit, there is a linkage to the previous commitments of the Paris Declaration (2005), concluded in March of the same year as the European Consensus, which therefore explains the frequent referencing and similar language.⁵²¹

The Paris Declaration was adopted to improve donor harmonisation, alignment, and the management of aid for better results. In addition, the Declaration states that these donor-focused processes should be monitored and progress assessed on a regular basis. The European Union member states are parties to the agreement as bilateral donors and OECD member countries. Out of the main international donor organisations, the European Commission, the

⁵¹⁷ The European Consensus, para. 2, lines 1-4.

⁵¹⁸ Ibid. para. 2, lines 4-5.

⁵¹⁹ Ibid. para. 2, lines 4-6.

⁵²⁰ Ibid. para. 2, lines 6-9.

⁵²¹ Interviews EC[23]2009 and Council[28]2008.

IMF and the WB have also made this commitment to adhere to the so-called Paris principles. At the same time, the majority of the individual country members of the Paris Declaration are recipient states from different geographical areas. The five main principles that the declaration sets out are, first, **ownership**, implying that developing countries should set their own strategies for poverty reduction, improve their institutions and tackle corruption. Second, **alignment**, meaning that donor countries should align behind the developing country set objectives and use local systems. The third principle refers to **harmonisation** and donor country coordination with a view to simplifying procedures and sharing information to avoid duplication. The fourth principle is development **results** and their measurement. The fifth refers to **mutual accountability** whereby donors and partners are accountable for development results.⁵²²

In this respect, the above-described EU stance towards responsibility is interesting. In the light of the Paris Declaration wording, the EU could have used a more precise formulation of responsibility and established a normative stance on what mutual accountability implies for the Union. If the developing countries are to bear the main responsibility for their own development, the Union would have defined its own task up front in terms of development policy. What we have now is the EU's commitment to more and better aid with improved results, which of course is a positive intention in and of itself.

Related to being a positive development policy force, the EU's role as the most important economic and trade partner for developing countries is also brought up in this development policy context as contributing to positive change.⁵²³ This was grounded in the fact that "the Union offers specific benefits to developing countries, mainly to the LDCs among them". In practice, this refers to the EU Generalised System of Preferences (GSP), including the Everything But Arms (EBA) policy towards the LDCs.⁵²⁴ The regional free trade agreements are not specifically mentioned in this context, although they are an issue for the majority of the LDCs. I will return to this issue in the section in this chapter on the trade-related PCD, as well as in the context of the role and comparative advantage of the community.

In paragraph 3 of the Consensus, the text continues by linking the *force for positive change* role to an assertion of how the "Member States and the Community are equally committed to basic principles, fundamental values and the development objectives as agreed at the multilateral level". In this context, which again reflects the Paris Declaration, the text states that the EU efforts, referred to as *our efforts* at coordination and harmonisation of aid

522 The Paris Declaration 2005.

523 The European Consensus para. 2, lines 6-9.

524 Cf. Sub-chapter 3.4.

must contribute to increasing *aid effectiveness*. In fact, the strong emphasis on *effectiveness* makes it the leading function for the whole European Consensus Statement.⁵²⁵ In addition, at the end of the Introduction, the EU states that the activities to this end build on the progress made in recent years.⁵²⁶ The European Consensus uses this progress in terms of formulating common positions for the major international conferences, as well as the internal reform of the Commission as the momentum for the “historic joint vision” presented below.⁵²⁷ However, the significance of the EU as the promoter of development and partner for developing countries is taken for granted.

The closing paragraph of the Introduction presents the structure of the Development Policy Statement and lists the development policy actors that have agreed on the policy, including the Council and the representatives of the governments of the member states meeting with the Council, the European Commission and the European Parliament.⁵²⁸

5.3 “THE EU VISION OF DEVELOPMENT” AND ITS NORMATIVE POSITIONS

Following the introduction to the “Development Challenge”, the first part of the European Consensus Statement presents the content of the joint “EU vision of Development”. The vision consists of seven sections which lay the foundation for an EU development policy, although it is not explicitly called that. In the light of the interview data, the reason for that was simple. Some of the member states supporting the UK felt more comfortable with the idea of having a joint (informal) vision than a more politically sensitive “EU development policy” that would have manifested a more Europeanised approach and overshadowed national efforts.⁵²⁹ This type of attitude highlights the paradox of the matter: why is it that member states can individually agree on the same issues multilaterally, but not in the official form of a European development policy? However, the key sections that amount to a joint policy and define the main discursive content are: Common objectives, Multi-dimensional aspects of Poverty Eradication, Common values, Common principles, Delivering more and better aid, Policy coherence for development, and finally, Development, a contribution to addressing global challenges.

⁵²⁵ Ibid. para. 3, lines 1-6.

⁵²⁶ Ibid. para. 3, lines 2-6.

⁵²⁷ Interviews EC[23]2009 and EC[34]2009.

⁵²⁸ European Consensus 2005: para. 4.

⁵²⁹ See Sub-Chapter 4.4.

In the following, I look at how the EU describes the basis for its development policy through the definition of common objectives, values and principles. In addition, I analyse the means by which the goals are sought as defined in the statement – development aid and policy coherence for development – in the development vision. In this respect, it is of particular interest how the EU formulates the objectives and means in relation to one another, and how the respective roles of the EU and the recipient developing countries are constructed in the envisioned application of these tools in pursuit of the development objectives.

“The European vision of development” at the beginning of the statement is connected to several thematic discourses which can, in turn, be regarded as elements of developmentalist or interventionist meta-discourses as well as discourses on the EU’s normativity. Developmentalist discourse is produced by actors that allegedly steer processes towards a desired outcome or goal labelled “development”. The goal can only be achieved by planned action, and active development interventions are therefore needed through development aid and co-operation. The content and ideological underpinnings of developmentalism may change over time but the development goal (although reflecting these changes) and the moral obligations to promote development, albeit through the logic of intervention, stay the same.⁵³⁰ From this point of view, the common objectives, principles and values, as well as the tools of EU aid and policy coherence for development discourses, are part of this developmentalist discourse, related essentially to the creation of what are seen as the preconditions for development. As such, it is a manifestation of a certain form of global governance. Furthermore, developmentalism is nested in institutions that both produce and supervise development-related practices.

While the developmentalist discourse is in itself embedded with norms, principles and values, the normative dimensions are further reinforced by the overt statement of common values and principles that constitute the foundation of EU developmental agency in particular.

Common objectives

5. The primary and overarching objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including pursuit of the Millennium Development Goals (MDGs).

6. The eight MDGs are to: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce the mortality rate of children; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development.

530 Koponen 2004: 6-7.

7. We reaffirm that development is a central goal by itself; and that sustainable development includes good governance, human rights and political, economic, social and environmental aspects.

8. The EU is determined to work to assist the achievement of these goals and the development objectives agreed at the major UN conferences and summits.

9. We reaffirm our commitment to promoting policy coherence for development, based upon ensuring that the EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives.⁵³¹

The common objectives of the European Consensus Statement are founded on the Maastricht Treaty provisions, which have been extended to include the United Nations Millennium Declaration and the related Millennium Development Goals. More specifically, the common objectives were re-defined in spring 2005 with the so-called “Commission Spring Package”, including three Communications and Council conclusions in May 2005.

At the level of preferred reading, the EU sustainable development thinking refers to the UN-led process on the environment and development as set out in the report *Our Common Future* (1987).⁵³² In more concrete terms, the limits of the EU approach can be inferred from EU action in terms of unilateral EU measures and international commitments, as well as the degree of policy integration within the Union.⁵³³ As discussed in Chapter 2, “Conceptual Context”, the EU’s stance towards sustainable development has been defined as weak sustainable development by Baker (1997, 2005) and Flint (2008), as in terms of normative principles the declaratory commitment to principles is stronger than in practice.⁵³⁴ Regarding poverty eradication in the context of sustainable development, the EU text and suggested action emphasises the Millennium Development Goals. Similarly to the Paris Declaration, the language that has been widely used in the Consensus, and the timing of both processes – aid effectiveness and the MDG review of 2005 – explain the strong emphasis on the MDGs as the main benchmarks in poverty eradication.

What is important in the paragraph is that it brings poverty eradication to the fore, naming it as the primary and overarching objective for development

⁵³¹ The European Consensus, paragraphs 5-9.

⁵³² See Baker 2006.

⁵³³ In particular, at the UN Conference on Environment and Development Rio de Janeiro 1992, and the UN World Summit on Sustainable Development Johannesburg 2002.

⁵³⁴ Baker 2006: 30-31. Flint 2008.

cooperation at the European level. This focus is in line with the original approach of the Brundtland Commission. Logically then, everything else should be directed to serve the attainment of this main goal. Therefore it is crucial how the primacy and the scope of the poverty eradication objective are framed. In this respect, while Paragraph 6 just lists the MDGs to clarify the section on objectives, Paragraph 7 includes an important reaffirmation – development as a central goal in itself. Given the debate on the role of development policy within the external relations (see Sub-chapter 3.4), this statement makes sense in the context of reclaiming the role as a Union policy. Also on a positive note, this statement can be read as a manifestation of the importance of the development objectives, which should not be compromised.⁵³⁵

Paragraph 7 continues by defining the dimensions of sustainable development. Here, the European Consensus prioritises good governance, human rights and the political aspects, which are then complemented by the more traditional approach in the sustainable development literature, including the three pillars of sustainable development – environmental protection, economic development, and social development. This approach can be traced back to the early 1990s and debates in the Council on the Lomé IV agreement, according to which sustainable development required sound governance, human rights and political reforms.⁵³⁶ At the same time, the subsequent Paragraph 8 links the EU action to the multilateral UN level and to the major UN Conferences and Summits since the early 1990s, as reaffirmed in 2002 and 2005 by the Millennium Declaration and MDGs, Monterrey (2002), Johannesburg Sustainable Development (2002) and the MDG Review of 2005. In this context, the Consensus defines the EU's role to *assist* the achievement of the development policy goals, and not to be the main policy actor regarding the EU responsibilities. This gives the impression that the success of the development outcome would almost entirely depend on the recipient side. While this is in line with the Paris Principles on ownership, it nevertheless shifts the focus away from the EU's own role and responsibility. In this respect, one could look at each of the processes and issue areas that are listed under the MDG8 in order to understand the kind of roles that the Union could take. For instance, in relation to the question of international trade and debt, the term “assist” masks the power and dependence embedded in the donor-recipient relationship.

The Union commitment to the multilateral, global targets is further reinforced with a reaffirmation regarding policy coherence for development in Paragraph 9. The EU *promises* that it shall *take account of* the objectives of development cooperation in *all* policies that it implements which *are likely*

⁵³⁵ Interviews Council[28]2008 and EC[30]2009.

⁵³⁶ Arts and Dickson 2004.

to affect developing countries, and that these policies support development objectives.⁵³⁷ This formulation opens up possibilities for both positive and negative interpretations. On the positive side, this kind of phrasing could be used for very strict and compelling forms of policy coherence, provided that *take account of* has tangible positive effects on development policy objectives. Furthermore, *are likely to affect* could be read as a precautionary principle, in other words that an *ex-ante* possibility of a detrimental impact would be sufficient to renounce such an action. However, this would require a clause to clarify the actual implications at the EU level. On the negative side, the wording leaves considerable room for different definitions of what *taking into account* implies. Equally alarming is that it does not define who is actually in a position to decide on this matter. *Taking into account* may also imply a notification and inaction. It could also imply action that is not considered policy coherent by all the actors. Given that the developing countries themselves bear the prime responsibility for development, would it be logical then that there would be a way for them to bring up the possible negative effects of the EU's action? Yet this type of bottom-up approach to PCD was not foreseen.

Chapter 1 (European Consensus) on the common objectives concludes with a paragraph regarding the allocation of development aid. It states that “*aid will continue to support poor people in all developing countries, including both low-income and middle-income countries (MICs)*”. In addition:

The EU will continue to prioritise support to the least-developed and other low-income countries to achieve more balanced global development, while recognising the value of concentrating the aid activities of each Member State in areas and regions where they have comparative advantages and can add most value to the fight against poverty.⁵³⁸

Thus, in the light of this statement on recipients, the poverty focus does not imply that the poorest or least-developed countries would automatically be prioritised. In this respect, it is the Union that oversees the overall trends in distribution of aid with a view to securing the LDCs while the member states have the autonomy to decide where to target their developmental action. Although this position is grounded in the economic theory arguments of comparative advantage and added value, in practice the importance of certain MICs in Latin America, Asia and the near-abroad regions in the Eastern and Southern Neighbourhood play a role for certain member states beyond the poverty eradication objectives.⁵³⁹

537 Cf. EU Treaty texts on Coherence.

538 European Consensus para. 10.

539 Interview Council[28]2008.

In this respect, the poor are the object of developmental action despite the country context or differences in state capabilities discretionally. The question of aid impact on the poor is not raised, but it is assumed that aid has supported and will continue to support poor people in all developing countries. Again, the framing emphasises a global approach.

Chapter 2 (European Consensus), “Multidimensional aspects of Poverty Eradication”, defines further the EU’s developmentalist task in global governance. This task is approached by defining the very poverty that the Union aims to combat. The text reads as follows:

11. Poverty includes all the areas in which people of either gender are deprived and perceived as incapacitated in different societies and local contexts. The core dimensions of poverty include economic, human, political, socio-cultural and protective capabilities. Poverty relates to human capabilities such as consumption and food security, health, education, rights, the ability to be heard, human security especially for the poor, dignity and decent work. Therefore combating poverty will only be successful if equal importance is given to investing in people (first and foremost in health and education and HIV/AIDS, the protection of natural resources (like forests, water, marine resources and soil) to secure rural livelihoods, and investing in wealth creation (with emphasis on issues such as entrepreneurship, job creation, access to credits, property rights and infrastructure). The empowerment of women is the key to all development and gender equality should be a core part of all policy strategies.

The EU approach to poverty is firmly based on the contribution to the Consensus statement made by the European Parliament and the Nordic countries.⁵⁴⁰ In actual fact, it owes a lot to the conceptual thinking already approved at the OECD/DAC on poverty/POVNET 2004. This type of definition was put forth by the then chairperson of CODEV to streamline the Union approach to what had already been discussed and widely accepted at the DAC level.⁵⁴¹

In terms of recognising the dimensions, it is indeed balanced and in line with the sustainable development agenda as set out in the literature above. As such, it takes a strong and more analytical stance, drawing on Amartya Sen’s notion of capability as well as sustainable livelihoods discourse. The text combines these with the MDGs, particularly regarding investment in people. In addition, it refers to gender equality as being the key to all development. This takes the EU stance way beyond the technical debates on income-based poverty lines

540 See Sub-chapter 4.4, and also the EP resolution regarding the European Consensus.

541 Interview Council[28]2008.

and improves the understanding of the very rationale of development policy. However, this type of elaboration on poverty is not linked back to the principle of policy coherence for development or vice versa.

The Consensus text proceeds from this notion of poverty to a definition of the MDG agenda and the economic, social and environmental dimensions of the poverty eradication task in the context of sustainable development. The definition is arrived at by listing the development activities across the key areas that were raised in the UN Conferences referred to above. The extensive list starts with democratic governance and progresses to political, economic and social reforms. Pro-poor economic growth, trade and development, food security, access to public services as well as social justice, human rights and social cohesion are also mentioned.⁵⁴² In terms of recognising the key aspects to look into, mapping out all these aspects is important. However, what we can observe here tallies with Bomberg's (2004) description of the EU's engagement with sustainable development as multifaceted, evolutionary and as complex as the notion of sustainable development itself, which also gives rise to difficulties in internalising the key tenets of the concept.⁵⁴³ In this sense, the European Consensus offers common ground for more strategic planning, but does not contain a vision of what that strategy should entail.

The common objectives of the European Consensus Statement and the multiple dimensions of poverty eradication are followed by a chapter on common values. This chapter actually consists of a single paragraph, highlighting the importance of the value base for the EU's agency and hence its normative difference:

3. Common values

13. EU partnership and dialogue with third countries will promote common values of: respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice. The EU is strongly committed to effective multilateralism whereby all the world's nations share responsibility for development.⁵⁴⁴

The common values agreed on by the parties to the European Consensus Statement are closely associated with those of Western liberal democracy. In addition, the text includes two traditional motivations of development co-operation: solidarity and justice.⁵⁴⁵ However, the formulation of the first

⁵⁴² European Consensus para. 12.

⁵⁴³ Bomberg 2004: 88.

⁵⁴⁴ The European Consensus para. 13.

⁵⁴⁵ See Sub-chapter 2.4.

phrase in the paragraph leaves it unclear as to whether the common values promoted in the EU partnership and dialogue are actually only common EU values or jointly agreed and shared values between the EU and the developing country partners. As defined in the introduction, the “European Consensus” is a statement between European actors, and elsewhere in the text the word “common” only refers to the European parties.

Nevertheless, these two interpretations of the nature of the values may lead to very different kinds of partnerships. On the one hand, to a developmental partnership in which values are transferred to the partner as a part of the cooperation or, on the other hand, where the partnership is already founded on a consolidated value base, and value promotion has more of a role of reinforcing the shared normative dimension. In terms of partnership, “common” would logically refer to those values shared by the partners or, alternatively, the values will be diffused in the development cooperation. Otherwise, there is a discrepancy in terms of normative power in the partnership to the advantage of the Union. In addition, the inclusion of a value base as such can be read as an attempt to raise the legitimacy of the EU’s developmental agency, even if the interrelationship between the action and the value were negative. For instance, this could be the case with the more subjective values of good governance, solidarity and justice, which do not have a defined basis in international law the way human rights do, for example.

What is important to note is the intentional wording that the EU partnership and dialogue with third countries *will be promoted* based on common values. This intention has at least a double function: while it serves as an instruction to the actors that in practice their conduct in such relations might have a bearing on the common values, it simultaneously legitimises the action in itself. In reality, however, as discussed in the theoretical chapter, the motivations surrounding development cooperation are not rooted in such high ground perhaps.

Interestingly, the EU reaffirms its commitment to “effective multilateralism whereby all the world’s nations share responsibility for development”. What makes this particular statement important is the EU position on responsibility that is shared by *all* the world’s nations without specifying how. However, the text does take into account the different capacities of the world’s nations in the multilateral system. This stance differs from the *common but differentiated responsibility principle* of sustainable development where the responsibilities and tasks of sustainable development are distributed differently between the developing countries and advanced industrialised economies.⁵⁴⁶ A similar attitude also characterises the following chapter of the European Consensus on common principles. The principles include, first, ownership and partnership,

⁵⁴⁶ Baker 2006: 36-38.

political dialogue, participation of civil society, gender equality and addressing state fragility.

4. Common principles

4.1. Ownership, Partnership

14. The EU is committed to the principle of ownership of development strategies and programmes by partner countries. Developing countries have the primary responsibility for creating an enabling domestic environment for mobilising their own resources, including conducting coherent and effective policies. These principles will allow an adapted assistance, responding to the specific needs of the beneficiary country.⁵⁴⁷

The first common principles that the European Consensus Statement names are those of ownership and partnership, specifically in this order.⁵⁴⁸ The term “partnership” has its roots in the terminology used in the Lomé Conventions (1975-2000) between the EU and its former African, Caribbean and Pacific colonies. The concept of partnership was borrowed from the UN discourse on the New Economic Order of the 1970s to highlight the new, more equal and less paternalistic relationship between the EU and the ACP countries, as discussed previously in this dissertation.⁵⁴⁹

The concept of ownership became, in turn, a central attribute of the EU-developing country partnerships more generally in the late 1990s with different regional groupings. With the ACPs, its content was re-debated in the negotiations on the political, economic and aid provisions of the Cotonou Agreement, which replaced the Lomé Conventions and entered into force in June 2000. However, as Whitfield and Frazer (2009) point out, the use of the term “ownership” in discussions on aid can be traced back at least to donor concerns in the mid-1980s when recipient governments were signing up to policy conditions as part of aid agreements, particularly the World Bank structural adjustment programmes, which largely failed to deliver. Whitfield and Frazer point to two explanations for this problem, which appear in the literature of the time. In one version, researchers claimed that, although key African decision-makers recognised the need for the free-market economic “reform” donors were promoting through structural adjustment, they did not have the political will to push through contentious programmes in the face of domestic opposition. In the other version, researchers claimed that state

⁵⁴⁷ The European Consensus, para. 14, lines 1-5.

⁵⁴⁸ The other common principles in chapter 4 are an in-depth political dialogue, participation of civil society, gender equality and addressing state fragility.

⁵⁴⁹ Holland 2002: 33; Karagiannis 2004: 11.

elites were not, in fact, committed to free-market policies, but accepted donor conditions in order to access funds (see Collier 1997).⁵⁵⁰ The World Bank labelled the problem as insufficient “ownership” of the policies on the part of either local elites or local populations.⁵⁵¹

In the light of the text sample, the EU puts a lot of emphasis on the concept of ownership in development strategies between the EU and the developing country partners. This shift has both positive and negative implications. On the positive side, the ownership approach can lead to more genuine leadership of the developing countries in terms of decision-making power over development strategies, and in choosing the modalities, instruments and sectors of the co-operation. This is indeed one of the core objectives of the Paris Declaration.

The first sentence of paragraph 14 expresses the EU’s commitment to the principle of developing country ownership, defined in terms of responsibility for creating an enabling domestic environment for mobilising their own resources which would, in turn, allow for adapted assistance from the Union. But to be precise, the text leaves the matter open concerning the degree to which the ownership of the content and conduct of development strategies and programmes is actually exercised.

Crucially, as Whitfield and Frazer point out, two competing, and potentially contradictory, understandings coexist: *ownership as commitment* to policies, however and why they were devised; and *ownership as control* over the process and outcome of choosing policies. The first understanding of ownership refers to an obligation to accept responsibility for implementing policies as encouraged or imposed by donors, whereas ownership as control stresses the recipient’s right to choose the policies to be implemented.⁵⁵² In this sense, it is not explicitly clear to which type of ownership the EU Consensus is referring. What the text does tell us is that, again, the theme of recipient responsibility is strongly emphasised also in relation to ownership.

Interestingly, however, the following paragraph (15) in turn states that the EU and the developing countries share the responsibility and accountability for the joint efforts in partnership. “The EU will support partner countries’ poverty reduction, development and reform strategies, which focus on the MDGs and will align with partner countries’ systems and procedures.” The use of progress indicators and regular evaluation of assistance are also mentioned. In terms of ownership and partnership, the development cooperation is focused on the MDGs which, in a sense, also set limitations on ownership and partnership.

550 Whitfield and Fraser 2009: 3.

551 See Devarajan, Dollar, and Holmgren 2001, as cited in Whitfield and Frazer 2009: 3.

552 Whitfield and Frazer 2009: 3-4.

Although the MDGs are at the core of the EU's development policy, the developmental task is much wider, for instance in terms of political and economic reforms (industrial strategies, agricultural reforms, developing businesses, legal and fiscal institutions etc.) or providing Aid for Trade and infrastructure development, which do not fall directly under the eight MDGs. Furthermore, the MDG focus also suggests that these objectives are already "owned" by the recipient and that this is the *beneficiary* country's understanding of the international development agenda⁵⁵³, as the statement words it. In these efforts, the EU's role is to support the *partner*, who has the primary responsibility for creating an enabling domestic environment by mobilising their own resources for development, including conducting *coherent* and *effective* policies in order to guarantee the functionality of country-specific, adopted assistance from the EU side. On the other hand, the EU "acknowledges the essential oversight role of democratically elected citizens' representatives and therefore encourages an increased involvement of national assemblies, parliaments and local authorities".⁵⁵⁴ These are certainly decisive determinants in terms of defining the "owners" in line with democratic principles, which was somewhat lacking in the early conceptualisations by the World Bank.

What is absent, however, are the *external* factors that influence the recipient country's capacity to conduct coherent and effective policies for the MDGs. Given the huge challenge of these very same conditions for coherent and effective policies that the EU itself is facing, both in terms of the Paris Declaration and Policy Coherence for Development, the fact that the EU links coherence and effective policies with the developing countries' responsibility is noteworthy. In this respect, the Union missed a chance to concretise its role in the promotion of PCD, as the EU's own role and responsibility were not linked back to the MDGs in the Consensus text, as was the case in the Commission Spring Package in May 2005. In these EU development policy documents, the Union's position is based on the view that development aid, essential as it is, is *not enough* to achieve poverty reduction, let alone poverty eradication. This emphasis is particularly strong in the Commission's official communications regarding the EU's contribution to the MDGs.⁵⁵⁵ However, in the European Consensus text the key understanding related to PCD, which stated that the Union action may affect the recipient partners' possibilities to attain the MDGs, was ignored. As Whitfield and Fraser (2009) warn, rather than waiting for donors to reform themselves, recipient governments are being urged to "take

553 European Consensus 2005: paragraphs 15-16.

554 Ibid. para. 16.

555 The specific MDGs and coherence documents include COM (2005) 132, 133 and 134.

ownership” of aid activities, and country ownership is now being promoted as the default solution.⁵⁵⁶

Chapter 4 (European Consensus) on the Common Principles continues with the text on “An in-depth political dialogue”, according to which the dialogue is an important way to further the development objectives. As such, this type of dialogue can alternatively be seen as a means of norm diffusion between the Union and the recipient. Thus, it constitutes an important channel for the use of normative power. The political dialogue is *conducted* by the member states, and by the European Union institutions – the Council, Commission and Parliament within their respective competencies. It designates “good governance, human rights, democratic principles and the rule of law” as the key elements of this dialogue, which “will be regularly assessed with a view to forming a shared understanding and identifying supporting measures”.⁵⁵⁷ From this formulation, it is quite clear that the political dialogue as established in the Lomé IV framework has maintained the function of a one-way channel of normative direction by the EU vis-à-vis the partners. The fact that the text appoints the EU member states and Community institutions to conduct the dialogue narrows the basis for the EU-developing country partnership and reinforces the unequal normative power relationship between donor and recipient. The paragraph goes on to state that “this dialogue has an important preventive dimension and aims to ensure that these principles are upheld”.⁵⁵⁸ However, it is quite obvious that the prevention and ensuring the adherence to the principles are not meant to be applied to the EU institutions.

Furthermore, the fight against corruption, the fight against illegal immigration and the trafficking of human beings are seen as other important themes of the dialogue.⁵⁵⁹ Whereas corruption concerns the political elite and is largely perceived as one of the main obstacles to aid effectiveness and thus also concerns development at both ends, the fight against illegal immigration is largely the fight against one of the manifestations of poverty and the lack of livelihoods in the country of origin. It is also a manifestation of inaccessible legal access to Europe. Hence, this issue area is more of an EU interest than an interest of the country of origin. As regards the trafficking of human beings, the issue area is directly linked to international crime and is a matter of gross violations of human rights with linkages to poverty and vulnerability.

In addition to extending ownership to democratically elected representatives, the European Consensus also includes an entire paragraph on the participation of

556 Whitfield and Fraser 2009: 1-2.

557 European Consensus 2005: para. 17.

558 Ibid. para. 17, lines 3-7.

559 Ibid. para. 17, lines 7-8.

civil society both in Europe and in the partner countries in development policy (following the example of the EU-ACP civil society consultation model).⁵⁶⁰ In the text, the EU supports the capacity-building of civil society in order to strengthen their voice in the “development process” and the political, social and economic dialogue.⁵⁶¹ The scope of “civil society” includes in this context both economic and social partners, such as trade unions, employers’ organisations and the private sector, as well as NGOs and other non-state actors, in this order. These actors are considered vital as promoters of democracy, social justice and human rights, in other words, as promoters of these normative principles. The importance of the European civil society is recognised as well. However, this importance is left unspecified as regards the stakeholders in the European Consensus and the counterparts in development policy-making, although their importance in awareness-raising and development education is acknowledged. The civil society participation reflects the same ongoing challenge as the concept of ownership if its scope and content are not specified. In this case, the formulation of the “development process” leaves it open as to the stage at which the civil society participation should be included, namely, are they playing a role throughout the process from policy-planning, implementation and evaluation both in the EU as well as in the South, or are they called upon ad hoc to participate in a pre-structured and pre-formulated policy?⁵⁶² On the other hand, the open formulation provides these actors with an important entry point, and the actual extent can be tested in practice. Given that the European Consensus Statement covers all developmental relations, this text can also be read as widening the provisions negotiated in the ACP-EU Cotonou Partnership Agreement to include every development policy arrangement. In addition, according to the text, the civil society actors’ voices should be heard in the political, social and economic dialogue. Here, the inclusion of the economic dialogue is of particular interest as the economic sphere has traditionally been regarded as a sphere excluded from participatory action.⁵⁶³

Gender equality

19. The promotion of gender equality and women’s rights is not only crucial in itself but is a fundamental human right and a question of social justice, as well as being instrumental in achieving all the MDGs and in implementing the Beijing platform for Action, the Cairo Programme of Action and the Convention on the

⁵⁶⁰ Ibid. para. 18.

⁵⁶¹ Ibid. para. 18, line 6.

⁵⁶² For more on the EU development policy and civil society, see Hurt 2006: 112-113.

⁵⁶³ Trommer 2012.

Elimination of All Forms of Discrimination Against Women. Therefore the EU will include a strong gender component in all its policies and practices in its relations with developing countries.⁵⁶⁴

The European Consensus Statement presents gender equality as a common value as well as a common principle.⁵⁶⁵ The text places gender issues within the larger framework of fundamental human rights and social justice, and regards it both as a crucial *goal in itself* as well as *an instrument* to achieve all the MDGs and to implement the key UN agreements on gender. In this respect, the EU stance is very much in line with the sustainable development principle of gender equality.⁵⁶⁶ However, the joint commitment of the member states and the Community to gender equality could have been enhanced by extending “a strong gender component” to *all* EU policies and practices in a more precise manner, as formulated in the second part of the European Consensus Statement on the European Community Development Policy.⁵⁶⁷ However, importantly for our focus on the development and trade interface, the Commission’s Global Trade strategy, “Global Europe” (2006), does not make one single reference to gender or women, although it includes all trade relations with developing countries.

The chapter on Common Principles concludes with three paragraphs on Addressing State Fragility and the EU’s role in three different cases. These cases comprise difficult partnerships and fragile states, transition situations, and disaster prevention and preparedness. Regarding “difficult partnerships and fragile states”, the EU pledges to improve its response through state systems and strategies to fulfil a range of basic functions and citizens’ needs so as to increase capacity in fragile states. The means of accomplishing this include conflict prevention work, governance reforms, the rule of law, anti-corruption measures and institution-building. The task is seen as important because a third of the world’s poor live in fragile states. Importantly, the EU advocates remaining engaged even in the most difficult situations to prevent the emergence of failed states.⁵⁶⁸ This pledge to not pull back from these situations reinforces the EU commitment and provides a normative reference for other actors in the international development community.⁵⁶⁹

564 The European Consensus, para. 19.

565 Ibid. paragraphs 13 and 19.

566 For gender equality in sustainable development, see e.g. Baker 2006: 45-46.

567 The European Consensus, see paragraphs 101 and 104 on EC development policy.

568 European Consensus 2005: para. 20.

569 Interview Academia[8]2009.

When it comes to “transition situations”, the EU promises to act as a promoter of linkages between emergency aid, rehabilitation and long-term development. The action takes place within a multilateral framework, including the UN Peace Building Commission. In this context, the EU sees its role as re-establishing the principles of ownership and partnership, together with providing integrated transition strategies for building institutional capacity, essential infrastructure and social services, food security and general security for refugees, displaced persons and citizens in general.⁵⁷⁰ Regarding “disaster prevention and preparedness”, the text notes that some developing countries are particularly vulnerable to natural disasters, climatic change, environmental degradation and external economic shocks. The promised action by the member states and the Community includes disaster prevention and preparedness *in these countries*. As important as this is at the country level, no references are made to global-level initiatives to prevent or mitigate further catastrophes, or to the EU’s own global responsibility.

“Delivering More and Better Aid”

The European Consensus Statement on EU development aid is based on pledges of increased financial resources and improved quality of the delivered aid, together with better coordination and complementarity. The text defines development as *a long-term commitment* which calls for additional EU resources from some of the member states lagging behind previous targets, and for others to sustain their efforts as set out in the May 2005 Council conclusions. This is done with a view to achieving the target of 0.7 per cent of GNI by 2015, including an intermediate collective target of 0.56 per cent by 2010.⁵⁷¹ According to the collectively agreed timetable, the commitments should see annual EU aid double to over €66 billion in 2010 (see Sub-chapter 3.3).

In addition, the EU *considers* further debt relief and innovative sources of finance to increase the volume of aid. Africa is named as the main beneficiary of this commitment, with a pledge to allocate at least half of the increased aid there. The EU commitment reflects the G8 agreement in July 2005 to double aid to Africa.⁵⁷² In order to meet the MDGs, the Union will prioritise LDCs and other low-income countries as reflected in the high proportion of EU aid (67%) *flowing* to these countries, as if the flow were a natural phenomenon. However, this commitment will be further defined by individual member states’ priorities in development assistance, in line with paragraph 10.⁵⁷³ Moreover,

570 European Consensus 2005: para. 21.

571 Ibid. para. 23, line 1.

572 Easterly 2007: 161.

573 Ibid. para. 23, lines 1-7.

the aid allocation will be carried out based on two main criteria: *needs* and *performance*, taking account of specific situations.⁵⁷⁴ However, the text does not specify how and by whom these criteria will be defined and measured. On the other hand, the statement does not present concrete results of the EU aid so far, and in that sense the focus remains on future intentions to increase and improve aid rather than on “the progress made in recent years”, as declared in the introduction.

The text continues with a strong focus on *difficult partnerships*, *fragile states* and *donor orphans*.⁵⁷⁵ The main argument here is that the least-developed and low-income countries deserve special attention in order to meet the MDGs. However, aid will also be allocated to middle-income countries to support *pro-poor* development in line with the overall development policy goals of these countries.⁵⁷⁶ With regard to the latter case, providing aid might also benefit the donor party.⁵⁷⁷ In this respect, the metaphor of *donor orphan* and its antonym *donor darling* is interesting. In the statement, the EU is also committed to looking after those “donor orphan” countries which the other OECD/DAC donor community is reluctant to “adopt” into their development cooperation programmes. This is often due to their instability and foreseen difficulties in aid delivery, as well as in development at large. In the light of the interviews, this constitutes quite a unique position.⁵⁷⁸

The European Consensus on Aid continues with paragraphs on “More Effective Aid”. The determinants of effective aid for the EU include better aid in terms of reduced transaction costs and promised improvements in global impact. However, the causal linkage between these two is not made explicit although, logically, less transaction costs will of course result in more funds available at the recipient’s end. According to the text, “the EU is dedicated to working with all development partners to improve the quality and impact of its aid as well as improve donor practices, and to help recipients to use the increased aid flows more effectively”. But again, concrete examples are not given. Instead, the EU refers directly to the Commitments on Paris Aid Effectiveness agenda, which the Union promises to implement, while monitoring the implementation with concrete targets for 2010. Once again, national ownership, donor coordination and harmonisation from the field level up, alignment with the country systems and results orientation are cited as

574 Ibid. para. 23, lines 8-9.

575 Ibid. para. 24.

576 Ibid. paragraphs 20 and 24.

577 See Roeskau 2005.

578 The European Consensus, para. 24, lines 1-6. Interviews Academia[8]2009, Council[28]2008 and EC[30]2009.

the core principles.⁵⁷⁹ The section on different aid modalities takes the text to a tangible level in terms of presenting different complementary channels through which aid can be provided. These include traditional project aid, sector programme support, sector and general budget support, humanitarian aid and assistance in crisis prevention (cf. the European Security agenda), support to and via civil society, as well as the approximation of norms, standards and legislation, etc.). The country context is the criterion whereby modalities are chosen. However, who or what should define “what works best in each country” is not specified.⁵⁸⁰ On the positive side, “where circumstances permit”, the EU is willing to use general or sector budget support to strengthen ownership, national accountability and procedures, as well as to finance national poverty reduction strategies (PRS). In addition, the list of aid improvements also includes commitments to more predictable and less volatile aid mechanisms, in the light of those which were reported as being problematic for EU development cooperation in the past.⁵⁸¹

The chapter on development aid also includes paragraphs on debt reduction and the untying of aid as ways of improving the development financing. As regards debt, the EU pledges to find solutions to unsustainable debt burdens, in particular for the remaining multilateral debts of so-called Highly Indebted Poor Countries (HIPC), as well as for countries affected by exogenous shocks or countries in post-conflict situations.⁵⁸² However, the section does not specify what these solutions might be or how they would be reached. Given the magnitude of the debt question in development, the EU member states have not been able to formulate a common stance which would be commensurate with their role either as bilateral creditors or actors in the IFIs, let alone able to formulate a Union-wide approach. In this sense, this commitment to improve the predictability of development financing by debt reduction is an opening which should be followed through.

The European Consensus chapter on development aid concludes with paragraphs on coordination and complementarity between the Community and member states. In this context, the Union promises to improve these aspects, again referring to the Paris Declaration, and states that “the best way to ensure complementarity is to respond to partner countries’ priorities at the country and the regional level”. Again, “the EU encourages partner countries to lead their own development processes and support a broad donor-wide engagement in national harmonisation agendas”. In this sense, the recipients are given the

579 European Consensus 2005: para. 25.

580 Ibid.: 26.

581 Ibid.: 27. Interviews EC[13]2009, EC[23]2009 and EC[34]2009.

582 European Consensus 2005: para. 28.

responsibility for the overall coordination of various developmental initiatives. The EU acts as a facilitator and provider of *roadmaps* for its member states' contributions. Further, it commits itself to multiannual programming based on partner countries' strategies and budget processes, to common implementation and shared analysis, as well as to donor-wide joint missions and use of co-financing.⁵⁸³ The task of coordinating multilateral channels is further emphasised by the EU's readiness to take a lead role in implementing the Paris Declaration provisions on aid delivery with four additional commitments. These commitments consist of capacity-building through multi-donor arrangements, channelling 50 per cent of government-to-government assistance through country systems including budget and sector-wide approaches, avoiding new project implementation units, and reducing the number of uncoordinated *missions* by 50 per cent.⁵⁸⁴

The mixture of development policy-specific language and expressions such as “roadmaps” and “missions” gives an impression of a controlled and targeted operation with very limited consideration of the complexities of the reality at both ends. Similar optimism marks the concluding section of the chapter on the EU's pledge to capitalise on new member states' experience in transition management and to strengthen their role as new donors.⁵⁸⁵ In this cross-cutting web of donor-recipient relations, the EU promises to co-operate with partners and bilateral and multilateral institutional actors. This promise also encompasses promotion of the enhancement of the voice of developing countries in international institutions.⁵⁸⁶ However, the text does not specify the concerns that the Union would put forward with the poorer nations.

5.4 THE FRAMING OF POLICY COHERENCE FOR DEVELOPMENT IN THE EUROPEAN CONSENSUS

Together with development assistance, policy coherence for development (PCD) is the other main tool that the European Consensus Statement presents to support poverty reduction and the achievement of the Millennium Development Goals in developing countries. In the statement, the EU commitment to policy coherence is presented in the section on common objectives, and is further defined in a separate section on policy coherence for development.

583 European Consensus 2005: para. 31.

584 Ibid 2005: para. 32.

585 Ibid 2005: para. 33.

586 Ibid 2005: para. 34.

6. Policy coherence for development (PCD)

35. The EU is *fully* committed to taking action to advance Policy Coherence for Development in a number of areas. It is important that non-development policies *assist* developing countries' efforts in achieving the MDGs. The EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries. To make this commitment a reality, the EU *will strengthen policy coherence for development procedures, instruments and mechanisms at all levels, and secure adequate resources and share best practice to further these aims. This constitutes a substantial additional EU contribution to the achievement of the MDGs.*⁵⁸⁷ [emphasis added]

This definition of the PCD commitment largely builds on the EU Commission Communication of April 2005 on "Coherence for Development". In the communication, the EU explores the possibilities different policy sectors have to support development policy goals. The reference to a number of areas connects the paragraph to the May 2005 Council conclusion on the 12 policy sectors that have been recognised as crucial, particularly for the attainment of the Millennium Development Goals.⁵⁸⁸ The focus on the MDGs was chosen strategically because of the timing, as well as the concrete commitment made with regard to these specific goals by the international development community.⁵⁸⁹ Linking PCD to the MDGs has been further reinforced by the actual difficulties in achieving the UN Millennium Development Goals, which developed countries, especially the EU, are claiming to be able to meet.⁵⁹⁰ In the "European Consensus", the EU position on poverty eradication builds strongly on policy coherence for development as a tool to bring about development and to achieve the MDGs.

However, the overall task is much larger as, according to the treaty, the policy coherence principle should direct all possible developmental linkages between all EU actions with a view to supporting recipient countries' own efforts to improve the social, environmental and economic dimensions of sustainable development. Therefore, 12 areas were chosen in the May 2005 Council conclusions including Trade, Environment, Climate change, Security, Agriculture, Fisheries, Social dimension of globalisation, Employment and decent work, Migration, Research and Innovation, Information Society,

⁵⁸⁷ Ibid. para. 35.

⁵⁸⁸ Council Conclusions May 2005.

⁵⁸⁹ Interviews Academia[8]2009, Academia[21]2008, EC[23]2009, Council[28]2008 and EC[30]2009.

⁵⁹⁰ Picciotto 2005: 313-314.

Transport and Energy. By way of a historical side note, some of these issues of incoherence were first discussed as early as 1971 by the Commission of that time.⁵⁹¹ In particular, the issue of trade policy and development was brought to the fore, as discussed in Chapter 3.

Two observations can be made at the outset here. In the so-called Commission Spring Package (2005) on Development and PCD by the DG Development unit of PCD and Forward-looking Studies⁵⁹², each of these policy areas were discussed against the development objectives, including synergies but, to a certain extent, also obstacles to promoting PCD. However, in this introductory chapter, the framing of the PCD commitment is done in a manner which shifts the focus away from the possible incoherencies between the development objectives and the 12 listed EU sectoral policies. Such a starting point is interesting given that together with possible “synergies”, many EU policies such as the CAP, the Common Fisheries Policy and External Trade have documented detrimental impacts for developing countries.⁵⁹³ Historically, these problems constituted the main reason to start the coherence discussion from the point of view of development cooperation and its incorporation into the Maastricht Treaty.⁵⁹⁴

Interestingly, there has been a gap, on the one hand, between the juridical incorporation of the coherence principle and the first action regarding the reduction of beef export subsidies by the Commission in 1994, and the overall integration of the coherence principle into the EU development policy as late as 2005, on the other.⁵⁹⁵ In 1992 and again in 1997, the Council asked the EC to produce a report on coherence, but only a non-paper was submitted to the Council in 1999.⁵⁹⁶ In a study on Commission practices, these sectoral DGs were against the inclusion of the coherence for development reporting in the late 1990s, which highlights the political sensitivity of the coherence question. In particular, this was the case with the inter-relationship between development and agriculture, as well as between the development and fisheries policies.⁵⁹⁷ Furthermore, the chosen approach also disregarded the ongoing debates and initiatives raised especially by civil society actors in relation to these sectors and

591 SEC (71) 2700: 7.

592 The specific MDGs and coherence documents include COM (2005) 132, 133 and 134.

593 On EU policy incoherence, see e.g. Hoebink 2004, Carbone 2009, as well as NGO campaigns for PCD: Call for Coherence (<http://fi.kehys.oneworld.net>) and Eucoherence (<http://www.eurocoherence.org>). On Gender, Trade and Development, see WIDE (<http://eurosur.org/wide/home.htm>) and on Fisheries, CCFA (<http://www.cape-cffa.org>).

594 Interviews EC[34] and [23]2009.

595 Picciotto 2005: 315.

596 Concord: October 2009.

597 ECDPM study 1999.

development policy, although civil society actors were encouraged to take part in development policy as discussed above.⁵⁹⁸

Instead of looking back, the European Consensus looks forward. As the text defines it, “To make this commitment a reality, the EU will strengthen policy coherence for development procedures, instruments and mechanisms at all levels, and secure adequate resources and share best practices to further these aims”. What can be noted at the outset is that the PCD question is framed as an administrative issue and not as a political one. Consequently, the European Consensus suggests that the problem can be tackled administratively by improving mechanisms and procedures, rather than by opening PCD to the debate on what actually constitutes poverty-reducing EU action in line with sustainable development principles in different policy sectors and at different levels. What we have here is a textbook case of de-politicisation in practice.⁵⁹⁹ Without arguing that development-oriented remedies for incoherence could easily be found in political processes, however, the de-political, administrative discourse effectively stops the emergence of political debates and, even more importantly, hinders the finding of more balanced outcomes through appropriate decision-making.

Of course, PCD depends on a number of context-related issues and the approach chosen to assess them, as discussed in Chapter 2. However, reducing PCD to an administrative question is unlikely to lead to a “substantial additional EU contribution to the achievement of the MDGs” as the European Consensus claims. What is also important to bear in mind is what the theoretical conceptualisation of coherence points to, namely the different types of coherence/incoherence that are present at different levels, which again is not elaborated on in the European Consensus. In this respect, the text could have named the most important forums where the PCD question is addressed.

For instance, the ECDPM and ICEI study (2005) divides the coherence mechanism into three different categories: a) overall policy and political decision-making, b) government institutions and administration, and c) assessment and advisory capacity. Although not named in the text, the procedures, instruments and mechanisms at the time were most developed at the level of the Commission DGs. Most notably, these included the Inter-Service Consultations (ISC) as well as Sustainability Impact Assessment (SIA) studies falling under the two latter categories. However, as discussed in Chapter 4, the EC position on the trade-related PCD in the Commission proposal was narrower than that first discussed by DG DEV or suggested by the European Parliament.

⁵⁹⁸ On the role of the NGOs and PCD promotion, see also Picciotto 2005: 317-318.

⁵⁹⁹ See and compare, for instance, Ferguson 1990, *The Anti-politics Machine*.

In addition, the PCD unit and PCD inter-service group were established after the adoption of the Consensus statement in 2006. Regarding the Council, the individual member states and the European Parliament, the mechanisms referred to were still very much in the making.⁶⁰⁰ (I will return to this question in Chapter 6.) Although adequate mechanisms are important, their importance comes into play either as ways to negotiate PCD or to monitor the integration of the chosen PCD policy into a given question. Interestingly, the framing of PCD in this manner implies that there is already a solid vision of what can be regarded as PCD, as the specific section on PCD in the context of Trade and Security policies shows. In addition, the pledge to strengthen the procedures, instruments and mechanisms gives a slightly more positive impression of PCD in policy-making, as the process of identifying the working methods was yet to begin for the Council, the member states and the Parliament.

Second, reflecting the complexity of coherence for development, the EU argumentation in this context is characterised by rhetorical discrepancy. By rhetorical discrepancy I refer to the construction of an argument which simultaneously consists of extreme expressions such as “fully”, “in all policies”, and “at all levels” and elements that are at variance with such expressions. Although this kind of structure is common in persuasive political statements, the fact that the text is discussing policy coherence makes this rhetorical discrepancy more evident. In the text on PCD, all the main arguments are affected by rhetorical discrepancy.

In the first sentence, the EU commits itself *fully* to taking action to advance PCD in a number of areas. These areas include a huge array of policy sectors ranging from Trade, Environment, Climate change, Security, Agriculture, Fisheries, Social dimension of globalisation, Employment and decent work, Migration, Research and Innovation, Information society, Transport and Energy.⁶⁰¹ Considering the diverse functions, interests and goals of these

600 In the spirit of the European Consensus, the Commission initiated a biannual reporting cycle on Policy Coherence for Development in 2007 consisting of an assessment of the Commission and the member states, and an informal PCD network was also established. In addition, PCD desks were assigned to different sectoral DGs. As regards the Council, at the time of the European Consensus formation, the mechanisms for PCD were still in the making. However, as the CEPS report (2006) recommended, improving the capacity of GAERC and the CODEV group was seen as important in this respect. After the adoption of the European Consensus Statement, the Commission and the Development Cooperation Working Party of the Council (CODEV) prepared a Work Programme 2006-2007 for Policy Coherence for Development. See CEPS 2006: Executive summary and Report. Furthermore, a rolling work programme was established by the German 2007 Presidency. As for the Parliament, its engagement with PCD was sporadic during that period.

601 The European Consensus Statement, para. 35, footnote on the May 2005 Council PCD Conclusions.

sectors, the *full* EU commitment is, in fact, an expression of intention without concrete examples and guidelines for PCD advancement. As noted above, what the EU actually promises is to improve the administrative action to support PCD and adequate resources, but sidesteps the political criteria for PCD in a given cross-sectoral question, which should be the basis for advancing PCD.

However, the EU also firmly states in the text that it is important for non-development policies to assist developing countries' efforts in achieving the MDGs. In order to ensure this, the EU is committed to taking account of development policy objectives in *all policies* that it implements which *are likely to affect* developing countries. As noted above, this kind of commitment was already made in the Treaty of Maastricht and leaves considerable room for both positive and negative interpretations.

The structure of the key coherence argument raises the question of which actors will be the ones that will ultimately decide and define the criteria by which the policies that *are likely to affect* developing countries are verified? Similarly, the EU's promise regarding strengthening PCD procedures, instruments and mechanism *at all levels* contains an imbalance between the extreme expression *all levels* and the PCD procedures, instruments and mechanism that were yet to be defined at that time. In addition, with regard to the implementation of the PCD principle, the EU's *full commitment* to taking action to advance PCD in 12 different policy areas is problematic. The list of 12 sectors includes common policy sectors such as external trade, the CAP, and fisheries.

Given the complexity of the question of coherence between development policy and these sectors, this full commitment does not appear as realistic without a proposal to bridge the differing premises of these sectors and development policy goals. In the light of the statement text, it seems that the EU's approach is limited to advancing development policy goals sector by sector, within one selected sector at a time, case by case, rather than trying to put a more overarching normative framework into place.

This approach is similar to that of promoting sustainable development in the statement. In this sense, the introduction to PCD leaves the content of the concept ambiguously open as in the Maastricht Treaty. As Piocciotto (2005) points out, the Maastricht Treaty did not mandate the implementation of PCD. Nor did it specify modalities for PCD. All in all, the considerable ambiguity and consequent room for manoeuvre in PCD application still exists for the Consensus parties.⁶⁰² The European Consensus process did not fill this gap.

As discussed in Sub-chapter 4.4, policy coherence for development was not originally meant to gain this much visibility as a standalone concept. In fact, it was meant to be discussed in conjunction with Aid Effectiveness issues.

602 On the Maastricht Treaty and PCD, see Piocciotto 2005: 315.

However, it was a Nordic state grouping that insisted on having PCD in a separate section.⁶⁰³ This points to two differences in approach when it comes to policy coherence for development. The former is much narrower, referring to PCD more as an attribute for securing the impact of development aid, while the latter links it to the larger reform of inter-policy relations and integration.

Policy Coherence for Development and International Trade

Out of the twelve policy areas, the external policies of trade and security were given the leading role as regards the imperative to achieve PCD in the European Consensus. These two were also the policies whose agendas overlapped, most notably with that of development at the time when the European Consensus was formulated.⁶⁰⁴ In the ensuing section, I focus first on how the formulators of the European Consensus on Development saw the role of trade and in what kind of terms policy coherence for developmental purposes was called for. For the sake of clarity, the issue of agricultural trade and PCD is addressed separately, and after that I briefly discuss the main security issues as raised by the European Consensus.

36. The EU strongly supports a rapid, ambitious and pro-poor completion of the Doha Development Round and EU-ACP Economic Partnership Agreements (EPAs). Developing countries should decide and reform trade policy in line with their broader national development plans. We will provide additional assistance to help poor countries build the capacity to trade. Particular attention will be paid to the least advanced and most vulnerable countries. The EU will maintain its work for properly sequenced market opening, especially on products of export interest for developing countries, underpinned by an open, fair, equitable, rules-based multilateral trading system that takes into account the interests and concerns of the weaker nations. The EU will address the issues of special and differential treatment and preference erosion with a view to promoting trade between developed countries and developing countries, as well as among developing countries. The EU will continue to promote the adoption by all developed countries of quota-free and tariff-free access for LDCs before the end of the Doha Round, or more generally.⁶⁰⁵

In this extract, the EU defines the overall trade and PCD setting in which it operates and exerts its normative influence. In this context, the EU positions itself as the generator of trading capacity, and the intercessor and promoter of

603 Interview Council[28]2008.

604 See Sub-chapter 3.4.

605 The European Consensus, para. 37. Cf. Göteborg Presidency Conclusions 15 and 16 June 2001.

pro-poor international trade between developing and developed countries, on the one hand, and between different developing country groups, on the other.⁶⁰⁶ Even more notably, the EU expresses its strong support and commitment to work for properly sequenced market opening, upheld by the multilateral trading system, which is already portrayed in a highly idealistic way in terms describing it as “open, fair and equitable”, and thus appropriate to safeguard the various developmental interests of its poorer members.

Whereas the MDG8 on Global Partnership for Development starts from the premise that the current trading system requires reform, and calls for *further development* of an open, rule-based, predictable, non-discriminatory trading and financial system, the European Consensus does not provide a vision of what setting up such a system would require. The European Consensus thus misses the chance to define what it regards as the features of pro-poor trade and how one gets to the stage of an “open, fair and equitable” rule-based trading system. In this regard, the EU position is more conservative than reformist. Equally noteworthy is that, apart from mentioning developing countries’ debt problem, the European Consensus does not discuss the financial system at all. On the other hand, the Union expresses its full commitment to the EPA negotiations, which shifts the focus, at least symbolically in this case, from the multilateral to the bilateral level, also given the fact that the EU and ACP countries together form a substantial group of 104 countries out of the 151 WTO members in 2005. Again, the focus is on the developing countries’ own performance as the text explicitly states that “developing countries should decide and reform trade policy”. There are no such imperatives regarding the EU as a trading partner or the multilateral system as such. Importantly, however, the development policy expresses the willingness to provide additional (ODA) support to build the trading capacity of poor countries. This promise materialised in the Aid for Trade pledges in 2007 and as an incentive to proceed with the EPA negotiations.

The process of trade liberalisation that the EU promotes at the WTO and in the EPA negotiations is defined with attributes such as *rapid*, *ambitious* and *pro-poor*. In this regard, the text does not include a single critical reference or concern that could be related to the trade and development interface, which differs from the more cautious approach in the other text chapters on policy coherence for development. Additionally, trade is considered most important in terms of focus and space.⁶⁰⁷ In the European Consensus Statement, the EU vision of achieving policy coherence for development is largely based on the

606 The European Consensus, para. 36, lines 8-10.

607 The European Consensus, para. 36. On alternative views on the WTO system and trade rules, see e.g. Stiglitz & Charlton 2005. On NGO insights into EPA and development goals, see e.g. Oxfam 2006.

assumptions and premises that can be derived directly from the EC's trade policy of the time.⁶⁰⁸

In this respect, it is safe to assume that the Council Conclusions of May 2001 defining the EU position on the Doha Development Round have had a visible impact as the wording here is almost identical.⁶⁰⁹ Although it is logical and rational to refer to a text that has already been adopted at the highest level of the Union, it nevertheless poses a problem for the Consensus on development in two respects. First, taking the Common Union stand as the starting point, without defining it further from the development policy perspective, misses an important opportunity to set a development policy-led agenda for these processes. Second, the almost unconditional support is risky, as the end results were not foreseen at that point and there was no certainty of a positive development outcome of any kind.

Regarding policy coherence for development, a crucial question is how the trade negotiations and the trade policy goals relate to the development policy goals of poverty reduction. The EU's position presumes an automatic and positive link between these goals. There is no elaboration between the multidimensional aspects of poverty and the PCD chapter on trade that would invite discussion on the kind of trade policy that would be needed to answer the "development challenge". Also in this respect, the development policy statement accepts the institutional structures as well as the trade rules as the normative point of reference to which the developing countries need to adapt. This is envisioned to take place with the help of the Union, both through development aid (particularly Aid for Trade; not named but referred to in the text) and trade policy. The EU reinforces this claim by promising additional assistance to build trading capacity, and uses the personal pronoun *We* to highlight the unified stance behind this promise.

To persuade developing countries to embark on the trade policy reform, the EU confirms that it will maintain its work for *properly sequenced market opening*, especially where products of export interest for developing countries are concerned.⁶¹⁰ This formulation gives an impression that the market opening is not entirely in the hands of the EU itself, and the text does not specify what is actually meant by "properly sequenced opening", and in relation to what it should be defined.

608 The assumptions include the positive impacts of liberalised trade and integration into the world economy for the developing countries, i.e. growth and an increase in welfare through trade, the role of foreign direct investment, a focus on external trade, a strong private sector and modern market system supported by an effective but narrow state. On the free trade paradigm in particular, see Sen 2005.

609 Council Conclusions May 2001.

610 Ibid. para. 36, lines 5-8.

To set the paragraph in the context of the EPA process to which it explicitly refers, we must bear in mind the history and changes regarding the trade provisions of the preferential agreements basically since the association agreement of the Treaty of Rome and the first GATT agreement. This is because the question concerning the future of the non-reciprocal trade preferences was once again at the heart of the EPA negotiations, as will be discussed in Chapter 6. Significantly, the issue of reciprocity is not brought up at all in the European Consensus context even though the EU promises to address special and differential treatment in the text. In addition, the text does not include references to possible developmental concerns beyond the issues of market access for the poorer countries and with specific regard to the EPAs, asymmetry and flexibility in the implementations of the envisioned reciprocal FTA agreements. By the same token, crucial issues such as rules of origin (RoOs), Intellectual Property Rights (IPRs) or SPS standards are not referred to (cf. Sub-chapter 4.3). In addition, the questions of special and differential treatment and preference erosion are mentioned as issues to be addressed in the North-South and South-South trade relations with a view to promoting such trade, but the question of how special and differential treatment will be provided to benefit the poorer countries is left unspecified. Interestingly, by speaking about *preference erosion*, the EU draws a parallel between erosion as it occurs in nature and the conscious policies of trade liberalisation, which have diminished the importance of trade preferences as the tariff levels go down multilaterally.

Regarding market access, the text points to the duty-free, quota-free access which the EU adopted in the Everything But Arms (EBA) initiative launched in 2001. However, related to the EBAs, we can see a clear norm that the EU seeks to consolidate in the WTO context, as the EU suggests that a similar policy should be adopted by all developed countries vis-à-vis the least-developed countries at the WTO Doha Round and beyond. Continuing along the normative lines, another important feature is the issue of flexibility and asymmetry which, according to the text, should be in line with the development needs in the implementation of the EPAs. But the EU development policy does not set any parameters or make any suggestions on what this should imply in practice for the first round of EPA negotiations (at that time) or for locking-in the trade provisions to the EPA agreements *prior to* the implementation phase.

What is also worth noting is that this commitment is not actually under the control of development policy actors as the EPAs fall under the trade competency as the implementation schedules are included in the FTA agreements. The legal aspects, for instance in the case of noncompliance, are by the same token in the hands of DG trade and the respective EU Council. Ultimately, disagreements concerning the implementation can be referred to the WTO dispute settlement

system. In this sense again, the question arises on whether the development policy statement as endorsed by the Commission president commits both development and trade policy actors alike. I will return to this issue below in the discussion on the development dimension of the EPAs.

Agricultural Protectionism/Liberalisation and Policy Coherence for Development

Within the framework of the reformed Common Agriculture Policy (CAP), the EU will substantially reduce the level of trade distortion related to its support measures to the agricultural sector, and facilitate developing countries' agricultural development. In line with development needs, the EU supports the objectives of asymmetry and flexibility for the implementation of the EPAs. The EU will continue to pay particular attention to the development objectives of the countries with which the Community has or will agree fisheries agreements.⁶¹¹

In this context of the development and trade nexus, the issue of Common Agricultural Policy reform and its implications for PCD merit a closer look. From the developing countries' point of view, this policy, with its strong protectionist elements, has been detrimental on the whole as it has included import quotas and high tariffs, which have limited market access for developing country exports, as well as subsidies, giving rise to overproduction, which in turn has both depressed world prices for agricultural products and caused export surges to fragile local markets in developing countries.⁶¹² In light of this, liberalisation of the CAP could be seen as an element of increased policy coherence for development as well as something that could markedly improve the consistency of the EU's external action in the WTO.⁶¹³

As a result of international and domestic pressures on the CAP and its subsequent reforms, there has been a shift away from the mechanisms supporting the prices the producers get from their produce towards *direct income support*. The latter would also ensure compatibility with the World Trade Organization's rules for Agricultural Trade under the Agreement on Agriculture (AoA).⁶¹⁴ Regarding the international pressures triggering the

611 The European Consensus, para. 36.

612 Hix 2005: 283.

613 See Daugbjerg and Swinbank 2009.

614 However, the organisation of power and interest within the so-called "iron triangle" of EU agriculture, meaning the ministers, agriculture officials in the Commission and European-level farming interests, have largely been able to prolong the status quo of prevailing price support mechanisms, and hence to maintain the high level of resource allocation for agricultural subsidies within the EU. Hix 2005: 283-285; O'Shaughnessy 2006: 149.

CAP reform, the agricultural trading system regulated by the WTO demands reform of domestic support mechanisms insofar as they are considered to be *as trade-distorting*, which the EU development policy text also points to. The mechanisms that were considered to be trade-distorting are categorised as belonging to the so-called “Amber Box⁶¹⁵”, along with measures that are presumed to have an effect on production and are taken to be trade-distorting, such as the CAP’s price support.

However, the EU, together with many other OECD countries, has been able to maintain its level of high subsidies in the international setting as well, despite the fact that the EU urges strong support for liberalisation of the world market and protection of developing countries’ interests in the WTO and Doha Development Round.⁶¹⁶ As Stiglitz and Charlton (2005) point out, for instance, despite the WTO Agreement on Agriculture, the subsidies given to developed countries’ agriculture have actually *increased* rather than decreased since the Uruguay Round and with the establishment of the WTO rules on agriculture.⁶¹⁷ This is due to the fact that the AoA has allowed room for the developed countries, and particularly the EU, to maintain high domestic support by shifting the means from price-based subsidies, which are considered “trade-distorting”, to direct payments to farmers, and other “indirect” subsidies that are exempted from the WTO reduction discipline. Thus, the EU has been able to maintain the substance of its CAP under the WTO as well, by shifting “Amber Box subsidies” to the “Blue” and “Green Boxes”, where these types of permissible subsidies are located.⁶¹⁸

When it comes to the question of the reduction of trade-distorting agricultural export subsidies, there is a similar, conservative pattern. Although

615 Amber Box subsidies have to be reduced by 20% for developed countries and 13% for developing countries. Developing countries have committed to a programme and schedule of liberalising their agriculture sector, similar to developed countries, the only concession being slightly lower reduction rates and a slightly longer time schedule.

616 According to Khor (2006), these kinds of measures leading to selected protectionism are made possible by the in-built flaws of the WTO’s Agreement on Agriculture (AoA). Namely, when the latter was established in 1995 together with the WTO itself, it was expected to be able to reduce Northern subsidies and, in so doing, to benefit developing countries and reduce poverty through agricultural production. However, from the point of view of developing countries, these expectations are yet to be fulfilled. The LDCs do not have to reduce their tariffs or subsidies, but cannot raise them.

617 Stiglitz & Charlton 2005: 112.

618 In practice, however, the Blue and Green Box subsidies also have significant effects on the market and trade, in particular by creating surges of EU exports to many of the developing countries. Therefore, even if the nature of the subsidy has changed from price support to income support, the end result stays largely the same. Namely, the agricultural products originating from the EU can still be exported at low prices without any consequences for EU farm income.

WTO members agreed in the Hong Kong (2005) ministerial to eliminate all agricultural export subsidies by 2013 as part of the Doha Development Round, and that a “substantial” number of subsidies should be abolished by 2010, in practice, although this commitment has been made, it is still subject to parallel commitments for other types of export subsidies from other developed countries. In this respect, the EU’s role as a PCD norm-setter in the positive sense is rather dubious.

To sum up, the CAP *reform* has been too modest and consequently has not succeeded in removing the incoherence between the EU’s agricultural policy and the development policy objective of poverty eradication. In this context, the moves the EU has made within the space permitted by the current WTO rules show that the EU intends to limit its CAP reform as well as its efforts at policy coherence for development to the minimum necessary to comply with the WTO rules. As we can see here, the motivations do not spring from the development policy objectives as such, but from the overall trade policy consistency and the multilateral liberalisation commitment. What needs to be noted, of course, is the WTO single undertaking principle, which makes it possible to continue with the old rules until new agreements on each negotiating sector are reached.⁶¹⁹ On the other hand, this situation could also provide the EU with a possibility to set an example in terms of setting normative standards before the trade agreement is in place. By the same token, non-action, namely maintaining the protectionist measures, can be read as a normative practice.

The last sentence of the PCD and trade section of the Consensus defines the Union stance towards development and fisheries: “The EU will continue to pay particular attention to the development objectives of the countries with which the Community has or will agree fisheries agreements”.⁶²⁰ Again, the statement is left vague as the intention is not concretely defined. From the sustainable development perspective, the issue is of the utmost importance in terms of livelihoods, food security, export opportunities as well as maritime biodiversity. In addition, together with agriculture, the fisheries policy is one of the areas that have been identified as requiring the most improvement in policy coherence for development terms. In addition, over-fishing jeopardises all these possibilities. Bretherton & Vogler (2009: 86) point to the fact that the Commission had acknowledged in 2001 that the Common Fisheries Policy is “partly responsible for over-exploitation of the fishing grounds of some third countries”.⁶²¹ From a general trade policy point of view again, Gibbon (2010) points to the serious market access obstacles due to the rules of origin

619 Odell 2006.

620 The European Consensus, para. 37.

621 Bretherton & Vogler 2009: 86.

in this sector that limit developing countries' possibilities to benefit from these resources.

In this regard, the European Consensus offers an important reference for further discussions, but misses the opportunity to push forward a development policy vision in line with sustainable development. The following excerpts illustrate the disappointment with the final outcome as regards the development and trade interface.

This whole question of globalisation and trade (...) in 2005 you still had very optimistic thinking on the Doha Round and that trade per se is always positive (...) the trade chapter is very disappointing, very conventional (...) but the EU builds on a free market and trade, so it is very difficult to question it in any context.⁶²²

The Consensus was out in 2005 while the DL for EPAs was still two years away. By that time, you could see that there were problems and that there were people that could see that we were heading for a clash, but you could not be absolutely sure what would happen. It was in mid-2007 that you could see that this was a disaster and the African states would try to block it. So I would think that it was really a question of timing. You will find critics that saw it coming much earlier (...) but there were also people who thought that we would sort it out somehow, we would find a compromise, and after all, people have different views on these things.⁶²³

On the other hand, and somewhat paradoxically, it was not the issue of trade in itself that was considered so crucial, but rather the combination of the ongoing trade-related processes that gave trade this central position in the European Consensus statement.

If the Consensus was formulated today, I do not think that trade would be that high; it could have been migration (...) or climate change.⁶²⁴

Policy Coherence for Development and Security

The second main element of the PCD section of the statement deals with development and the Common Foreign and Security Policy. Insecurity and violent conflicts are seen as being amongst the biggest obstacles to achieving the MDGs. Security and development are defined as important

622 Interview EP[3]2009.

623 Interview Academia[21]2008.

624 Interview Council[28]2009.

and complementary, vital for breaking the vicious cycle of poverty, war, environmental degradation and failing economic, political and social structures.⁶²⁵ Compared to the trade policy and PCD text, in this context the EU defines its own responsibility more clearly, particularly with respect to the control of arms exports. On the other hand, the formulation of the text reflects the sensitivity of the subject, which is still largely a competence of individual member states.

37. Insecurity and violent conflict are amongst the biggest obstacles to achieving the MDGs. Security and development are important and complementary aspects of EU relations with third countries. Within their respective actions, they contribute to creating a secure environment and breaking the vicious cycle of poverty, war, environmental degradation and failing economic, social and political structures. The EU, within the respective competences of the Community and the Member States, will strengthen the control of its arms exports, with the aim of avoiding that EU-manufactured weaponry be used against civilian populations or aggravate existing tensions or conflicts in developing countries, and take concrete steps to limit the uncontrolled proliferation of small arms and light weapons, in line with the European strategy against the illicit traffic of small arms and light weapons and their ammunitions. The EU also strongly supports the responsibility to protect. We cannot stand by, as genocide, war crimes, ethnic cleansing or other gross violations of international humanitarian law and human rights are committed. The EU will support a strengthened role for the regional and sub-regional organisations in the process of enhancing international peace and security, including their capacity to coordinate donor support in the area of conflict prevention.⁶²⁶

Following the joint EU commitment to strengthen the control of arms exports and the illicit trafficking of small arms, the EU expresses its support for the UN-led consensus (2005) on the *responsibility to protect* principle.⁶²⁷

The text continues by connecting this principle with humanitarian law and human rights, and states that the EU, referred to by the personal pronoun *We*, cannot stand by as gross violations against humanitarian law and human rights are committed. In addition to this strong moral plea, the EU pledges

625 The European Consensus, para. 37, lines 1-5. Cf. European Security Strategy 2003.

626 Ibid. para. 37.

627 See the official formulation of: Responsibility to protect populations from genocide, war crimes, ethnic cleansing and crimes against humanity: 138. <http://daccess-ddsny.un.org/doc/UNDOC/GEN/No5/487/60/PDF/No548760.pdf?OpenElement>

to support regional and sub-regional organisations to enhance international peace and security, in which context capacity-building to coordinate donors is mentioned. Worded in this way, the moral plea for EU involvement leads to the question of whether supporting regional organisations is the alternative to “standing by” as violations are committed. As the text states that the regional organisations are also expected to raise their capacity to coordinate donors, including the EU itself, this coordination task conflicts with their primary function of enhancing peace and security. On the other hand, the text leaves room for a positive interpretation according to which the EU recognises that the regional organisations are the best experts in their own security. This alternative, however, leaves the EU’s own position open and limited to the EU commitment to control arms exports. The EU position does not exclude the possibility of action in cases of violations of humanitarian law and human rights, although the EU does not commit itself to act.

Finally, the last paragraph on PCD names other key sectors that are of particular relevance for sustainable development and poverty reduction. These comprise the social dimension of globalisation, migration and environmental issues, which could have been discussed in a similar manner to trade policy or security issues. Packaging them in a single paragraph automatically gives an impression of lesser political importance.⁶²⁸ For instance, the social dimension of globalisation is mentioned in just one sentence without any reference to international trading and economic systems. Regarding migration, the EU reassures readers by using the personal pronoun *We* that it “will strive to make migration a positive force for development through promoting concrete measures including facilitating remittances and limiting brain drain”. Compared to the potential power of EU countries’ migration policies, facilitating remittances is a rather modest, albeit important, measure. Limiting brain drain is mentioned without referring to its positive antonym of brain gain.⁶²⁹

With respect to environmental concerns, three themes are mentioned: unsustainable consumption and production, multilateral environmental agreements (MEAs) and climate change. Here, too, the EU position is distant from the root causes of these concerns. In the text, the EU states that it will lead global efforts to curb unsustainable consumption and production patterns, and as a group referred to by the personal pronoun *We*, the EU will assist developing countries in implementing MEAs, and promote pro-poor environmental-related initiatives. Although there has been a heated debate on the MEAs in relation to WTO rules, no references are made to the potential multilateral dimension of

628 Ibid. para. 38.

629 Ibid. para. 38, lines 3-5.

PCD. And lastly, the EU reaffirms its commitment to *combat* climate change, as if climate change was an external threat and not a result of human action, also and particularly in the European Union.⁶³⁰

From “Harnessing Globalisation” to “Addressing Global Challenges”

“The EU vision of development” concludes with Chapter 7, entitled “Development, a contribution to addressing global challenges”. It presents a description of the role of development policy in this context. As discussed in Chapter 4, the idea of addressing EU development policy as a tool to harness globalisation was first coined by then Trade Commissioner Lamy and put forward by the DG Development in the Commission proposal. In the European Consensus, the first paragraph speaks about the EU’s pro-development activities which, in the EU’s view, are important in counterbalancing globalisation.

39. EU action for development, centred on the eradication of poverty in the context of sustainable development, makes an important contribution to optimising the benefits and sharing the costs of the globalisation process more equitably for developing countries, which is in the interests of wider peace and stability, and the reduction of the inequalities that underlie many of the principal challenges facing our world. A major challenge the international community must face today is to ensure that globalisation is a positive force for all of mankind.⁶³¹

The concluding paragraph of the European vision of development outlines the role of development and development policy in the context of global challenges. This paragraph is particularly interesting because it sets out a dual task for development policy which is based on a strong assumption about the power vested in this policy area. First, it assumes that the Union’s development policy is in a position to make an important contribution to addressing global challenges. Thus development policy is presented as a powerful instrument for global governance in terms of optimising the benefits and sharing the costs of the globalisation process. In order to be in this position, it is assumed that the actual impact of the policy is commensurate with the task.

In other words, the Union counts strongly on the capacity of the development policy to deliver on its own objectives centred on the eradication of poverty in the context of sustainable development. This would imply that development aid and policy coherence for development truly work not only to attain the primary objective of poverty eradication, but also to perform a redistributive

630 Ibid. para. 38.

631 Ibid. para. 39.

role in globalisation. Furthermore, the rationale for this additional assignment envisioned by the text is based on the interests of peace and stability, not on equality in terms of social justice or poverty reduction for the sake of improving the lives of the world's poor.

However, as I have argued previously, from the point of view of sustainable development and poverty reduction, the EU's activities are not as unambiguous as the text suggests. In the text, the EU argues that inequalities underlie many of the principle challenges of the world, and hints that the globalisation process in its present form has actually served to increase these inequalities. However, describing globalisation as an impersonal *process* and *force*, without referring to social actors and institutions, gives the EU a passive role which masks its actual power and responsibility in global governance. Consequently, the EU states that "the international community has to face the challenge of ensuring that globalisation works for all of mankind" without casting itself as an actor in this community. Instead, the EU envisages governing the effects of globalisation through development policy and not globalisation per se. However, the wording "ensuring that globalisation works for all of mankind" suggests that this process is governable after all. What is interesting here is why the EU proposes development policy for this task when there are other, better-placed policies that could set the rules for global economy and trade, for instance.

In a somewhat controversial manner, the section on development and globalisation concludes with arguments on development which simultaneously highlight the importance of poverty reduction and sustainable development in their own right, but then link the importance of development objectives to other development-related global concerns of security, migration and the environment. First, the text points to the vicious cycle of poverty and insecurity by stating that:

Achieving the MDGs is also in the interest of collective and individual long-term peace and security. Without peace and security, development and poverty eradication are not possible, and without development and poverty eradication, no sustainable peace will occur.⁶³²

This paragraph can be read as a response to the European security strategy of 2003, emphasising again the importance of development aspects in this equation, which the security policy actors within the Union were trying to appropriate.⁶³³ Second, the text continues by reaffirming that the EU sees that development is also the most effective long-term response to forced and illegal

632 Ibid. para. 40, lines 1-4.

633 Interviews EC[30]2009 and EC[34]2009.

migration and trafficking of human beings. Third, development plays a key role in encouraging sustainable production and consumption patterns that limit the harmful consequences of growth for the environment.⁶³⁴

As discussed in the theoretical chapter, “Development” as such does not provide a shortcut to sustainable production and consumption patterns although there is a connection regarding poverty and the environment, but it needs to be specified. Even more importantly, the EU does not hark back to its own role in this context in terms of its own production and consumption patterns, which are on a totally different scale compared to those of its poorer partners. Furthermore, it can be argued that developing countries have a right to growth, but it is the responsibility of developed countries to compensate for the harmful consequences of growth in developing countries by changing their own patterns of production and consumption.⁶³⁵ The EU statement does not connect its arguments to a larger sustainable development context, nor does it present criteria for sustainability. In this sense, the Union puts a lot of faith in technological progress in developing countries, while disconnecting it from the economic structures that underpin globalisation.

5.5 EUROPEAN COMMUNITY DEVELOPMENT POLICY: PCD AND TRADE ASPECTS

Part II of the European Consensus on Development presents the revised European Community Development Policy with a view to defining the EC’s role in the implementation of the joint vision as presented above. Whereas in the first part of the Consensus the emphasis was more on the overall normative framework for the whole Union, this section is designed to explore the operational aspects regarding the EC’s task in development policy and its interaction with developing countries. This includes priority-setting for development programmes at the country and regional levels, and guiding the planning and implementation of development assistance and cooperation strategies. In this respect, I look briefly at the particular sections on policy coherence for development in this context, as well as trade as an area of Community action. As regards the former, PCD is brought up again in the preamble to EC Development and in three different paragraphs of the text. In particular, the PCD component is presented as a part of paragraph 1, “Particular Role and Comparative Advantage of the Community”, as well as in the specific section 3.5 on implementing PCD commitments.

⁶³⁴ Ibid. para. 40, lines 4-6.

⁶³⁵ World Commission on Environment and Development 1987: 31-32, 5-54; Baker 2006: 1-5.

A couple of intriguing comparisons can be made at the outset between this final European Consensus text and the Commission proposal that was issued prior to the UK Presidency (see Sub-chapter 4.2). The first has to do with the role of the Commission in development policy in general, while the second relates to the Commission's role in safeguarding policy coherence for development in particular. Regarding the former, the Commission proposal designates Part II of the envisioned European development policy as Guidelines for Implementing Development Policy by the Community, whereas the text keeps the EC Development Policy separate in the context of the European Consensus. This highlights the shared competence and distinct roles of the Community and the member states. The opening paragraph clearly states whose policies should lead the way and who should complement who.

41. Community policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States.⁶³⁶

Furthermore, in the European Consensus text on the Community policy, the Commission promises to aim to provide added value through a number of roles. In the Commission proposal, the EC had taken a special role *sui generis* in international development based on its global presence and relationship with developing partners. It also claimed leadership in the development debate and harmonisation of the European development agenda.⁶³⁷ At the outset of its presidency, the UK made it clear that the Commission could play its role, but under the thumb of the member states' supervision. Consequently, in the final text, the Commission bases its role on *comparative advantage*, namely, to enable the complementarity with bilateral policies. These roles are related to a number of tasks including global presence, ensuring PCD in Community actions, the promotion of best practices, facilitating coordination and harmonisation, delivery agent, promotion of democracy, human rights, good governance and respect for international law, with special attention paid to transparency and anti-corruption, promoter of civil society participation and, lastly, promotion of understanding of interdependency and North-South solidarity. By way of a critical note, however, each dimension reflects more of an ideal type of normative image that the Commission sought to have, rather than the prevailing reality.

With particular regard to policy coherence for development, it is worth noting that in the Commission proposal, the EC did not see itself as the leading promoter of policy coherence as the final text portrays. Thus the Commission's

636 Ibid. para. 41.

637 COM(2005) 311 final: 14.

role was significantly increased in this regard by the Council and the European Parliament. In this respect, one may ask whether the PCD watchdog role was given to the Commission because of its assumed capability to act as one, or just because the Council and the European Parliament considered the task too difficult and politically demanding for them.

To make it more concrete, on behalf of the Community, the Commission is designed to provide added value by promoting the roles listed above. The text on PCD reads as follows:

49. Second, with the support of Member States, ensuring policy coherence for development in Community actions⁶³⁸, in particular where Community policies have significant impacts on developing countries, such as trade, agriculture, fisheries and migration policies, and promoting this principle more widely. Drawing on its own experiences, and exclusive competence in trade, the Community has a *comparative advantage* in providing support to partner countries to *integrate trade into* national development strategies and to support regional cooperation whenever possible. [emphasis added]

According to this paragraph, the Commission has a special mandate to promote policy coherence for development with the support of member states. It is also recognised that the impact of Community policies is significant for the developing partners in the areas of trade, agriculture, fisheries and migration. The text also pledges that the Community will promote the principle beyond these designated contexts with a view to ensuring that the PCD principle is upheld. Notably, the text does not elaborate on what ensuring the PCD principle in these policy areas would entail. Instead, the PCD task is defined through one allegedly positive example from the area of trade policy regarding the EU's own experience and integration (see below). Thus, the special role as a PCD promoter in this context stems from the EU's own experience and exclusive competence in trade, which suggests that this knowledge can be transferred for the benefit of developing countries. According to the extract, this is to be achieved by integrating trade into national development strategies and supporting regional integration. Without explicitly questioning the usefulness of the EU's own experience gained from the creation of the Single European Market and regional integration, this type of PCD framing shifts the focus away from the core question on the development and trade interface (as discussed in Sub-chapter 2.4). Namely, it deflects attention away from the policy coherence between the EU's development and trade policies towards

⁶³⁸ In all 12 areas set out in the May 2005 Council Conclusions and attached Communication on PCD.

recipients' policies. Of course, the issue area is as broad as it is complex, but in this form it does not offer adequate reference to actual PCD promotion, as the focus is on the European model rather than on the measures directed to alleviate poverty.

Further, the total absence of considerations about possible synergies, let alone problems related to trade or to any other nominated sectors, defines the Commission's role as a PCD promoter in a very vague way. Also absent were considerations about any of the core questions on the development and trade agenda of the WTO Doha Round and bilateral trade agreements, for instance in terms of what the EU trade policy and trade agreement can do to promote development. How could the trade provisions be designed to benefit poorer countries, and can the EU assist multilateral trade cooperation in the WTO? In other words, how does the Commission integrate development objectives into its own trade strategies (and not only vice versa) so as to ensure greater policy coherence for development?

Leaving aside the question of how transferable the EU's experience is from the point of view of the poorer countries or the actual availability of knowledge or so-called "European experience" when national development strategies are drafted, perhaps more importantly here, there is a notable discrepancy in terms of the role of trade and the trade-related PCD in the first part of the European Consensus statement. First, the Consensus statement started with a definition of the Union as a "positive force for change" based precisely on its role in international development and trade. Further, the PCD chapter in the first part as adopted by the member states would have offered a basis for reflecting on the commitments made by the Commission as the promoter of PCD in these particular areas. At the very least, this could have reaffirmed the commitments in the Doha Development Round as well as in the Economic Partnership Agreements more specifically. Given that the second part of the European Consensus was designed to concretise the commitments for the EC, the opportunity to elaborate on them in sufficient detail was simply missed. Instead, again the main focus is on inter-institutional coordination and instruments without a clear indication of what political question will be addressed and what *should* be addressed from the point of view of European development policy and the attainment of the MDGs.

3.5 Policy coherence for development (PCD)

109. The Commission and Member States will prepare a rolling Work Programme on the implementation of the May 2005 Council Conclusions on PCD. This Work Programme will propose priorities for action; define the roles and responsibilities of the Council, Member States and Commission and set out sequencing and timetables, with the aim of ensuring that non-aid policies can assist developing

countries in achieving the MDGs. The Commission will reinforce its existing instruments, notably its impact assessment tool and consultations with developing countries during policy formulation and implementation, and considering new ones where necessary in support of a strengthened PCD.

Policy coherence for development in the context of trade as an area of Community action is further defined in a specific section on Trade and Regional Integration. These paragraphs elaborate on the intentions that shape the Union's normative approach, which is then more concretely manifested in the process towards the "new trade provisions" under the Cotonou Agreement (EPAs) as well as in the Everything But Arms (EBA) initiative. The main aspects include: assisting trade and regional integration, equitable and sustainable growth, integration into the world economy, linking trade and poverty reduction with a special focus on differentiation and the LDCs, as well as approximation to the EU single market standards. Interestingly, the Consensus provisions stress the differences and characteristics of the partner countries that the Union intends to take into account.⁶³⁹ Moving on from this puzzle as highlighted in the previous sections, I will now analyse more closely the picture of development and trade-related coherence that emerges from the process surrounding the Economic Partnership Agreements.

CHAPTER CONCLUSIONS

The main purpose of this chapter was to explore the elements of the European Consensus to better understand the normative model that the EU wishes to promote for global governance and its partners. In particular, I looked at the interrelationship with development and trade in the context of policy coherence, both at the Union (Part I) and at the EC (Part II) levels.

I started with the discursive elements that emerge from the text. I then proceeded to deliberate on the use of discursive power as a source of the EU's normative influence. Regarding the former, the European Consensus Statement constituted an instrument for conveying a preferred reading of the Union as a powerful agent in international development politics. It portrays a positive image of a unified EU which is both willing and able to act with a joint vision. It defines the roles and responsibilities of donor and recipient, as well as the policy objectives and the global context in which they are to be achieved. Importantly, the Union distances itself from poverty and defines it as a challenge to which it is capable of responding. The common values and principles both justify and direct this action. There are two kinds of means that the Union intends to

639 Ibid. para. 72-74.

deploy: more efficient and better development assistance and policy coherence for development.

The role of aid is central. It constitutes something of a comfort zone where the EU does not hesitate to present its plan for “more and better aid”. The responsibilities are inclined towards the recipient end, while the donor role is marked with future intentions based on past progress rather than lessons learnt from its history as a donor or a partner. The idea of shared responsibility is key, and differs from Brundtland’s notion of shared but differentiated responsibility. The EU position draws heavily on past international achievements (i.e. Financing for development 2002, Paris Declaration of aid effectiveness 2005) to which the EU has certainly contributed, but again the idea of progress is not based on the evaluation of the EU’s action *per se*. In fact, a significant part of the European Consensus is written in response to these processes and their outcomes. On the other hand, it also expresses a key commitment to the governance for international development in these settings. Furthermore, the strong external dimension also supports the role of development policy within the EU system. However, the EU finds itself in the position of a “norm-taker” rather than a “norm-maker”.

However, in the European Consensus, the EU did bring new elements to the international agenda, such as its approach to so-called “donor-orphan” and support for middle income countries, as well as its common conceptualisation of policy coherence for development. As regards “donor-orphan”, the EU commits itself to continuing cooperation and maintaining linkages regardless of the difficulties in the field. With the middle income countries, the issue is trickier. While a number of people living in poverty inhabit these countries, the jury is still out and divided on the question of whether aid should be directed there or focused on the LDCs. There is also an interesting discrepancy compared to the EU trade policy, which clearly differentiates between the treatment of LDCs and middle income countries.

The normative order that the EU suggests can be described as *pro status quo*. Rather than changing the international system, the emphasis of the EU action is on improving but maintaining the existing aid practices, without suggesting changes to the international system more widely. This also implies capacitating the recipients to participate in the present structures of development and trade politics, rather than changing the structures. Thus the EU discourse supports and naturalises the prevailing order. This approach is most evident in the Commission’s discourse, as the Commission speaks about “harnessing or addressing” the effects of globalisation through development policy.

Firstly, and most crucially, the policy coherence question is framed as an administrative issue and not as a political one. Regarding development and trade, this was based on the shared Consensus on the benefits of market access and trade liberalisation in the EU, as well as on the positive assumed outcome

of the WTO Doha Development Round in this respect. On the other hand, there was no common, clear take on trade liberalisation in developing countries. Consequently, the European Consensus suggests that the possible incoherencies can be tackled administratively by improving mechanisms and procedures, rather than by opening PCD to the debate on what actually constitutes poverty-reducing EU action in line with the development policy objectives of poverty eradication in different policy sectors and at different levels.

The discursive framing is important because it then justifies the absence of long-debated political questions such as the role of fisheries, agriculture or reciprocity in trade liberalisation. More controversial items were simply left out or framed differently. Thus it erased the political dimension and diluted what was already presented in the specific EU communications on Millennium Development Goals preceding the Consensus in the spring of 2005. Importantly, the right to define what is likely to have an effect on the developing countries rests within the Union.

In this respect, the policy coherence provisions were based on the ongoing process of trade liberalisation without, *nota bene*, the certainty of a positive development outcome. In addition, the PCD provisions on trade were not clear and strong enough to provide guidance on defining what *at the minimum* should be the result sought by the EU both multilaterally and bilaterally so as to make this comment a more concrete one. In part, this can be explained by the lack of obligation and will to challenge the Commission competence in trade. For DG Development, it was important to demonstrate Commission unity, while the member states had already adopted a very optimistic stance towards the WTO Round in the Presidency Conclusions in June 2001. Therefore, the member states had already internalised the language describing the WTO Doha Round and its importance to development, which was then moved to the Consensus document without reflecting the positions and questions in the ongoing negotiations. This text was taken as the basis for the PCD and trade paragraph as it was also in line with the interests of the UK. This was a practical, yet risky solution given that there were no guarantees that the bilateral and multilateral negotiations would be concluded successfully and result in an outcome – let alone in an outcome that could be considered beneficial for poorer countries. On the negative side, this was a missed opportunity to present a development-oriented trade policy that could have simultaneously guided the three institutions. It also gave these processes *a priori* legitimacy that was not necessarily commensurate with what was taking place in the actual negotiations. This also made it more difficult to present any critical alternatives as the trade negotiations started to unfold. Interestingly, the European Consensus defines PCD as one of the key areas of the EC comparative advantage. This is an issue that I will return to in the following chapter.

6 THE LIMITS OF POLICY COHERENCE IN TRADE AND DEVELOPMENT

In this chapter, I shift the primary focus from development policy to trade policy. In so doing, I move on to analyse what happened on the trade side of the fence during the development momentum, and even more importantly, how policy coherence for development came to be understood there. More precisely, I focus on those elements in the EU trade framework that the European Commission and the Council have defined as conducive to poverty reduction and sustainable development. These include the WTO Doha Development Round (2001-), the EU Economic Partnership Agreements (EPAs) with the 78 ACP countries (2002-) and the EU trade policy “Global Europe”(2006). All of these illustrate the workings of both discursive and institutional power in the trade and development nexus as outlined by Barnett and Duvall’s (2005) theoretical framework.

My main purpose is to show how the limits of policy coherence were drawn in this context and to analyse how the trade actors conceptualised policy coherence *for* development. Making these limits more visible and explicit helps us to understand the interrelationship between development and trade policy in practice. Ultimately, it also shows who has the power to define policy coherence for development and how the sustainable development value is instrumentalised in the development and trade interface.

I start with the development hype at the WTO level and the Doha Development Round that led to the international consensus on sustainable development. I also analyse this consensus against the heritage of the WTO system and the question of power in the international trade negotiations. In particular, I look at the EU’s stance in this context, which became decisive in the conceptualisation of the Economic Partnership Agreements (Sub-chapter 6.1). From the multilateral level, I move on to the emerging web of the EU’s bilateral free trade agreements and the overall trade policy coherence (Sub-chapter 6.2). In Sub-chapter 6.3, I continue to explore how development policy coherence was taken into account in the EU’s main trade policy framework of “Global Europe” (2006) and how the EPAs were conceptualised within this setting. To take a step back from this chosen free trade agreement model for the EPAs, in Sub-chapter 6.4 I show how the format for the EPAs was one political choice out of many options. In this regard, I also discuss the views of DG DEV (while still in charge of EU-ACP trade) as well as those of DG Trade, the Council and the EP. Finally, I present the main features that constitute the EPA and subsequently the EU’s model to deliver on both development and trade commitments.

Taken together, the limits of multilateral and bilateral processes and the EU's trade policy in general define the boundaries of the EU's approach to policy coherence for development. Hence they also inform social practices in the sense that Fairclough uses that term to describe the process of naturalisation of a particular rationale while rejecting others. These also include the respective norms that the EU puts forward by consolidating and promoting its view on trade and development in global governance.

6.1 THE DOHA DEVELOPMENT ROUND: EXPECTATIONS AND REALITY

In order to understand the EU's conceptualisation of policy coherence for development in trade and development, it is necessary to reflect it against the larger background of international trade. Therefore, the purpose of this sub-chapter is to analyse the premises and the principal ideas of the Doha Development Round for trade governance, particularly in relation to sustainable development and poverty eradication objectives. In this sense, it explains the international trade context in which the European Consensus and the ACP-EU Economic Partnership were created. Importantly, it analyses the institutional power dimension that shapes the governance of international trade in terms of prevailing norms and their makers in the preceding Uruguay Round (1986-1994). It also explores the EU's role during the early years of the Doha Round (2001-2005).

The WTO Doha Development Round and the Doha Development Agenda (DDA) formed an essential link in the continuum of global events of the early 2000s. Additionally, from the perspective of international trade, the Millennium Summit (New York 2000) advanced the idea of global partnership for development (MDG8) and improving the global trading system for developing countries more generally (Millennium Declaration). By the same token, the Financing for Development Conference and its outcome (Monterrey 2002) also highlighted the importance of resources in increasing developing countries' trading capacity, and the key outcome of the World Summit on Sustainable Development (WSSD) in 2002 – the Johannesburg Plan of Implementation (JPOI) – was rather loyal in its adoption of the WTO language on trade and sustainable development.⁶⁴⁰

The spirit of the momentum was crystallised in Article 2 of the Doha Ministerial Declaration, which affirmed the grand aspirations expressed at the Millennium Summit.

640 For a lengthier comparison of the intersecting Doha and WSSD agendas, see Sampson 2005: 38-51.

International trade can play a major role in the promotion of economic development and the alleviation of poverty. *We recognize the need for all our peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system generates.* The majority of WTO members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration.⁶⁴¹ [emphasis added]

We strongly reaffirm our commitment to the objective of sustainable development, as stated in the Preamble to the Marrakesh Agreement [establishing the WTO]. We are convinced that the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system, and acting for the protection of the environment and the promotion of sustainable development can and must be *mutually supportive*.⁶⁴² [emphasis added]

This endeavour to promote trade liberalisation and sustainable development needed an institutional network connecting the governance systems for economics, environment and social issues.⁶⁴³ At the World Summit on Sustainable Development in Johannesburg 2002, this idea was also strongly endorsed by Pascal Lamy, the then EU Trade Commissioner. In his speech on global governance, he explained these linkages.

... I would see the World Trade Organization as the commercial pillar of global governance, with finance as another and the set of rules and co-operation schemes, which deal with social development and environmental protection as a third one. And global governance is about coherence between the three pillars: Doha – Monterrey – Johannesburg! Trade liberalization without financial assistance and without multilateral, social and environmental norms would neither achieve North-South convergence, nor sustainable management of natural resources. Trade is not, *nota bene*, an end in itself, but as a means to an end it can be a very powerful tool for development *if we get the conditions right ...* ⁶⁴⁴ [emphasis added]

In fact, the World Summit on Sustainable Development (2002) also resulted in an outcome in which participants agreed on promoting “mutual supportiveness” between sustainable development and trade liberalisation.⁶⁴⁵ In turn, this made

641 Article 2. Doha Declaration.

642 Article 6. Doha Declaration.

643 Ivanova 2005: 46-47.

644 Lamy 12.4. 2002, addressing the World Summit on Sustainable Development Johannesburg.

645 Ayre & Callway, 2005: 15-16.

it possible for the World Trade Organization to take an even stronger role as one of the key promoters of “sustainable development”, while advancing its main agenda of trade liberalisation.⁶⁴⁶ This intertwining of sustainable development and trade liberalisation was in line with the Marrakesh Agreement that defined the normative foundation of the World Trade Organization. The opening paragraph of the Marrakesh Agreement embraced the idea that the founding Parties to the WTO organization should act in accordance with sustainable development.

The *Parties* to this Agreement,
Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world’s resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development ...⁶⁴⁷

Yet, the interpretation of sustainable development in the Marrakesh Agreement was stretched to accommodate, for instance, expanding the production of goods and services without any reference to planetary limitations. At the same time, it was acknowledged that trade liberalisation has not *automatically* promoted sustainable development and that the potentiality depended on a host of factors.

Again, in Lamy’s words:

Nonetheless, trade opening is neither natural nor automatically beneficial, in and of itself. It needs a system based on rules coupled with adequate domestic policies. Since the creation of the GATT, some important steps have been taken towards construction of this system and we can be proud of them. But there remains a lot to do; hence the launching of the new multilateral trade Round in Doha in 2001.

... We learn more from our failures than from our successes, as ever. To surmount the difficulties confronting the WTO, it must adapt. To achieve this, the WTO must better integrate its work in the landscape of actors, states and international governance organizations ...⁶⁴⁸

646 On the WTO as a promoter of sustainable development, see Sampson 2005.

647 The opening paragraph of the WTO Marrakesh Agreement.

648 Lamy 2005 foreword to Sampson 2005.

In response to the Doha Development Agenda, the key document of the World Summit on Sustainable Development (WSSD), the Johannesburg Plan of Implementation (JPOI), departs from the Doha discourse on “opportunities and challenges of globalization” and stresses the importance of acting so as to make globalisation “fully inclusive and equitable”. In this respect, needs and interests and market access become the key to sustainable development.

47. This will require urgent action at all levels to:

(a) Continue to promote open, equitable, rules-based, predictable and non-discriminatory multilateral trading and financial systems that benefit all countries in the pursuit of sustainable development. Support the successful completion of the work programme contained in the Doha Ministerial Declaration and the implementation of the Monterrey Consensus. *Welcome the decision contained in the Doha Ministerial Declaration to place the needs and interests of developing countries at the heart of the work programme of the Declaration, including through enhanced market access for products of interest to developing countries;*...649 [emphasis added]

... Review all special and differential treatment provisions with a view to strengthening them and making them more precise, effective and operational, in accordance with paragraph 44 of the Doha Ministerial Declaration.⁶⁵⁰

Hence, at the core of the Doha Development discourse, especially in more liberal industrialised countries, there was an emerging consensus on moving towards fairer global trade whereby the gains from global trade liberalisation and international trade could be more equally balanced (cf. European Consensus para. 36). This front was supported by the developing countries, which saw that improved market access would benefit their economies immediately. On the other hand, the Least Developed Countries were “protected” by Special and Differential Treatment that would absolve them of reciprocity. Regarding this, paragraph 44 of the Doha Declaration called for a review of all SDT provisions “with a view to strengthening them and making them more precise, effective and operational”.⁶⁵¹ Indeed, the “Development” epithet was put forward by the European Union in recognition of the importance of the Least Developed Countries in these talks.⁶⁵²

649 Johannesburg Plan of Implementation 2002, para. 47.

650 Johannesburg Plan of Implementation 2002, para. 92a.

651 Keck and Low 2006: 152.

652 Balaam 2004: 172.

This line of thinking was grounded in a body of research from the top of the institutional hierarchy, especially by the World Bank and the OECD, which demonstrated how international trade *could* benefit all if trade barriers were removed.⁶⁵³ In this debate, Sampson (2005) and Ismail (2006) refer to World Bank estimations whereby liberalisation of merchandise trade with supportive domestic policies would result in gains of around 5 per cent of income in developing countries, and lift 300 million people out of poverty by 2015. It was argued further that no other international economic cooperation – debt relief or aid – held this type of promise.⁶⁵⁴ With the liberalisation of services, the impact was argued to be even stronger. Nonetheless, these benefits required proper national policies, institutions, income distribution and social policies.⁶⁵⁵ This type of framing soon became very influential in the debates on trade liberalisation and development objectives in the development momentum, as noted in the European Consensus as well. However, what was intended as “potentiality” became an almost indisputable fact in the political discourses on trade and development. The international consensus also masked the problematic heritage of the Uruguay Round in some way. In fact, the difficulties in launching the next round of trade talks before Doha manifested the gap between the optimistic discourse and the work that remained to be done.

At the heart of the matter was the question of developing countries’ treatment in international trade that related to the institutional rules and practices. By the end of the Uruguay Round (1986-1994), the name of the international trading game had shifted remarkably as developing countries had assumed a much higher level of liberalisation commitments as members of the trading system. In return for 40 years’ overdue inclusion of sensitive areas of agriculture, as well as textiles and clothing, in the GATT, there was increasing pressure for developing countries to take on new commitments in investment, trade in services, and intellectual property rights. This was enforced by the single undertaking principle⁶⁵⁶ according to which all members had to accept all the agreements, and so developing countries also became parties to the TRIPS and GATS agreements. These resulting agreements were very different and comprehensive compared to the market access-centred GATT. The TRIPS agreement included legal standards on the protection of intellectual property (patents, trademarks and copyrights) to be applied by the WTO members, regardless of their

653 See Ismail 2006 and Balaam 2004.

654 World Bank 2004 Global Economic Prospects. See also Stern 2002.

655 Sampson 2005: 54-56.

656 The single undertaking principle implies that virtually every item in the negotiation is part of a whole and indivisible package and cannot be agreed separately. “Nothing is agreed until everything is agreed”. http://www.wto.org/english/tratop_e/dda_e/work_organ_e.htm. See also Sub-chapter 2.4.

economic development. Moreover, the WTO dispute settlement mechanism was established to mitigate intended or unintended violations of international trade law. As a result, the two principles – single undertaking and special and differential treatment – contradicted one another.

The single undertaking principle increased the complexity of the negotiations, especially during the closing stages of the Uruguay Round. Disagreements on the negotiation practices started to emerge as developing countries largely felt that they were not being given an adequate say in the content of the agreements, but were basically bystanders to a *fait accompli* by the leading “Quad” of the US, the EU, Japan and Canada, which exercised institutional power in the negotiations. Moon (2004) argues that from the agenda-setting to the final outcome, the space had been dominated by concentric circles of power. These circles were centred on the USA and the EU, followed by Japan and Canada and developing countries in support of the trade liberalisers of the South (South Africa, Chile, Singapore) and the large and emerging powers of India, China, and Brazil, followed by the rest.⁶⁵⁷ As a result, many developing countries felt that the agreements of the Uruguay Round package were unsatisfactory in terms of their respective development priorities and economic needs. Many developing countries increased their tariff bindings considerably, especially in agriculture.⁶⁵⁸ Furthermore, the implementation of the new legislative and administrative obligations posed an additional challenge for them.

In fact, Ismail (2006: 215-126) points to the double standards which characterised the Uruguay Round agreements. A notable case in point was the Agreement on Agriculture (AoA), which called for developing countries to open their markets, without any significant reduction in the huge subsidies and high tariffs that depress global prices and undermine the development potential of the developing countries. There was a similar disadvantage in industrial products, as developed countries have retained above average tariffs, tariff escalation, and tariff peaks in the areas of developing countries’ comparative advantage. Stiglitz and Charlton (2005: 1-2) claim that developing countries had gained less than they had hoped from the Uruguay Round, especially in textiles and agriculture whereas “the developed countries walked away from Uruguay with a large share of the gains, and many developing countries were predicted to be worse off as a result of the Round”. Consequently, as Moon reports (2004: 25), profound critique of the fairness of the WTO process and the validity of its underlying economic and philosophical assumptions came from poor countries, which also complained that the protectionism of developed countries, especially with respect to textiles and agriculture, made a mockery of their liberalisation

657 Moon 2004: 31.

658 Keck and Low 2006: 151.

rhetoric. This group was notably led by India, which wanted to revisit and open up discussion on the Uruguay Round agreements. In sum, the gap between the bright development prospects and the prevailing order was quite remarkable. While the interests of the various developing countries differ, it appeared that the Uruguay Round outcome had failed to advance any of them.

Consequently, the heritage of the Uruguay Round did not exactly arouse avid enthusiasm towards the launch of the new round of trade talks. The leaders of the WTO front also faced concerns regarding the process. Whereas the US was aiming to launch the new round with a very narrow agenda centred on its own immediate economic interests, the EU was aiming at a much broader regulatory trade agenda, which included investment and the competition policy that it had tabled at the Singapore Ministerial in 1996. In this respect, the EU aimed to promote its own vision of the WTO as a global regulatory agency.⁶⁵⁹ By contrast, the key issues for the US included tariff reductions in a few sectors, duty-free e-commerce, transparency in public procurement, extending intellectual property rights, and changes in the dispute settlement system. However, neither one was able to play the hegemon in the face of the new round. The US played a dominant role in other Bretton Woods institutions, but lacked the will and vision to incorporate the interests and perspectives of the other countries, or further develop the WTO system itself as a genuine leader. As for the EU, the Common Agricultural Policy was effectively undermining its credibility as the leader of trade liberalisation. However, this is not to say that the EU was disinterested in such a position – quite the contrary. For the US, it was the domestic change from the Clinton administration to that of Bush which had decreased the interest in multilateralism. In the EU, this was seen as both an opportunity and a threat.⁶⁶⁰

Against this background of multilateral trade talks, Seattle (1999) was a watershed in many respects. For the first time in the history of trade negotiations, it was not only the developed countries that were running the show. In fact, the show was taken over by stronger voices from developing countries, echoed by even angrier cries from the growing “anti-globalisation” crowd of demonstrators in the streets.⁶⁶¹ The collapse of the launch and “the fall of the WTO” were soon loudly celebrated by protestors the world over.⁶⁶² “The battle of Seattle”

659 Sally 2004: 114.

660 Moon 2004: 24.

661 Moon 2004: 24-25; Ismail 2005: 215. On the preceding demonstrations of the World Economic Forums of Melbourne, IMF/WB/ Prague, IMF/ WB Washington and the Genoa G8 meeting, see Stiglitz and Charlton 2005.

662 The author was also present at a European Civil Society gathering of the Finnish EU Presidency in December 1999 where news of the collapsed talks divided the audience and sparked a fierce debate.

was over with a devastating lack of progress. No new negotiations had been scheduled, no agenda agreed upon, and no consensus reached on the future of either the WTO or the international trade system it nominally supervised.⁶⁶³

International Trade Talks: Changing to Stay the Same

Without exaggeration, nothing less than faith in multilateral trade governance was at stake in Doha (2001). In the absence of tangible progress to build on, rhetorical presentation became increasingly important. As Moon (2004) bluntly puts it, the Seattle objective of the “Millennium Round” had become the “Development Round” of Doha, and agriculture was placed at the very heart as *the* development issue. However, the actual negotiating positions of both the EU and the US very much resembled those of Seattle, and worse. Because of the change of government in the US, the farm bill had in fact increased farm subsidies in 2002. At the same time, the EU was embroiled in a difficult CAP reform that did not augur well for the trade talks. The decoupling of subsidies from production (Blue Box) subsidies to more acceptable forms of farm support was also criticised as being cosmetic.⁶⁶⁴ These domestic changes were reflected in a joint EU-US paper on agriculture presented six months behind schedule. Not surprisingly, the content fell short at the Doha Development Agenda level on market access, domestic support and export subsidies.⁶⁶⁵

By the run-up to the Fifth WTO Ministerial Conference in Cancún (September 2003), the Doha Development Round was already beset by difficulties. Two cases aptly illustrate the tensions underlying the pro-development discourse: that of cotton, and life-saving drugs. First, in June 2003, the West African authorities rallied against US (and to a lesser extent also EU) cotton subsidies, which they saw as detrimental to the 10 million people that depend on cotton production, and detrimental to export revenues in general. Therefore, they demanded that the US government reduce subsidies and pay compensation to African farmers. However, the initiative was effectively blocked by the US government. At the same time, a growing number of WTO members opposed the US-proposed restrictions on the TRIPS agreement on trade-related intellectual property rights. In brief, developing countries were of the opinion that the proposed TRIPS agreement was hindering technology transfer and widening the gap between the poorer and more advanced economies. This issue was particularly sensitive regarding trade in life-saving drugs. In the face of the African AIDS/HIV pandemic, any restrictions that would have limited

663 Moon 2004: 24.

664 Stiglitz & Charlton 2005: 59.

665 Stiglitz & Charlton 2005: 58.

access to the purchase of such drugs at a reasonable price were condemned as devastating. Under strong public pressure, the issue was settled a couple of months before the next ministerial talks as the US changed its position and allowed the least developed countries to import generic drugs from low-cost, non-patent-holding producers in developing countries.⁶⁶⁶ Needless to say, these confrontations were not conducive to Development Round talks.

To have an influence on the trade agenda, developing countries had pooled together their influence under different country groups with similar interests. Regarding specifically agriculture, the G20, the so-called Cairns Group formed an effective negotiating block led by South Africa, Brazil, India and China to press the EU and the US for greater market access and reduction of agricultural subsidies.⁶⁶⁷

In addition, G90 countries consisting of least developed countries as well as other ACP countries had made it clear that it did not welcome the inclusion of the Singapore Issues into the Cancún negotiations agenda.⁶⁶⁸ The G90 position was grounded on the assumption that the competition, investment, public procurement and to a lesser extent trade facilitation would restrict policy space and impose too large implementation costs.⁶⁶⁹ Furthermore, these issues were seen as incursions into their national sovereignty that would restrict the space for national development priorities.⁶⁷⁰ By contrast, for the European Union, the very essence of the development agenda lay in the inclusion of the Singapore Issues on the agenda, with market access in agriculture and non-agricultural market access (NAMA). In turn, the EU position was justified by the argument that the regulatory issues actually constituted an essential part of the development dimension of the Doha agenda, crucial for good trade governance and export-led growth.⁶⁷¹ The Cancún Ministerial meeting had ended in failure.

At this point, it was becoming evident that a new spur was badly needed to move the Development Round forward. Under the leadership of Commissioner Pascal Lamy and US Trade Representative Robert Zoellick, the member countries agreed upon new modalities to proceed in the summer of 2004. This package became known as “the July package”, which extended the Doha Development Agenda to the Sixth Ministerial Meeting of Hong Kong in 2005.⁶⁷² Lamy and Zoellick presented a proposal for a simplified agenda and promised to compromise on some key issues. This simplified agenda excluded all the

666 Stiglitz and Charlton 2005: 61-62.

667 Stiglitz and Charlton 2005: 62-63.

668 Stiglitz and Charlton 2005: 63.

669 Ibid.

670 Stiglitz & Charlton 2005: 60.

671 Interviews EC[1]2008, EC[4]2009, EC[15]2009, Academia[7]2009 and CSO[20] 2009.

672 Ismail 2004: 226; Stiglitz & Charlton 2005.

Singapore Issues, apart from trade facilitation.⁶⁷³ In addition, the July package was built on core market access issues in agriculture, services, and industrial goods. Moreover, Lamy hoped to extend the EBA to the WTO so that the LDCs could have the “Round for Free” in line with Special and Differential Treatment.⁶⁷⁴ In other words, these countries “should not have to open their markets beyond their existing commitments, and should be able to benefit from increased market access offered by both developed and advanced developing countries”. However, Lamy had to withdraw his offer. It was returned to the table in a modified form under the banner of “Round at a Modest Price”. This modification was no longer based on non-reciprocity, but implied that the beneficiary countries would bind some of their tariffs and participate in the talks on trade facilitation.

To bolster developing countries’ interest in the international trade negotiations, two features started to gain increasing importance. These were capacity-building to improve developing countries’ negotiation and implementation skills, and development financing to address “supply-side concerns”. The rationale for this was rather simple. Improved market access alone would not contribute to export-driven growth and economic development if the country lacked the appropriate infrastructure and the necessary human, material, financial or institutional resources. On top of these obstacles, there is also a series of adjustment costs as well as the fiscal impact associated with trade liberalisation, which explains the reluctance of governments to reduce the tariffs. In addition to all of these factors, some countries are concerned about multilateral liberalisation and the general decrease in tariff rates as they erode their preferential positions and put them up against even stiffer competition.⁶⁷⁵

Originally put forward in the discussions within the WTO Geneva headquarters, Gordon Brown, the then British Chancellor of the Exchequer, picked up on the idea to reinforce developing countries’ capacity for trade. To this end, he called for the creation of an international finance facility that would support both the Millennium Development Goals in terms of increased development funding and support developing countries in trade negotiations as well as in the implementation of the existing agreements. Following the commitments made in the Doha Declaration on technical co-operation and capacity-building as “the core elements of the development dimension of

673 According to Ismail (2004), trade facilitation is an exceptional negotiation area because some long-awaited progress was actually made in terms of increased transparency and more inclusive participation.

674 Stiglitz & Charlton 2005: 92, referring to the letter of 9 May by Pascal Lamy and EU Agriculture Commissioner Franz Fischler.

675 Ismail 2004: 219

the multilateral trading system”, the July 2004 package called for assistance specifically for this purpose. In addition, it includes a clause according to which WTO members should ensure that “special attention shall be given to the specific trade and development- related needs and concerns of developing countries, including capacity and supply-side constraints”.⁶⁷⁶

Against this background, it is clear that the pressure was mounting. In fact, the sixth Ministerial Conference in Hong Kong (December 2005) was loaded with unfulfilled expectations. At this time, the Ministerial agenda was built on four main elements: market access, domestic support, and export subsidies related to agriculture and services. Thanks to the July package, trade facilitation was the only issue on the original Singapore list that survived. From the EU perspective on development, the most challenging area was related to domestic support and export subsidies. Building on the 2003 reform, however, the EU was able to table an offer which showed changes in its own domestic support. Even more ambitiously, the EU was ready to set an example by being the first to cut its export subsidies (provided that others would follow this example). Contrary to the US, the EU also wanted to raise its profile regarding the TRIPS by accepting compromises on the compulsory licensing of generic medicines so as to improve developing countries’ access to life-saving drugs in line with the Millennium Development Goals. In addition to the Everything But Arms (EBA) initiative, Aid for Trade financing sealed the EU’s deal with a developmental touch. The US responded with the African Growth and Opportunity Act (AGOA) and promised to grant duty- and quota-free market access to all of the Least Developed Countries.⁶⁷⁷ More controversially from the developing countries’ perspective, the EU was also willing to reassess labour and environmental standards in the WTO.

In this context, defending the preferential treatment of the heterogeneous ACP group started to become ever more costly and problematic.⁶⁷⁸ On the one hand, the EU, under the leadership of Pascal Lamy, was still in favour of multilateralism and special and differential treatment of the least developed

676 Ismail 2006: 219-220. The real novelty of this package was an assurance in the annex on modalities for trade facilitation implying that implementation costs will be addressed by developed country members, and that in the absence of adequate support, implementation obligations will be waived for developing countries.

677 Lesage & Kerremans 2007: 92-93 point out that similarly to the EBA, the AGOA also had a loophole comprising a 3 per cent margin to cover sensitive products (from the US and EU perspective). Interestingly, the US strongly endorsed political and economic conditions as a part of the AGOA-related legislation, while the EU showed little interest in this kind of approach at this point. On the other hand, according to Stiglitz and Charlton 2005, the AGOA was more generous in textiles and apparel than the EU EBA.

678 Orbie 2007: 27.

countries until the end of its term (2004). On the other hand, the EU saw the broad, regulatory trade agenda as its preferred form for the WTO system. The ACPs were problematic for the EU from both points of view. Being a group of both LDCs and more developed countries, it was not as a whole eligible for the EBA. In addition, it had opposed the EU initiative to include the broad trade-related agenda and the Singapore Issues in the Doha Development talks.

As one of my interviewees described the situation from the Commission point of view:

I think we are one of the WTO members most concerned with these [development] aspects but we have been criticised as not being sufficiently flexible. Maybe at times. But we were also there to say that one-size-fits-all solutions to TRIPS and access to medicine does not fit and we acknowledged differentiated treatment for developing countries. We were on the move first before the others joined. Pascal Lamy certainly spent as much time on access to medicine and the Cotonou waiver as he did on the rest of the trade issues on the agenda.⁶⁷⁹

Whereas the multilateral Consensus on trade and development was structured around market access, LDCs, financial support (aid) to trade and trade facilitation, the flipside of the liberalisation paradigm, namely the aspect of reciprocity, remained ambiguous. On the one hand, all developing countries (regardless of their level of development) were called to engage in the trade talks and to become parties to the WTO agreements. Yet at the same time, the SDT principle was considered so essential for development that the developing countries themselves were able to decide on the level and scope of the engagement. Both options highlighted the importance of trade liberalisation, but in fundamentally different normative terms. This division was to sharpen with the rise of bilateral agreements between the North and the South under Trade Commissioner Peter Mandelson (November 2004 - October 2008).

To conclude, as the early years of the Doha Development Round show, the nexus of development and trade remained highly contentious and controversial. This also increased the sense of confusion around trade, sustainable development and policy coherence. On the one hand, the EU acknowledged that the least developed countries needed differential treatment, yet a broad regulatory trade agenda was seen as conducive both to the development of more advanced economies as well as to the EU's interests in the WTO. Although the EU's proactive stance in the EBA and TRIPs was a contribution in line with development policy objectives, the grand principles of Special and Differential Treatment remained ambiguous. Similarly to the US, the EU's institutional power in the WTO had

679 Interview EC[15]2009.

decreased with the rise of the emerging economies, resulting in an impasse in Cancún as early as 2003. Furthermore, both parties suffered from internal opposition to agricultural liberalisation, which complicated their position at the multilateral level. Therefore, the litmus test for trade and policy coherence for development shifted to the context of bilateral negotiations.

6.2 THE EPAS AND THE EMERGING BILATERAL TRADE AGENDA

Trade negotiations can hold steady only as long as they keep moving forwards. Moon (2005) aptly describes this phenomenon as “bicycle theory”.⁶⁸⁰ After the Hong Kong Ministerial in December 2005, progress on the multilateral front started to stall.⁶⁸¹ As it was crucial for the EU to keep the wheels in motion, it increased the focus on bilateral and bilateral regional free trade (RTAs) negotiations. In practice, this meant maintaining the multilateral track as the key priority officially, while advancing bilaterally what had been multilaterally blocked and left incomplete.⁶⁸² However, this choice again posed a new set of questions. In particular, it raised concerns over whether bilateralism actually formed a compatible “fast track” arena for global trade governance. In other words, would bilateral agreements become “stepping stones” for multilateral liberalisation in line with the WTO regulations, or would these arrangements actually constitute “stumbling blocks” to multilateral solutions? The latter point was related to the fear that WTO members’ engagement in bilateral free trade would result in an unmanageable web of overlapping, complex and discriminatory agreements, instead of a consistent process towards global trade liberalisation. This phenomenon is often referred to as the “spaghetti bowl” effect, as coined by Bhagwati.⁶⁸³ The purpose of this sub-chapter is to look at the EU’s bilateral efforts to see how they shaped the understanding of policy coherence for development. In this regard, the Economic Partnerships under the EU-ACP Cotonou Agreement (2000-2020)⁶⁸⁴ are a case in point that were designed to deliver on both development and trade.

680 Moon 2004: 33.

681 The suspension in July 2006 and the total standstill in July 2008 confirmed this trend.

682 Interview EC[4]2009, Academia[7]2009, Interview CSO[31]2008, Interview CSO[20]2009 and Interview Council[5]2008.

683 Sally 2004: 110-113. See also Malhotra et. al 2003. On UNCTAD’s critical take on free trade agreements for developing countries, see the full version of UNCTAD’s Trade and Development Report 2007.

684 At the time of the study, the ACP comprised 78 member states, 47 of which were from Sub-Saharan Africa, 16 Caribbean and 15 Pacific states. 33 out of the 50 Least Developed Countries are African states.

Indeed, the EU has been an enthusiastic chef, filling the bowl with a number of bilateral arrangements. Since the late 1990s, EU-South Africa as well as EU-Latin America relations have provided a modern kitchen laboratory for bilateral free trade prior to the EU-ACP Economic Partnership Agreements. An important model was provided by the South African Trade and Development Agreement of 2000. Similarly, the EU has gained experience from the model that was set out in the negotiations with Mexico (2000) and Chile (2003), whereas the results have been meagre from the Union's point of view with Peru and Columbia (2011), as well as the Central American Common Market. In addition, the EU has been actively negotiating free trade arrangements with its neighbouring countries in the South and in the East.⁶⁸⁵ The former group consists of Euro-Mediterranean Countries that were concluding country-based bilateral FTAs with the Union in 1998-2006. The latter group consists in a similar manner of the former stabilisation and association countries of Macedonia (2005), Albania (2009) and Croatia (2004), with entry still pending for Bosnia Herzegovina, Serbia and Montenegro. Moreover, the EU was engaged in a number of other trade talks: the ASEAN (failed regionally, individual negotiations ongoing); Indian (pending); Singapore (pending); Indonesia (pending); and South Korean (2010) talks, which were coinciding with the reform of EU trade relations with the ACPs. The words of one Commission official describe it well.

It is quite important to understand that trade and development policies in the EU took place first in regions other than in the ACPs (...) It was more the ACP group coming towards the mainstream than the other way round.⁶⁸⁶

In this respect, the two Trade Commissioners, Pascal Lamy (1999-2004) and his successor Peter Mandelson (2004-2008), differed from one another. Whereas Lamy had prioritised the multilateral level and acknowledged the need for special and differential treatment of the least developed countries, for Mandelson the bilateral, free trade context was key.⁶⁸⁷ What is important to note is that the original idea was to pursue EU-South negotiations with a view to completing regional agreements bilaterally, and not with individual countries. The rationale for this approach rests on the importance of regional cooperation, and dismantling obstacles to trade between neighbouring countries to increase the scale of developing countries' economies and thereby competitiveness in

685 For a comprehensive view of this set of free trade arrangements, see http://trade.ec.europa.eu/doclib/docs/2012/june/tradoc_149622.jpg.

686 Interview EC[15]2009.

687 Interviews EC[27]2009, EC[15]2009, CSO[11]2009 and Academia[7]2009.

the world economy.⁶⁸⁸ In this context, the differences between countries, for instance between the LDCs and middle income countries, would be balanced. As discussed previously in the context of the Doha Round, the constellation of the ACP group was problematic because it consisted of both LDCs and countries whose level of economic and social development superseded them. Therefore, the EU could not unambiguously apply the GATT Enabling Clause, under which the industrial countries are permitted to give unilateral non-reciprocal treatment to just two categories of countries: either all LDCs or all developing countries. Furthermore, the EU had already experienced five separate rulings in the GATT/WTO dispute settlement because of the waivers requested by the Union since 1993.⁶⁸⁹

To ensure WTO compliance, GATT Article XXIV stipulates that the RFTAs are to be regional free trade agreements that set out the reciprocal liberalisation of “substantially all trade within a reasonable length of time” between the parties. Interestingly, “substantially all trade” has not been defined anywhere in the WTO, and consequently there is no clear understanding of what passes for “substantially all trade”. The only source of interpretation is the Appellate Body report in Turkey-Textiles (DS34). Paragraph 48 of the report states that:⁶⁹⁰

Neither GATT CONTRACTING PARTIES nor the WTO Members have ever reached an agreement on the interpretation of the term “substantially” in this provision. It is clear, though, that “substantially all trade” is not the same as all trade, and also that “substantially all trade” is something considerably more than merely some of the trade.

Depending on the interpretation of “substantially all trade”, the reciprocity also concerned the least developed countries if they were to become members of a regional agreement.⁶⁹¹ The lack of clear criteria opened up a huge debate on the appropriate terms to define both the standard for reciprocal trade liberalisation in the North-South context and the norms for trading with the poorest countries on a bilateral basis. More importantly, it raised the question of which party would have the power to define that, and on what grounds.

In this respect, it is important to note that all three institutional parties to the European Consensus (para. 36) – the EC, the Council and the EP – had already

688 Interviews EC[14]2008, EC[18]2009, EC[4]2009 and Academia[7]2009.

689 On the banana disputes between the EU and US/Latin American producers as well as their linkages to the EU-ACP waiver, see McCall Smith 2006.

690 Alavi 2010: 189.

691 Lesage & Kerremans 2007: 92-93.

expressed support “to the rapid, ambitious and pro-poor completion of the Doha Development Round and the EU-ACP Economic Partnership Agreements EPAs”. But whereas the European Consensus process was finished in time with results that largely satisfied all parties involved, the trade dimension of the European Consensus continued to live a life of its own. Due to the EC sole competence in trade, as well as institutional re-shuffling within the Commission services, the life of the EPAs was in the hands of DG Trade for the critical years ahead. This was again a different international sphere and institutional context from that of development, where the Millennium Development Goals were not *per se* amongst the main concerns, but compliance with international trade law was.⁶⁹² In this respect, the form of the free trade agreements became the top priority.

The predominant explanation by those in favour of the proposed FTA EPAs – and the EU Commission in particular – stressed that the EU-ACP economic relations needed to be changed for two main reasons. Firstly, according to the Commission, there is a mutual recognition by the main parties that “existing trade preferences have not promoted sustainable development or integration into the world economy” (COM 2005d: 3). This quotation refers in particular to the non-reciprocal market access arrangements which have proved inadequate in reversing the declining share of ACP countries’ exports in the European market. Secondly, and perhaps more acutely for the EU, the current trade preferences were inconsistent with the prevailing international trade rules as defined by the World Trade Organization (WTO) and therefore needed to be changed. As one of my interviewees explained:

The idea was that preferences would increase their [ACP countries’) market share in the European market and, in this way, develop through trade and not through aid, or not only through aid. This has not happened the way we wanted. In fact, the opposite happened; their market share has gone down. So something was wrong. In fact, there may have been two things wrong. Firstly, the preferences were initially not deep enough, and they were limited. We gave very generous preferences to industrial products which they did not produce, and where they did have a chance to export, it was much more limited. The approach has been now corrected by really offering 100% DFQF [duty-free, quota-free access] (...) The Americans don’t do it. The Japanese really don’t do it. China is far from doing it. This is a big improvement and we hope that it will lead to results. Secondly, our preferences were discriminatory.⁶⁹³

692 Cf. Global Europe Trade Strategy in Sub-chapter 6.3.

693 Interview EC[18]2009.

The following excerpts describe the situation for the EU. Despite the subjectivity of the interview data, these samples aptly summarise the main EU positions regarding the “substantially all trade” clause more generally.

We have to have legal protection in the WTO. We need to be able to satisfy the legal requirement of Article XXIV of the GATT in that an FTA must cover substantially all trade. Now the longstanding EC interpretation of that requirement is 90 per cent liberalisation. The very explicit expectation for a timetable is no more than 10 years. So essentially, before negotiating the EPAs, we have unilaterally decided to soften both requirements: not 90 in 10, but 80 per cent over 15 years.⁶⁹⁴

The ACP countries have to fit into the Trade Policy approach and the EPAs have to look as much as possible like the other FTAs and find their place on the bookshelf together with the others. The EC does not want to fall below the standards that it has been preaching all over the world.⁶⁹⁵

80/20 is absolutely sufficient. We are making EPAs after having lost more than 10 appellate body panels. (...) and we had to pay in real terms (...) so the preferential relations with the ACP have been under attack (...) We go as far as we believe it is economically, legally and politically sensible. Regarding Africa in particular, we should also see this evolution and harmonising of trade policies as mainstreaming our relationship with Africa. It is policy coherence for development, but it is also development policy for coherence of the EU’s external action, or of EU action altogether.⁶⁹⁶

Interestingly, all three examples revolve around the issue of coherence, but with different criteria. While the first refers to coherence with international trade law, the second emphasises the EU’s concern for the overall coherence of its trade policy. The third is a combination of both, with a reference to development. Taken together, the nexus seen from the trade policy side was already beset with pressing issues that were primarily to do with trade, and much less to do with the development objectives. To summarise, there were already three trade-related constraints on the table which were to influence the future EPAs. These included the failed EU regulatory efforts at the multilateral level and the shift towards bilateral trade agreements, as well as the overall question of WTO compatibility and the substantially all trade clause.

694 Interview EC[1]2008.

695 Interview CSO[20]2009.

696 Interview EC[15]2009.

6.3 TAKING OVER POLICY COHERENCE FOR DEVELOPMENT: THE “GLOBAL EUROPE” TRADE POLICY

One year after the European Consensus, the Commission launched a new trade policy. Masterminded in DG Trade under Trade Commissioner Peter Mandelson, it was entitled “Global Europe Competing in the World: A Contribution to the EU’s Growth and Jobs Strategy”. As the second part of the title suggests, Global Europe presented a response from external trade to the renewed Lisbon Strategy (2005) and explained how the EU’s competitiveness in world trade can stimulate growth and jobs in Europe. From this standpoint, it would appear at first that this task is rather impossible to reconcile with the EU’s development agenda. This dichotomy is highlighted by the fact that the former is centred on competitiveness and growth for Europe, and the latter on poverty eradication in distant developing countries and regions.

Despite this grand division in policy objectives, there were common discursive elements and core ideas that brought these agendas closer together. Not surprisingly, trade liberalisation and regulatory norms at the international and domestic levels constituted the backbone on which trade and development-related reasoning was built. In addition, there were a number of remarkable similarities between the Global Europe and European Consensus documents. First, both had a strategic approach for Europe to act and influence the changing world to the benefit of both Europe and others.⁶⁹⁷ Second, both documents referred to sustainable development. In the case of EU trade, the linkage was drawn directly to the EU’s renewed Sustainable Development Strategy of June 2006. Third, both statements were addressed to wider audiences than those immediately concerned with trade or development. This was the case especially with “Global Europe”, in which DG Trade explains that the policy was directed at EU citizens, providing them with the possibility to judge whether “Europe is delivering results in their daily lives”.⁶⁹⁸ Fourth, they both referred to one another in a mutually reinforcing way. This was particularly important from the point of view of coherence in the Union’s external policies.

Through our trade policies, we also seek to contribute to a range of the Union’s external goals, in particular development and neighbourhood objectives. These will remain core functions of EU trade policy. Coherence of the Union’s external policies is vital to strengthening the EU’s global role.⁶⁹⁹

697 Interview EC2008. David O’Sullivan 2008: Speech at Global Europe Strategy European Parliament December 2008.

698 EC (2006) Global Europe: 2.

699 EC (2006) Global Europe 2006: 2.

Unlike the European Consensus, however, the political consensus around Global Europe was remarkably fragile. It was in fact adopted by the European Parliament with a very small margin after a long and heated debate. Particularly sensitive were the areas concerning the implications of such a policy for “social justice” and “adaptation to market impacts” in Europe and abroad. Although development aspects were also present in the debate, the resistance was triggered around the primacy of the market and the possible negative impacts on European citizens.⁷⁰⁰ While the EU development policy targets were set outside Europe, the trade policy objective was first and foremost to build a Global Europe by reinforcing the EU’s own competitiveness, growth and creation of jobs in the global economic system. According to DG Trade, this global system was an essential condition for economic prosperity, social justice and sustainable development within Europe.⁷⁰¹ According to Global Europe, the advancement of the EU’s trade agenda was to be promoted by:

... opening markets where European companies can compete abroad while rejecting protectionism at home and promoting fair conditions to trade abroad.

In this context, fair trade can be equated with the absence of protectionism, and fair conditions from the point of view of the Union’s competitiveness.⁷⁰²

However, the EC defined progressive trade opening almost as a panacea for the EU’s competitiveness. Even more importantly here, it was seen as an essential factor in reducing poverty and promoting development, as well as in addressing global challenges from security to migration to climate change.⁷⁰³ Therefore, the text states that the EU’s trade policy *also* seeks to *contribute* to development goals and maintains that *coherence* in this respect is vital to strengthening the EU’s global role.⁷⁰⁴ Again, just how this coherence designed to strengthen the EU’s role *also* contributes to development objectives is left unspecified. However, the reasoning can be inferred from the (surprisingly few) sections of the document where developing countries and sustainable development are mentioned.

To summarise, what Global Europe clearly advocated was that the EU’s trade policy model was not only suitable for serving the EU’s interests, but also those of developing countries regardless of the size and levels of their economies. To this end, DG Trade further states that progressive trade opening

700 MEP Caroline Lucas sharing her insights in the EP-CSO-EC debate on “Global Europe” Dec. 2008.

701 Global Europe, 2006: 2.

702 This argument is based on an analysis of the appearance of the word “fair” in the document.

703 Global Europe, 2006: 6.

704 Ibid.: 2.

is an important source of productivity gains, growth and job creation, which are seen as essential factors in reducing poverty and promoting development.⁷⁰⁵ The underlying assumption is that trade opening needed to go far beyond the traditional tariffs and trade in goods approach. In fact, Global Europe explicitly listed new trade issues: tackling non-tariff barriers, securing the EU's access to resources and energy, and promoting new areas of market opening related notably to intellectual property, services, investment, public procurement and competition in the partner countries. Related to this list of so-called Singapore Issues, the Global Europe policy explicitly stressed these areas as the EU's strategic potential.⁷⁰⁶

What is noteworthy here is that the EU emphasised the importance of the rules-based multilateral system and the Doha Development Agenda, which DG Trade saw as the most effective channel to exercise its influence.⁷⁰⁷ Interestingly at this point, Global Europe does not make any reference to the concrete commitments of the Doha Development Agenda, let alone to the European Consensus. For instance, the document does not contain a single reference to Special and Differential Treatment, LDC countries or Gender and trade – or to the needs of the poorest countries in general. The EU, however, refers back to its own EBA initiative and appeals to its FTA partners:

In line with our position in the WTO, we will encourage our FTA partners to facilitate access by least-developed countries to their market, if possible by granting duty- and quota-free access.⁷⁰⁸

In this respect, only the EBA is highlighted on both agendas as a model that the EU has set for others to follow regardless of its limitations.

As regards development and poverty eradication, progressive liberalisation is defined as the way to remedy poverty. In this respect, China, India and Brazil are used as examples of countries that have been able to lift millions out of poverty with such a policy.⁷⁰⁹ Leaving aside the fact that economic development and growth has taken place in these countries, this kind of justification poses a provocative question as to whether the development models of these countries can be seen as being in line with the European Consensus and sustainable development. Global Europe does not provide the answer to this question.

705 Ibid.: 6.

706 Global Europe 2006: 7-8.

707 This also had to do with the timing, as Global Europe came out in October 2006 after the suspension of the Doha Round in July 2006.

708 Global Europe 2006: 12.

709 Global Europe 2006: 6.

Regarding trade in agriculture, there is an interesting discrepancy between the development and trade agendas. While the European Consensus promised that “the EU will substantially reduce the level of trade distortion related to its support to the agricultural sector, and facilitate developing countries’ agricultural development”, less than a year later Global Europe reported that:

The EU has made significant offers of liberalisation, not least in agriculture, and made clear its willingness to go further within the limits of its current mandate, as part of a global agreement.⁷¹⁰

If we look back at DG Development’s paper on the Millennium Goals and Policy Coherence for Development, PCD was defined in terms of “what trade policy will do for development”, and the EC agenda also included the elimination of tariffs, tariff peaks and dumping.⁷¹¹ This time, they are once again omitted. Instead, Global Europe focuses on the cornerstones of the EU approach to trade in the face of globalisation by advancing technologies and foreign capital, global supply chains and the labour market. In this context, the EU’s trading power appears to lie in knowledge, innovation, intellectual property, the service sector and the efficient use of resources.⁷¹² These factors were also at the heart of its strategy regarding the challenge posed by the emerging powers of China and India for the most part, but also Brazil, Russia and others. In order to be successful, DG Trade claims that the EU has to adopt the right internal policies and maintain openness to trade and investment. More generally, this approach implies transparent and effective rules at domestic, bilateral and multilateral levels.⁷¹³ Relatedly, protectionism was defined as the greatest vice impeding the advancement of development within and outside of Europe.⁷¹⁴

Regarding the EU’s own bilateral free trade endeavours, there is an intriguing embedded tension. First, FTAs are to be crafted with a view to taking EU interests to those places where multilateral agreements did not result in success. To quote:

Free Trade Agreements (FTAs), if approached with care, can build on WTO and other international rules by going further and faster in promoting openness and integration by tackling issues which are not ready for multilateral discussions and

⁷¹⁰ Global Europe 2006: 10.

⁷¹¹ COM 2005a: 5-8.

⁷¹² Global Europe 2006: 2-3.

⁷¹³ Global Europe 2006: 4.

⁷¹⁴ Global Europe 2006: 5.

by preparing the ground for the next level of multilateral liberalization. Many key issues, including investment, public procurement, competition, other regulatory issues and IPR enforcement, which remain outside the WTO at this time, can be addressed through FTAs.⁷¹⁵

Second, at the same time the EU was perfectly aware that stirring the FTA spaghetti bowl could jeopardise the multilateral system. In fact, Global Europe pinpoints specific concerns including complications in trade, erosion of the principle of non-discrimination, and exclusion of the weakest economies. Third, and at odds with the previous point, the EU seeks to advance its bilateral FTA agenda to avoid this:

To have a positive impact, FTAs must be comprehensive in scope, provide for liberalization of substantially all trade and go beyond WTO disciplines.⁷¹⁶

To guarantee development, and sustainable development in particular, and to validate the chosen approach, DG Trade underlines the incorporation of labour standards and environmental protection, on the one hand, and the importance of impact assessments for each new FTA, on the other.

In considering new FTAs, we will need to work to strengthen sustainable development through our bilateral trade relations. This could include incorporating new co-operative provisions in areas relating to labour standards and environmental protection.⁷¹⁷

We will also take into account the development needs of our partners and the potential impact of any agreement on other developing countries, in particular the potential effects on poor countries' preferential access to EU markets. The possible impact on development should be included as part of the overall impact assessment that will be conducted before deciding to launch FTA negotiations.⁷¹⁸

These assumed positive elements of the broad FTA agenda are also what DG Trade regards as the very essence of the EU's bilateral free trade agreements with developing countries. This also included the Economic Partnership Agreements (EPAs) with Sub-Saharan Africa, the Caribbean and the Pacific states.⁷¹⁹ In

715 Global Europe 2006: 10.

716 Global Europe 2006: 10.

717 Global Europe 2006: 12.

718 Global Europe 2006: 12.

719 Here the EPA negotiations are presented in the context of the other planned bilateral free trade

general, DG Trade's position on Free Trade and Association Agreements with particular regard to developing countries can be summarised in the following sentence:

... while these arrangements have reinforced economic and regulatory ties with the EU as well as supported development objectives, the EU's own trade interests have been less well served.⁷²⁰

This type of statement increases the existing levels of ambiguity. Firstly, the formulation suggests that the primary function of free trade agreements is to reinforce economic ties with the EU, and that supporting development objectives comes second. Secondly, the current free trade arrangements have contributed to these objectives, but they have fallen short as far as promoting the EU's own trade interests is concerned. However, based on DG Trade's vision of mutual benefits through increased competition and trade liberalisation, there is no conflict between trade and development goals. Therefore, the EU's representation reinforces the conception that coherence prevails between the suggested trade and EU development policies.

A couple of observations can be made at this point. Although Global Europe was a strategy document to direct external trade, there is not a single reference to the European Consensus statement or its various trade and PCD commitments. In this sense, there is a notable discrepancy between these two policies. From the policy coherence for development perspective, this absence of dialogue is problematic. If we compare the role given to trade policy in the European Consensus statement, it is interesting to note how loyally development policy actors are counting on trade policy to support its own objectives. However, as the reading of Global Europe shows, the trade agenda only refers to coherence at the level of external relations, and does so on its own terms. What follows is that the norms that the EU suggested for trade and development are also biased towards the trade dimension. This begs the question of whether the PCD commitment is genuinely shared on both sides. Even more intriguingly, both documents have gone through inter-service consultations within the Commission and are EC documents. Furthermore, they have both been adopted as EU policies. Given that Global Europe, just like the European Consensus, constituted the first main authoritative guideline for the policy-makers, the absence of these references is disturbing.

and association agreements between the EU and Central America and the Andean Community.
720 Ibid.: 10-11.

6.4 CHANGING DEVELOPMENT AND TRADE NORMS IN THE EPAS

Having outlined the overall trade policy context in which the ACP-EU Economic Partnership Agreements were conceived, the main purpose of this sub-chapter is to show how the EC-preferred free trade format advocated in “Global Europe” was not a “natural choice”, although DG Trade tried to advocate it as such, but the result of a long political process. Essentially, the way in which the Commission constructed the EPAs was closely linked to the inter-institutional relations and hierarchy of policy priorities. To illustrate this, I backtrack to the ACP-EU Lomé IV mid-term review of 1995 and trace the main changes until the expiration of the WTO waiver granting the ACP trade preferences in 2007. In this regard, four junctures are of particular importance: the Lomé IV mid-term review of 1995 by DG DEV and the member states, the Commission (DG DEV) Green Paper of 1996, the ACP-EU Cotonou Agreement provisions, the DG Trade negotiations mandate of 2002 and, finally, the eventual crisis in the EPA negotiations in 2007.

The Lomé IV Convention mid-term review of 1995 was the first official occasion that anticipated changes to the ACP-EU trade relationship. Interestingly, these changes coincided with the end of the Uruguay Round and the establishment of the World Trade Organization. As Vernier (1995) notes in his summary of the Lomé review, the negotiations on the commercial section were marked by a radically new approach. For the first time since Lomé I, the main focus of the debate was not *preferential access* (previously seen as the main way of ensuring trade flows from ACP states) but, increasingly, *trade development*. Articles 135 and 136 of the review specified that the objective of trade development is to ensure that the ACP states derive the maximum benefit from the trade development provisions of the Convention, and may participate *under the most favourable conditions* in the Community, domestic, sub-regional, regional and international markets. The aim here was to diversify the range and increase both the value and volume of the ACP states’ trade in goods and services. In addition, the Lomé IV mid-term review highlighted the importance of the ACP states’ self-reliance, intra-ACP and international trade, and improved regional cooperation in these fields. Special attention was to be paid to capacity-building, infrastructure, human resources, and organisational and private sector development, which the revised Lomé Convention was designed to support. At this point, the sovereignty of the ACP states was emphasised regarding the selection of macro-economic policies, trade strategies, as well as the legal and regulatory framework. In this respect, the Lomé IV mid-term review stated that specific operations in this regard

should be undertaken *at the request of the ACP states and regions*. In this regard, the change is significant compared to the EC stance seven years later in the Commission mandate and the actual EPA negotiations.

Another important benchmark was the European Commission/DG DEV Green Paper (1996) on the Relations between the European Union and the ACP countries. The very purpose of this paper was to discuss the challenges and options for the new partnership in the future Cotonou Agreement.⁷²¹ With regard to trade and investment (Chapter V:C), DG Development outlined various options for the future trade arrangements. Interestingly, the section starts with rather critical remarks. On the one hand, the text sees a *suitable* integration of the ACP group into the global economy and the definition of its proper place in the evolving economic relations with the EU as crucial. On the other hand, the Green Paper warns upfront about the risks and failures that might ensue if an appropriate framework is not found. Indeed, “These may result in the breaking up of the ACP group, the drifting away of some ACP regions and countries from the present link with the EU, and further marginalization of the poorest ACP countries”.

To avoid this, DG DEV sketched different alternatives with a view to allowing the ACP countries to accommodate their preferred integration strategies. These trade alternatives included (i) Single trade arrangements versus multiple arrangements, (ii) Differentiated versus generalised, (iii) Reciprocal versus non-reciprocal, and (iv) Contractual versus unilateral. In more specific terms, the Green Paper presents a menu of several options: “Status quo”; “Integration into the GSP”; “Uniform reciprocity”; “Differentiated reciprocity”; “Differentiation under a single framework including Region-to-Region FTAs”; “Bilateral FTAs”; “Non-reciprocal preferences”; “Graduation into GSP”; and finally as the sixth option, “Differentiation leading to a variety of arrangements”.⁷²² The Green Paper text also included a discussion on the assumed pros and cons of each of the presented options. Negative and positive implications were examined, particularly from the perspective of WTO compatibility, developmental differences within the ACP groups, capacity concerns, regional markets and integration, as well as overall feasibility.⁷²³

When it came to the ACP-EU Cotonou Agreement, the point of departure was clear. In essence: “economic partnerships” should facilitate the achievement of the overarching goal of the EU’s development policy and the Cotonou Agreement – the reduction, and eventually the eradication, of poverty – in a way which is both consistent with sustainable development and the gradual

721 Interviews EC[30]2009, EC[34]2009, CSO [31]2008 and CSO[11]2009.

722 For more content details, see Green Paper 1996: 38-39.

723 Green Paper 1996: 40-41.

integration of the ACP countries into the world economy.⁷²⁴ According to Article 1 of the Cotonou Agreement, the pursuit of these objectives should be conducted through an *integrated* approach which simultaneously takes into account the political, economic, social, cultural and environmental aspects of development. This integrated approach is further guided by fundamental principles of equality and ownership between the ACP and EU partners, participation that includes both state and non-state actors, dialogue between the partners as well as differentiation according to the needs of each ACP state, and regionalisation to promote cooperation between the ACP countries.⁷²⁵ Moreover, all the parties “shall refrain from any measures liable to jeopardise these objectives”. These terms were also to apply to the *New Trade Arrangements* section of the Cotonou Agreement, which provides the basis for the EPA negotiations between the European Commission (EC) and six ACP regional groups.⁷²⁶

In this section, modalities and procedures (including the timeline for the negotiations) were outlined under the title of *Economic and Trade Cooperation*. Most importantly here, in the modalities section, the “Parties agree to conclude new World Trade Organisation (WTO) compatible trading arrangements, removing progressively barriers to trade between them and enhancing *cooperation in all areas relevant to trade*” (Article 36:1). With regard to the issue of WTO compatibility, in the Agreement’s Objectives section, it is also underlined that “Economic and trade cooperation shall be implemented *in full conformity* with the provisions of the WTO, including special and differential treatment, taking account of the Parties’ mutual interests and their respective levels of development” (Article 34: 4).

Translating the objectives and principles of any given policy into practice is a complicated process. It is especially difficult when the objectives and principles are merely listed, or defined so broadly that they are left open to various interpretations. This is very clearly the case with the key objectives of the Cotonou Agreement – “poverty reduction”, “sustainable development”, and “the world economy”, into which the ACP countries are meant to be integrated. Despite these difficulties, the way in which the objectives of the Cotonou Agreement are declared in the text suggests that there is a *shared prior understanding* between the parties on what the objectives of poverty reduction and sustainable development imply, and how the integrated approach in pursuit of these goals should be governed, as it is not explicitly stated in the

724 See the Cotonou Agreement, Article 1, Objectives of the partnership and European Consensus on Development: paragraph 5.

725 See the Cotonou Agreement: Article 2, Fundamental Principles.

726 Four out of the six EPA configurations are Sub-Saharan African, plus the Caribbean and the Pacific.

text. This joint understanding of the objectives is supposed to come from the references made to certain international agreements in the preamble to the Cotonou Agreement. These include the pledges of the major UN Conventions, with the Rio Declarations on sustainable development being the first to be listed in the preamble.⁷²⁷ On the other hand, the Cotonou Agreement also refers to the commitments made within the legally binding framework of the World Trade Organization.

Leaving aside for a moment the issue of compatibility regarding the agendas of these two international organizations (see Chapter 2), we may refer back to the international consensus that was reached at the Rio+10 follow-up in Johannesburg in 2002, and that of the WTO Doha Development Round a year earlier. This consensus was based on the recognition of the importance of dismantling protectionism in, and increasing market access to, the developed economies, such as the EU and the US, especially in those areas where developing countries had the strongest export interests. This demand can also be traced back to the original *Our Common Future* (1987) (see Subchapter 2.4). In other words, market access for developing countries was the key issue that both agendas had in common. Both the trade liberalisers in the North as well as the developing countries that wanted to benefit from external trade supported this. More specifically, this was a key issue for the ACPs, which regarded it as important to maintain and improve their access to the EU market and benefit from different forms of assistance to increase their capacity to trade. By contrast, the issue of reciprocity in trade liberalisation was much more controversial. By the same token, the trade-related aspects that the EU wanted to push forward without a consensus at the WTO level formed another bone of contention. In the EPA case, WTO compatibility came to be understood as compatibility with GATT Article XXIV on the format of a free trade agreement. As the Doha Development Agenda (2001) did not materialise in the actual WTO Doha Round negotiations, a significant vacuum was left for actors such as the EU to use the space for their own benefit at the bilateral level, while the multilateral governance reform was put on hold. To conclude, at the goal-setting level, the goal of trade liberalisation started to live a life of its own, detached from the larger sustainable development agenda, or the European Consensus on development.

In the absence of a shared understanding, the power to define and decide comes into play. Due to the community competence in trade, DG Trade was granted the pole position to frame how these provisions would be taken

⁷²⁷ These include the Rio Declaration on Environment and Development, Agenda 21, the UN Framework Convention on Climate Change (UNFCCC), the UN Convention on Biological Diversity (CBD), and the Statement on the Forest Principles.

forward. In practice, this was guaranteed with the possibility to design the EPA negotiations mandate, which was then submitted to the Council for approval in September 2002.⁷²⁸ Even at this point, DG Trade put forward the idea that an all-encompassing trade and economic reform was needed in order to attain the objectives of the Cotonou Agreement. DG Trade outlined the formula in the following way:

... by establishing a stable, predictable and transparent framework for economic and trade relations between the ACP countries and the EU, EPAs are intended to mobilize economic operators at local, national, regional and international levels and to promote local economic activity and attract regional and international investments. By removing border measures to trade between the parties as well as other factors causing market segmentation, they will enlarge the markets of ACP countries, which will allow for economies of scale, will improve the level of specialization, will increase competitiveness of the ACP states and will help attract investment. This, in turn, will lead to an increase in trade flows in the region, with the Community and with the rest of the world, thereby promoting the sustainable economic and social development of the ACP countries.

At the same time, the Commission recognised that such a plan would require difficult economic and social adjustments.⁷²⁹ However, these difficulties would be addressed through development aid from the European Development Fund, rather than adjusting trade policy in itself.

In order to maximize the benefits of EPAs, it is therefore essential that EPA negotiations and implementation be accompanied by appropriate flanking policies of the ACP and the appropriate EU support measures are included in regular EDF financing. EPAs will set a trade policy framework which will need to be complemented by development policies in areas such as regional integration, macroeconomic and social policies, environmental policies, good governance, supply-side measures, sectoral programmes, fiscal reforms and assistance in trade-related areas such as customs administration, investment, competition and standards.⁷³⁰

Without dwelling here on the issue of the adequateness of the proposed model, a number of observations can be made. First, whereas the Cotonou Agreement provided the general framework for the new trade arrangements, the Commission

728 Interviews Council[5]2008, EC[4]2009 and CSO[20]2009.

729 Commission mandate SEC (2002) 351: 3-4.

730 Ibid.

negotiating mandate set out a comprehensive framework listing a wide range of issues to be incorporated into the EPAs. This also included a proposal to extend the scope of the EPAs to trade in services in accordance with the WTO GATS provisions. Second, it positioned the EU development policy at the service of this proposed model in terms of difficult economic and social adjustments. Third, it also positioned ACP developmental strategies to complement and support the anticipated challenges.⁷³¹ Whereas the Green Paper explicitly stated that these issues should be addressed only at the request of the ACP states, here the EC defines them as the key to trade relations reform. With regard to the objective of removing border measures, the issue of reciprocity in tariff liberalisation was seen as crucial. However, in terms of the EPA format, the mandate still stressed that the EPAs need to serve the developmental objectives first, and that WTO compatibility of ACP-EU trade relations does not override this primacy.⁷³² Yet, the content of the future EPA was already pre-selected and defined as a free trade agreement.

The primary building block for EPAs is the establishment of free trade areas, progressively eliminating tariffs and non-tariff barriers, such as quotas and measures having an equivalent effect, on substantially all trade between the parties.⁷³³

The Commission-mandated text proposes two normative guidelines that subsequently went on to become key issues in the actual negotiations. The first concerns the flexibility and asymmetry of the reciprocal trade liberalisation vis-à-vis the Community, while the second regards the differentiation of the ACP LDC states. Regarding the former, the mandate states that the Union will apply the maximum degree of flexibility available. “Therefore, while a period of 10 years for tariff dismantling would be the normal rule (in other FTAs), the Community should be prepared to accept that this period will be exceeded, where this is required by economic and social constraints of the countries concerned”. Flexibility should also be applied to product coverage as well as product exclusions and the pace of liberalisation commitments by the EPA partners. Deviating from the GATT principle of special and differential treatment, the mandate emphasised that under the EPAs, the least developed countries were also required to reciprocate. In other words, the EC held that special treatment was needed only if a country’s “adaption capacity” was at stake. However, this did not imply exemption from reciprocity, but more flexibility in terms of timing

731 Commission Mandate SEC (2002) 351: 5.

732 Commission Mandate SEC (2002) 351: 4.

733 Commission Mandate SEC (2002) 351: 4.

and slower implementation schedules. On the contrary, reciprocity as such was seen as essential for the developmental contribution of the EPAs. In other words, the needs and developmental differences would be addressed in the same framework for all the ACPs with the assumption that free trade benefits the parties regardless of the level of economic and social development. Moreover, the framework of harmonised rules and disciplines in all areas relevant to trade would be designed to cover all ACP regions and sub-regions.⁷³⁴

What is important to note is that the Commission mandate included a commitment to initiate sustainability impact assessment (SIA) prior to the start of the negotiations. The purpose of this study was to “bring a better understanding of trade, development and environment linkages and identifying the best policy mix”.⁷³⁵ This was seen as crucial in terms of linking the trade measures to the wider development objectives of the Cotonou Agreement.⁷³⁶ The five-year SIA research project resulted in two SIA reports in 2005 and 2006 as well as a summary report in 2007. The summary report was finalised in April 2007 and accepted by the Commission in May 2007⁷³⁷, just six months before the anticipated conclusion of the EPA negotiations. Due to their late timing, these studies did not provide much of a guideline for the actual negotiations. They were also commissioned, and consequently conducted, based on one pre-selected FTA format under GATT Article XXIV. This choice left aside the concerns expressed in the DG DEV drafted Commission Green Paper (1996) and its different alternatives, which were not evaluated.⁷³⁸

George (2010: 126) points to the fact that the first two SIA reports presented a total of 207 detailed recommendations, many of which called for significant changes to the proposed EU EPA model. However, the EC did not officially respond to them. Instead, the Commission issued a position paper on sugar eight months later in which it stated that the twelve summary report recommendations had already been taken into account. Among these 12 recommendations were identified concerns related, for example, to the fragmentation of the regional groupings, “sensitive” product protection and rules of origin.⁷³⁹

In May 2002 the General Affairs and External Relations Council approved the Commission proposal. This implied that the Commission’s DG Trade now had a mandate to negotiate on behalf of the EU, along the lines that it had drafted. On the ACP side, guidelines for negotiations were agreed by ACP Trade

734 Commission mandate SEC (2002): 5, 7.

735 Commission mandate SEC (2002): 8.

736 Ibid.

737 PricewaterhouseCoopers 2007: 4.

738 Interviews CSO[31]2008 and EC[1]2008.

739 See PricewaterhouseCoopers 2007: 10-18.

and Finance Ministers.⁷⁴⁰ The text defining the Commission mandate re-asserted the overall development objectives of the Cotonou Agreement as the framework for the talks. It was also confirmed that the EPAs must serve these objectives.⁷⁴¹ In specific terms, it “shall aim at fostering the smooth and gradual integration of ACP States into the world economy, with due regard to their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in the ACP countries (Article 34 (1))”. The Council conclusions (13 May 2002) re-affirmed the centrality of these objectives. They also stressed the importance of market access, WTO compatibility and flexibility. This importance was further highlighted with a rather ambiguous phrase stating that “the Economic Partnership Agreements should be regarded as a tool for development and, by the same token, be WTO compatible”.⁷⁴²

However, as discussed above, the Commission negotiating mandate expanded the provisional text in the Cotonou Agreement and set out a comprehensive framework listing a wide range of trade-related issues to be incorporated into the EPAs. This also included a proposal to extend the scope of the EPAs to trade in services in accordance with the WTO GATS provisions and other issues that were rejected during the WTO negotiations. In the course of the negotiations, the regulatory elements were further expanded to investment regimes, protection of intellectual property rights, labour and environmental norms.⁷⁴³ However, as important as labour and environmental norms are for sustainable development, emphasising those elements overshadowed the core question related to the functionality of the free trade agreement format in this context. Furthermore, this approach shifted the focus and responsibility away from the EU’s role in policy coherence towards the ACP partners.

According to the original plan, the Commission, representing the Union, was to first reach a framework agreement with all the ACP regions by 2004. After that, the negotiations were to proceed with the EU and each of the six ACP regions separately, with a view to concluding the EPAs by the end of 2007.⁷⁴⁴

740 The so-called Joint Roadmap documents between the EC and each regional grouping define the organisation of the parties to the negotiations. The EC organisation is based on the Treaty Establishing the European Community. The European Commission negotiates on behalf of the EU, represented by the Commissioner of Trade at the ministerial level, and a senior official of DG Trade at the ambassadorial level. Preparations at the technical level will be coordinated by the geographical responsible unit in DG Trade.

741 SEC (2002) 351 Final: 2.

742 Council Conclusions 13 May 2002: 10.

743 Lesage & Kerremans 2007: 93.

744 The EPA groups consist of six ACP regions: CEMAC plus Sao Tome and Principe (Central Africa), ECOWAS plus Mauritania (West Africa), COMESA minus Egypt and South Africa (East and Southern Africa), SADC plus Angola, Mozambique and Tanzania (Southern Africa), CARIFORUM (Caribbean) and Pacific ACP States.

However, the negotiations proved to be much more complicated than those first envisioned in Brussels. Symptomatically, the first all-ACP stage of the negotiations was never completed. This was due to a number of reasons. First, there was a remarkable degree of confusion caused by the decision to transfer ACP trade-related issues from DG DEV to DG Trade (see Sub-chapter 3.2) in the EC. The ACP countries were confronted with an altogether different logic of discussing their relations with the Community. In particular, they were confused by the approach to separate trade from the traditional approach of development cooperation and the overall ACP-EU framework. Whereas the ACPs anticipated discussions along the traditional lines of diplomacy, DG Trade framed the process as free trade negotiations in line with the EC mandate. Furthermore, the ACP countries had very limited interest in engaging with the EC, as they were quite satisfied with the preferential treatment and non-reciprocity.⁷⁴⁵ This position did not augur well for the actual negotiations.

Ideally, in bilateral negotiations both parties engage in the process voluntarily and expect to gain from the exchange. They test the ground and place their offers. Through bargaining, they aim to maximise their gains while seeking an agreement on the actual content and scope of the outcome. These preconditions were not in place in the EPAs. As a matter of fact, the logic of the trade negotiations left very limited room for mutual analysis or planning on how to formulate the strategies prioritising the development interests. The ACPs also found it strange that DG Trade was leading the negotiations without the competence to discuss development cooperation and aid. At this point, DG DEV was still trying to put its own house in order after the Commission reforms, and did not demand a bigger role than the one officially allocated to it. Many of the interviews point to this delay and the absence of more proactive involvement before 2005.⁷⁴⁶

... certainly, there was a transition period of one year or a bit more [2004-2005] where DG DEV was slow to realise the implications of launching the EPA. This was also the case with the member states. The EPAs were truly launched in the course of 2004, which was the end of the previous Commission. Then there was the new Commission, the new Director-General, so from the organisational point of view, things were not in place.⁷⁴⁷

So in practice, both the negotiations of the EPAs with the ACPs as well as the inter-service consultations within the Commission were in the hands of

⁷⁴⁵ Elgstöm 2010: 21.

⁷⁴⁶ Interviews EC[15]2009, EC[14], CSO[31] 2008, CSO[11] and Academia[7]2009.

⁷⁴⁷ Interview EC[15]2009.

DG Trade. Respectively, DG DEV was confined to the provision of technical and financial assistance.⁷⁴⁸ This power position depended on the Community competence and the EU's institutional organisation. Similarly, every item in the negotiations was presented under the lead of the respective sectoral DG. For instance, DG Agriculture was in charge of agriculture, DG TAXUD took the lead when it came to certain details on Rules of Origin, and DG SANCO provided input on sanitary and phytosanitary standards.⁷⁴⁹ On the Commission side, this standard FTA negotiation procedure also turned the EPAs into “a joint true EC undertaking”.⁷⁵⁰ As such, it became increasingly important for the Commission to reach and maintain internal consensus in order to speak with one voice externally.⁷⁵¹ The “fact” that the Commission is one, and operates as one, was a feature that frequently came up in the interviews, irrespective of the DG. There were also dissident voices, but they constituted a silent minority within the Commission.⁷⁵² From the point of view of the ACP countries, this setting marked a complete change of culture. At the negotiations, they were faced with highly skilled, result-oriented and strategically motivated (often also pressured) EC staff, whose primary mandate was influenced by the sector in question as well as the overall EC position. The Cotonou Agreement as such did not constitute an important reference. Or rather, the Council had already approved the Commission mandate, which decreased the need for closer scrutiny.⁷⁵³ In addition, the gap between the EC and the ACP negotiating power and capacity posed yet another question.

Once the negotiations had got underway, alternative or critical views were seen as counterproductive. Therefore, DG Trade trod carefully when it came to planning how the whole issue area was to be communicated and discussed. This included common guidelines to debate free trade, FTAs, the Doha “Development” Round as well as the EPAs.⁷⁵⁴ The controlled exchange of information was further enforced by the Commission hymn sheets that were regularly sent to the member states. In this configuration, the Council and the member states took a rather passive stand. This can be explained again by the fact that DG Trade used its community competence fully – and skillfully – in the actual negotiations where the member states did not have a role to play. Inside the Council, the Article 133 Committee constituted the key forum, whereas the

748 Hudson 2006.

749 Interviews EC[15]2009 and EC[4]2009.

750 Interviews EC[4], EC[14], and EC[15]2009.

751 Interviews EC[17], EC[32], EC[10]2009, EC[34]2009, EC[12]2009, EC[27], EC[26].

752 EC[34]2009.

753 Interviews CSO[31]2008, Council[5]2008 and Academia[7]2009.

754 CSO[20]2009, Council[5]2008 and informal discussions.

role of the ACP Working Group remained rather modest and disintegrated.⁷⁵⁵ However, the positions on the Article 133 Committee were largely influenced by the fact that the member states were represented by national trade policy functionaries who were, in turn, directed to promote their own national trade policy interests. In this context, development concerns were mainly on the table to accompany the liberal trade policy stand on market access, but not as an independent issue area.⁷⁵⁶ Furthermore, the nature of the Article 133 Committee as an arena for all trade policy issues and ongoing negotiations was not conducive to critical remarks or new openings that would have challenged the Commission's view. As neither the ACPs nor the EPAs were hardly of primary interest to any of the member states, they also avoided challenging the EC in this area. In addition, the member states themselves had given the Commission a very broad mandate that largely legitimised the EC choices. Moreover, after the approval of the Commission mandate, the role of the Commission was mainly to inform the Committees about the proceedings on the EPA front.

In this rather dormant setting, the UK government was the first to react, and react it did. In March 2005, the UK published a highly critical position paper by the Department for International Development and the Department of Trade and Industry. Essentially, the paper outlined how the EPAs could be designed to deliver for development and what changes that would imply in the Commission stance. First and foremost, it accused the EC of a mercantilist approach and the pursuit of offensive interests. Second, it stated that developing countries can benefit from liberalisation in the long run provided that they have the economic capacity and infrastructure they need to trade competitively. It also warned that if these conditions were not in place, trade liberalisation could be harmful. Therefore, the UK letter stated that trade liberalisation should not be imposed on developing countries, neither through trade negotiations nor aid conditionality.⁷⁵⁷ To this end, the UK set out a list of measures for implementing this in practice. These included flexibility over market opening (20 years), duty-free, quota-free market access and coordinated Aid for Trade financing, the removal of the Singapore Issues from the negotiations, unless specifically requested by the ACP Party, and the establishment of a review mechanism for EPAs, with full ACP regional group ownership and participation. Even more radically, the UK stated that the Commission should also be prepared to provide an alternative to an EPA without entailing inferior market access to the Cotonou

755 Interview Council[5]2008.

756 Interview Council[5]2008.

757 Economic Partnership Agreements: Making EPAs work for development. DTI and DFID paper, March 2005.

preferences, should that be requested by any ACP country. And lastly, the UK advised the Commission to propose, in conjunction with the WTO, that Article XXIV defining frontier traffic, customs unions and free trade areas would be reviewed, as suggested by the Commission for Africa. In sharp contrast to the Commission stance, the idea here was to circumvent the requirements for reciprocity and increase the focus on development priorities.

The letter was received with dismay at the Commission end. In his response on behalf of DG Trade and Trade Commissioner Peter Mandelson, Peter Carl described the British approach as a “major and unwelcome shift” influenced by “celebrities and NGOs who are now pressing for action which would have no impact on the Commission’s negotiation position”. However, the UK government re-affirmed its stance as a matter of principle to make the EPAs as development-friendly as possible.⁷⁵⁸ A more constructive framework was found with the establishment of an informal EPA Expert Group during the UK Council Presidency. This group, often referred to as “The Friends of the EPAs”, shared the concern about the inadequate development focus in the EPA process. In addition to the UK, DG Trade (chair) and DG DEV staff, the group included both trade and development people from Germany, Sweden, the Netherlands, Denmark, Ireland, Finland, Belgium, Austria, France and Poland.⁷⁵⁹ Unsurprisingly, the UK was also vocal in this context as it had taken a very positive stand towards trade liberalisation as a whole, and placed Africa/poverty eradication at the heart of its presidency agenda (cf. Sub-chapter 4.3). Furthermore, it did not agree with the reciprocity in the FTA format that the Commission sought to put forward in the negotiations. Despite improved information sharing and more focused discussions on development funding, this group did not provide a sufficient counter-force to the Commission stand. One reason for this was the frequently changing staff and lack of capacity in many of the member states to address the EPA question from the development point of view.⁷⁶⁰

The ACP countries, together with the European Parliament Committees on Development and International Trade as well as various NGO platforms, largely perceived reciprocal liberalisation measures as inadequate in advancing development in ACP countries. Furthermore, they stressed the so-called supply-side constraints⁷⁶¹ within the ACP states, which make it

758 “EU move to block trade aid for poor”, *the Guardian* 19 May 2005.

759 Interviews Council[5]2008 and CSO[20]2009.

760 Interviews Academia [7]2009, EC[1]2008, Council[5]2008, CSO[20]2009 and CSO[31]2008.

761 Supply-side constraints generally refer to factors such as poor economic infrastructure, unfavourable investment climate, weak institutions, and lack of a trained workforce, which prevent developing countries from taking advantage of trade liberalisation. See also Bilal & Rampa 2006.

unlikely that the majority of the ACP countries' producers can benefit from the EC approach. What is more, the least developed countries (LDCs) had already been offered duty- and quota-free access to the EU market under the Everything But Arms initiative, which diminished their incentives. Furthermore, reciprocal liberalisation in itself was not in line with the WTO/GATT principle of special and differential treatment.⁷⁶² These critics feared, *inter alia*, that the current international setting allowing the EU increased access to the ACP markets by liberating “substantially all trade” would have a *negative* impact on the development of local producers and industries, as well as on the public revenues of the ACP states, and would narrow down the policy sphere for alternative development paths. The EU approach was consequently more likely to lead to growing inequality than to the achievement of joint development goals.⁷⁶³

Regarding the WTO rules, the EP did nothing less than urge the EC to take the initiative to revise and clarify GATT Article XXIV concerning free trade agreements and the “substantially all trade” clause. At the same time, the Committee advised taking into account the reality of the ACP countries in terms of dependency on primary commodities and their price fluctuation and tariff escalation. To remedy this, the EP stressed that diversification was needed which, in turn, requires development of the processing industries and SMEs in those countries. Additionally, the EP called upon the EC to offer valid EPA alternatives such as the Everything But Arms initiative (EBA) to all non-LDC countries, or by improving the EU's GSP+ proposal for those ACPs that may not wish to enter into an EPA. The EPA checklist concluded by stressing that the capacity invested in building local markets and trade was at least as important as market access.⁷⁶⁴

However, the EC maintained that reciprocity in trade liberalisation was not only a WTO requirement concerning free trade agreements, but an essential element of any development-oriented trade agreement.⁷⁶⁵ In response to this criticism, the Commission worked hard to communicate more effectively why

⁷⁶² On Special and Differential Treatment, see Sub-chapter 2.4.

⁷⁶³ This position is largely shared by the African ACP states, the European Parliament, as well as various NGOs both in Europe and in the ACP countries. Compare, for instance, the ACP-EU Joint Parliamentary Assembly 2006, EP Report A6-0075/2005 Committee on Development, Rapporteur: Glenys Kinnock: 12-13. EP Reports 2007, Oxfam 2006 and the Stop EPA campaign by 171 NGOs.

⁷⁶⁴ This EP Report A6-0075/2005 also included calls for the Council to take measures to implement the WTO Decision of 30 August 2003 on the implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health, and calls on the Commission to urge the member states to implement the new regulation fully.

⁷⁶⁵ Interviews EC[1]2008, EC[10]2009, EC[18] and EC[4]2009.

the EPAs are an essential tool for development. Most importantly, this effort was facilitated by Development Commissioner Louis Michel, who adopted a very supportive and proactive stance towards the EPAs. This has resulted in a number of joint documents on trade and development aspects since November 2005.⁷⁶⁶ The cooperation between the two Commissioners, Michel and Mandelson, peaked in a jointly signed booklet entitled “Economic Partnership Agreements: Drivers of Development” (2008). The main purpose of this joint endeavour was to clarify the misunderstandings that surrounded the EPA question and to show that the Commission stood and spoke as one in the negotiations and beyond.⁷⁶⁷ As plausible as this position was for Commission unity, it effectively blocked a more open debate on policy coherence for development. Almost ironically, the European Consensus Statement had given the Commission the very role of safeguarding policy coherence for development in trade and development (see Sub-chapter 5.5).

Towards the end of 2007, it became obvious that none of the African regions would be either willing or able to conclude an EPA as envisioned and urged by the Commission. Only one regional EPA – the EU-CARIFORUM EPA – was adopted as planned.⁷⁶⁸ In this situation, the EU tabled a two-stage proposal, which consisted of concluding the WTO-compatible interim and partial agreements with predisposed regional groupings and individual countries. Development assistance, which had been omitted from the trade negotiations until 2007, was brought back to facilitate the conclusion. However, the main bones of contention that have appeared during the process still remain, and keep increasing. Most importantly, it is evident that the lingering doubts over the appropriateness of the EPAs as instruments for economic and social development can be attributed to the degree of reciprocal liberalisation, timetabling, capacity and revenue loss as import tariffs go down, increased foreign influence in internal affairs, regional disintegration, and lack of public support.⁷⁶⁹ In the meantime, falling back on either unilateral preferences, such as the EBA or GSP, or the expiration of interim agreements since 2007, all parties have committed themselves to pursuing comprehensive and regional negotiations. However, a notable disinterest prevails on the ACP side when it comes to pushing the EPAs forward. DG Trade was also aware of the risks of

⁷⁶⁶ SEC (2005) 1459 The trade and development aspects of EPA negotiations.

⁷⁶⁷ Interviews EC[27] and EC[14]2009. See also the foreword to the booklet by Commissioner Louis Michel.

⁷⁶⁸ Five of the 11 Eastern and Southern Africa (ESA) states (excluding the East African Community – EAC) initialled an interim EPA in 2007 and a sixth, Zambia, did so in 2008. In addition, Ivory Coast initialled an interim EPA in 2008, and 2 countries initialled an interim EPA in the Pacific (Bilal and Stevens 2009).

⁷⁶⁹ See the list by the ACP negotiators on the Contentious Issues 2009.

reciprocal liberalisation if the ACPs chose not to act accordingly and started implementing reforms necessary for facing future competition.⁷⁷⁰ However, should that happen, the EC still has the option to pressure a non-complying country with the threat of the WTO appellate body.⁷⁷¹

To summarise, due to the institutional power of DG Trade and its sole competence, it was rather immune to pressure from other involved actors, most importantly from the ACPs. This position provided DG Trade with an opportunity to expand the consensus on market access and trade capacity-building in a direction that was in line with its overall trade policy and vested interest. In this situation, the support from DG DEV, particularly from Commissioner Louis Michel, was crucial. This liaison between DG DEV and DG Trade was founded both on the shared idea of trade liberalisation at the Commissioner's level and the need to work in unison. Officially, the EC was aiming to kill two birds with one stone by fulfilling the EU's interpretation of WTO compatibility and the development policy objectives. In this regard, the EU also highlighted the possibility of using economic coercion. Consequently, the limits of policy coherence for development were set out within these boundaries. However, the problem of the gap between the actual interest-driven negotiations and the normative value-based commitments made in the ACP-EU Cotonou Partnership Agreement and European Consensus still needed to be covered. That is why the use of discursive power became key in presenting the EPAs in the chosen free trade format as the necessary and only option for the development of the ACPs. This setting manifests the normative dualism in the EU's development and trade approach.

6.5 THE EPAS AS A MODEL FOR TRADE AND DEVELOPMENT

The main purpose of this last sub-chapter is to conduct a closer analysis of the format that the European Commission was proposing for EU-ACP trade. More precisely here, I focus on the proposals that concern the (four) Sub-Saharan negotiation groups and their main normative features. None of these groups was willing to conclude a comprehensive EPA before the 31 December 2007 negotiation deadline. Importantly from the PCD perspective, the Sub-Saharan groups include the vast majority of the world's least developed countries, where the need for sustainable development and poverty reduction is particularly pressing. Therefore, rather than analysing the specific provisions of each of the proposed EPAs, my interest lies in the elements that define the EU's

⁷⁷⁰ Interviews EC[18]2009 and EC[27]2009.

⁷⁷¹ Interview EC[27]2009.

understanding of policy coherence for development.⁷⁷² The main features can be inferred from its trade and development policy statements, as well as EPA negotiation documents. I also rely on the semi-structured interviews that I conducted with the key trade and development officials in the respective Commission services.⁷⁷³ In the following, I will briefly summarise the main characteristics of the EU approach and discuss them from the point of view of policy coherence for development. In particular I look at:

- a) the Commission's negotiation stance in terms of the EU's *dominant normative approach* to trade and development in the EPAs,
- b) the Commission's *primary goals* in the negotiations, namely what it wants to gain from the negotiations, after which it may make concessions on other topics in return for accepted trade and development gains,
- c) the Commission's minimum acceptable compromise, namely its "bottom line" and the ultimate limit on its willingness to negotiate.⁷⁷⁴

With regard to the EU's dominant approach, the main features relate to the mutually reinforcing interrelationship between development objectives and the multi- and bilateral trading systems.⁷⁷⁵ The Sub-Saharan countries are also expected to benefit from closer involvement with these arrangements, thanks to regional integration, on the one hand, and through closer and more harmonised economic relations with the EU, on the other.⁷⁷⁶ The way in which the multilateral trading system operates or the EU organises North-South free trade agreements with poorer countries does not necessarily require reforming.⁷⁷⁷ Instead, the EU-African ACP trade arrangements need to be aligned more closely with the existing EU-South trade framework and, in particular, the FTA models and overall WTO compatibility. This implies major changes both at the country and regional levels. As a result, the EU embarked on the negotiations with a broad trade agenda including liberalisation of both trade in goods and trade in services. In addition, the EC was/is endeavouring to include a number of so-

⁷⁷² For further details on the EPA provisions, tariffs and schedules, see Bilal and Stevens 2009.

⁷⁷³ In addition to research interviews, the exchanges included informal meetings and discussions with persons involved. I was also present in a number hearings, consultations and conferences where the issues were presented and debated by some of the interviewees in 2006-2009.

⁷⁷⁴ See and compare with Grainger 2004: 283-292, on positions in respect of climate change negotiations.

⁷⁷⁵ Cf. Global Europe.

⁷⁷⁶ Interviews EC[1]2008, EC[4]2009, EC[10]2009, EC[14]2008 and EC[15]2009.

⁷⁷⁷ None of the 17 EC interviewees brought up this issue or expressed any interest in discussing it.

called “New Trade” issues like competition, investment and public procurement in the EPA agreements, which it sees as reinforcing elements in the EPA packages.⁷⁷⁸ Compared to the Cotonou Agreement, the status of these elements in the negotiations proposal was shifted from “areas of cooperation” to legally binding contractual arrangements so as to lock-in the necessary EU-compatible reforms.

In keeping with the EU’s dominant approach, the EU expresses strong support for trade liberalisation and the consequent increase in competition, which it regards as beneficial both for its own trade interests and duly for those of its ACP partners. Reciprocity *per se* is not considered problematic; on the contrary, it is seen as beneficial, if market liberalisation is sufficiently asymmetric and takes place gradually.⁷⁷⁹ In this respect, the EU proposal puts forth a strong norm of what this should imply in practice. This norm is based on the EU interpretation of the “substantially all trade” definition of the North-South FTAs, including the EU and the LDC as well as the non-LDC ACP partners under GATT Article XXIV.

In this case, the Union is willing to exercise flexibility and asymmetry in terms of liberalising 100 per cent for ACP trade and expecting the EPA partners to reciprocally dismantle 80 per cent of their tariffs on EU exports per tariff line and volume. This would allow the 20 per cent margin to be used by the Sub-Saharan ACPs to protect sensitive products against EU competition. In this case, the EPA would result in an average of 90 per cent liberalisation.⁷⁸⁰ According to the SIA by PricewaterhouseCoopers (2007), this would cover several sensitive products.

However, “several” does not mean “all of them”. In addition, this margin distinguishes the EPAs from the “normal FTAs” as the room for manoeuvre is 10 per cent larger than is usually the case.⁷⁸¹ Given that the “substantially all trade” clause has not been defined in the WTO⁷⁸², the EU is not willing to test the ground with lower liberalisation offers which would risk being challenged by other WTO members. This choice is grounded in legal, economic and political arguments.⁷⁸³ Most importantly here, from the EU development perspective, the more you liberalise, the better for your economic development. This approach is applied to non-LDCs and LDCs alike. Although the LDCs could stay outside the EPAs and continue to export to the EU under the EBA initiative with the

778 Interviews EC[1]2008, EC[4]2009, EC[10]2009, EC[14]2008 and EC[15]2009.

779 Interviews EC[1]2008, EC[4]2009, EC[10]2009, EC[14]2008, EC[16]2009 and EC[15]2009.

780 Interviews EC[1]2008, EC[4]2009, EC[10]2009, EC[14]2008 and EC[15]2009.

781 On the problem of protecting sensitive products and the trade-offs between agricultural and industrial products, see Hepburn 2007.

782 Cf. the Turkey case discussed above.

783 Interviews EC[4]2009 and EC[14]2008.

same duty-free, quota-free market access, the reciprocity in terms of EU exports would also affect them if they are members of the EPA regional configuration with a common external tariff. However, flexibility regarding the pace of the transition period for the liberalisation commitments is set at an average of 15 years by the EPA, instead of the 10 years applied by other FTAs. During this time, the Sub-Saharan countries should adequately prepare for the market opening and aim at increasing the competitiveness of their products. Reciprocity is most challenging for countries where EU imports compete with domestic production and where import tariffs constitute a substantial part of government revenue. However, this is not seen as problematic as the 20 per cent margin is more than sufficient to protect the sensitive core industrial and agricultural sectors. Crucially, liberalisation should be directed in a way that lowers the price for imports that are not *at present* in direct competition, and can facilitate development by providing “inputs” to different manufacturing and processing sectors, thereby adding value and diversifying production.

The rationale for reciprocity rests on the principle that the liberalisation of ACP markets towards the EU is expected to increase competition within ACP economies, reduce prices for consumers, and stimulate investment as well as the transfer of technology and knowledge.⁷⁸⁴ The increase in competition will lead to more efficiency as the uncompetitive industries and sectors will be outcompeted and eventually vanish. In this respect, the question of Sub-Saharan agricultural production is a crucial one in terms of poverty eradication. However, in the actual EPA negotiation model, there is very little that directly touches upon the developmental needs of agriculture, apart from the 20 per cent exclusion margin. In addition, poor urban consumers are likely to benefit in the event that competition is also increased concerning sensitive agricultural products if they can purchase the subsidised EU products at a lower price than the domestic ones. This is where the government policy, as well as regional strategies, should intervene to direct national development, which would then be supported by the EU development policy, including Aid for Trade schemes.⁷⁸⁵ By the same token, the issue of revenue loss will be partially addressed by development policy and will be compensated by increased effectiveness in customs control and alternative methods of tax collection.⁷⁸⁶

However, the phase during which gradual progress should take place is directed by the WTO rules and not by the development needs of a specific ACP country or region. Discussion and assessment of development benchmarks in terms of the advancement of the poverty reduction goal does not lie within

784 See more in Bilal & Rampa 2006: 41.

785 Interviews EC[1]2008, EC[4]2009, EC[10]2009, EC[14]2008 and EC[15]2009.

786 Interviews EC[4]2009 and EC[18]2009.

Commission trade competence and is therefore to be excluded from the actual negotiations. However, according to some key Commission officials, the EU itself does not have any offensive interests vested in EPAs that would conflict with the poverty reduction goal.⁷⁸⁷ This is simply because free trade as such is seen as development-friendly despite the lack of theoretical and empirical evidence pertaining to this type of particularly vulnerable context. Even the suggested inclusion of the New Trade issues is considered compatible with the EC's Global Europe Trade Agenda and necessary for the EU's development through trade approach.⁷⁸⁸ However, the EPAs also include issues that go beyond the development dimension, such as the MFN treatment that the EC, with the support of some of the member states, seeks to incorporate.⁷⁸⁹ In addition, the absence of interests can be questioned with the very logic of similar FTAs, which are negotiated with a view to gaining mutual benefits through reciprocal liberalisation. This was particularly the case with the service sector.

In the reform of the EU-ACP economic relations, the EU promises to assist ACP countries in respect of adjustment costs and capacity-building. Further, regional task forces (where active and established) are expected to act as interlocutors between trade and development agendas in the implementation of the EPAs.⁷⁹⁰ But negotiating on aid and cooperation are legally matters of shared competence between DG Development and the member states, which follow their own budget cycle and allocations independently of the EPAs. Even more importantly where PCD is concerned, DG DEV, member states or civil society actors do not have a direct say in the negotiation process. Consequently, the development issues form a *parallel* agenda but they are not directly integrated into the free trade discussions. In order for EPAs to deliver their expected development benefits, they should be part of the larger economic and development policy reform of each ACP state. In sum, EPAs are seen as the main instrument of economic and trade cooperation, closely *linked* to but not integrated into the political and development finance aspects of the Cotonou Agreement.⁷⁹¹

The European Commission's *primary goal* with respect to the EPAs is to conclude free trade agreements and certain WTO compatibility in line with its overall trade policy objectives. In particular, coherence with the other North-South FTAs is seen as crucial. From the broader normative perspective, the issue of harmonisation and integration between the EU and the ACPs is also regarded

787 Public speeches by Wunenburger, 2.10.2006; Manservisi, 4.12.2006; and Dihm, 2007.

788 Cf. Sub-chapter 6.3.

789 Article 133 Committee internal document.

790 Interviews Academia[7]2009, CSO[20]2009 and EC[14]2008.

791 COM 2005d: 3; COM 2003.

as fundamental. Thus the primary objective is ultimately to conclude broad and comprehensive regional EPAs. The EC can, however, make concessions regarding trade in services and the New Trade issues with the African EPA groups. In addition, what the EC promises to ACP countries as part of the free trade agreement includes improved full market access, gradual and asymmetric trade liberalisation to protect fragile sectors, the removal of non-tariff barriers, support to trade facilitation, and deeper regional integration. It also considers reforming measures regarding export and price support subsidies, as required under the WTO rules. However, what is seen as crucial for the development dimension is adopting the whole EPA agenda and adhering to its implementation schedules. Due to the difficulties during the actual negotiation process in 2007, the EU adopted a last-minute plan for two-stage EPAs to avoid trade disruption and to meet the WTO waiver deadline. In practice, this meant conducting the negotiations with individual countries or regional sub-groups on trade in goods only. However, this was seen as “a first step towards more comprehensive regional EPAs”. In addition, following the impasse in the EPA negotiations towards the end of 2007, the prevailing Commission stance towards decoupling development assistance from the negotiations changed. Although development assistance was not on the negotiation agenda, the linkages between the envisioned EPA implementation and support in the form of development assistance become more important. This tendency has intensified since the onset of the global financial crisis. Nevertheless, the crisis itself served to increase the importance of having the EPAs negotiated as planned without the need to revise any of the provisions.

The EC’s *bottom line* can be described in two words: WTO compliance. This implies a reciprocal free trade agreement to open the ACP markets to the EU-defined minimum level necessary to secure WTO-compatible economic relations.⁷⁹² However, the EC’s interpretation of the WTO rules is very strict and it has not shown any willingness to explore either the limits or the alternatives to reciprocal free trade agreements in line with its other free trade agreements.

In order to draw the limits which define the EC’s understanding of the development dimension, three factors can be examined. Firstly, the EC assumes that the development impact will *follow* the adoption of the trade liberalisation paradigm in the ACP countries, including Sub-Saharan Africa. Secondly, this impact will be supported by development measures that will be negotiated *outside* the free trade agenda by DG Development. These will consist of traditional elements of the EU-ACP economic partnership, namely through national and regional development cooperation programmes and aid to increase ACP countries’ trading capacity, as well as to reduce the costs involved

792 Interviews EC[1]2008, EC[4]2009, EC[10]2009, EC[14]2008 and EC[15]2009.

in the adjustment periods. However, aid and development cooperation at the Community and country levels should be formulated in line with the EPAs and not vice versa. Finally, and most importantly for this chapter, what the EC position lacks are considerations that would imply *changes* to the prevailing EU trade liberalisation paradigm beyond the limited asymmetry and flexibility. It appears as if development – the goal – is meant to adapt to the EPA instrument and not vice versa.

CHAPTER CONCLUSIONS

The evolution of both multilateral trade negotiations and EPAs provides a range of lessons in terms of the EU's normativity and policy coherence. At the level of official discourse, the Doha Development Round was to deliver on the unfulfilled expectations of the international trade talks to date. Those who were leading the preparations wrapped these aspirations around the concept of sustainable development. The EU was at the forefront in advocating the launch of the new Round. However, there was a tangible gap between the sustainable development rhetoric and the actual negotiation positions, which were very traditional and self-interest-centred. First and foremost, the EU wanted to see regulatory elements on the agenda, similarly to its position at the WTO 1996 Singapore Ministerial, while struggling internally with the Common Agricultural Policy. This time around, the broad liberalisation agenda was promoted under the banner of development issues but, despite this framing, developing countries rejected them. Instead, the majority of developing countries wanted to focus on the pending trade in goods issues, including agriculture. Due to the difficulties at the multilateral level, the Union shifted the focus to its own bilateral trade agreements, while still stressing the importance of the WTO talks. The "Global Europe" Trade policy of 2006 was designed to encompass both levels. This framework constituted the context and domain within which the Economic Partnership Agreements were to fit, detached from the Cotonou Agreement and the European Consensus on Development.

As the case of the Economic Partnership Agreements clearly shows, the question of norm promotion is a complex process with many intervening variables, such as different ideas, means and interests that relate to the norm as well as to the institutional context in which the norm is promoted. This risks resulting in a gap between the "original" value and the preferred meaning of the norm that is promoted in practice. Regarding sustainable development as a norm, the EU starts from the assumption that a broad free trade and strong regulatory framework is the key to promoting sustainable development. In order to achieve this, the focus was narrowed down to a very specific and even

controversial interpretation of sustainable development that was subordinate to the overall trade agenda. Thus the problem here lies both in the details as well as in the whole policy framework.

To start with the latter, the EPAs pay the price for the past failures to agree on clear and fair trade rules at the multilateral WTO level. This, on the one hand, points to the current state of affairs and the institutional power vested in the WTO and the EU, which has made it possible to simultaneously continue with active trade liberalisation in developing countries while maintaining protectionist measures at home. However, there was an emerging international consensus led by the more liberal EU member states to contest these standards. Yet the consent over trade liberalisation related to the developing countries' market access and dismantling protectionism, rather than to the wide-ranging reciprocal FTAs and adjustments in the partner countries.

When the multilateral trade framework failed to materialise as intended, the EPAs were left with the bilateral domain and its logic of broad reciprocal trade liberalisation and its regulatory ethos. Consequently, the sustainable development agenda was rapidly narrowed down to the debate over the appropriate interpretation of GATT Article XXIV on free trade agreements. In this respect, the most crucial issue for the EU was to avoid further disputes in the WTO as well as to harmonise EU-ACP trade in line with its overall trade strategy. Due to its institutional power – and sole competence in trade inside the EU framework – DG Trade was able to control the agenda as well as the actual negotiations. In this respect, development actors were more reactive than active with a very narrow and technical role. In addition, they had participated (albeit not unanimously) in legitimising the joint EC position by approving the Commission mandate. This in turn led to the acceptance of the reciprocal free trade agreement format that became the model for the EPAs. At the same time, it constituted the EU interpretation of the GATT XXIV clause on North-South free trade agreements in global trade governance. In practice, this was adopted in the EU-Caribbean (CARIFORUM) EPA, while it was rejected at the regional level in Sub-Saharan Africa and the Pacific.

In terms of conceptualising this interrelationship between the EPAs and the development policy objectives, we may apply the previous definitions of policy coherence for development. What we have at hand is a phenomenon that falls, on the one hand, under *narrow (in)coherence*, namely (in)coherence between the two branches of the EU's external relations, and *horizontal (in)coherence* within the European Commission more generally, on the other (cf. Hoebink in Sub-chapter 2.3). The EPAs are also related to the question of *multilateral governance* of sustainable development (cf. Carbone in Sub-chapter 2.3). As I concluded above, the EU position is predominantly driven by the trade agenda, whereas development policy again has a supporting role to play. This

constellation reflects a similar discrepancy at the level of global governance of trade and development.

However, as the EPA case shows, the question of (in)coherence is not that straightforward. The Commission, especially the highest echelons of the Commission services, stresses *positive coherence* (cf. Ashoff 2005 in Sub-chapter 2.3). In fact, the EPAs are seen as a manifestation of PCD in practice, whilst on the other side of the negotiation table the opposite view prevails. In addition, the civil society groups that were engaged in the STOP EPA Campaigning and the EP INTA Committee hold a much more concerned view of the EPAs as rather incoherent vis-à-vis the development objectives. This setting relates to the pressing questions that I address in the final conclusions: What do we use as a yardstick, and who has the power to define what constitutes a policy-coherent policy?

Another way to address this issue is to look at the way in which trade policy was adjusted to serve the developmental impact of the EPAs. In other words, what would trade policy do for the sake of policy coherence for development that it would not do otherwise? Here we can perhaps list issues such as improved market access, the limited flexibility in the liberalisation product coverage in the transition periods, as well as better rules of origin. In addition, trade-related cooperation and trade facilitation should also be mentioned. On the other hand, due to the EPA implementation, the development policy needs to change substantially in terms of future development aid allocations to the adjustment needs and supply-side constraints under Aid for Trade. Hence, the limits of the EU PCD approach can be drawn within the boundaries of the external trade policy and its broader trade policy objectives.

According to the OECD definition (see Sub-chapter 2.3), policy coherence implied that the *objectives, strategies, mechanisms, intentions, motives and outcome* are consistent with each other and are at the minimum not conflicting with the *objectives, strategies, mechanisms, intentions, motives and outcome* of the other policy fields in the same policy system. Against this definition, what is particularly interesting in the EPA debate is that the overall objectives, strategies, mechanisms, intentions, motives, as well as the anticipated outcome, are all presented as mutually reinforcing and consistent. In this way, they are assumed to enhance *positive policy coherence* (cf. Ashoff 2005) between the development and trade policies. On the negative side, this observation supports Elgstöm and Pilegaard's (2010) notion of *imposed coherence*, whereby the goals of development policy are not taken as the guiding principle in building policy coherence but the objectives of the dominant policy sector, in this case also of the EU trade policy. In this sense, the responsibility allotted to one institutional actor and its policy domain tends to increase the coherence and consistency of the trade and development policy agendas, but not policy

coherence *for* development. This solution helps to overcome the difficulties in achieving horizontal coherence and, importantly for the Union, broad system-wide coherence, but does not necessarily advance the development policy objectives. Drawing on what has been discussed above, I conclude that the EPAs are promoting policy coherence for development in so far as the Commission-proposed free trade model between the EU and poorer countries and regional groupings is considered conducive to poverty eradication.

7 CONCLUSIONS: THE EU AS A NORMATIVE POWER IN INTERNATIONAL DEVELOPMENT

7.1 EU NORMATIVITY, COHERENCE AND POWER

In this dissertation, I embarked on a journey inside the European Consensus on development and trade before the Lisbon Treaty (2009). My purpose was to better understand the enigmatic role of development policy as well as to analyse the EU's capacity to act coherently towards poverty eradication in the context of sustainable development. I wanted to probe beneath the surface and explore the foundations of the Union's normative positions and the pre-conditions for policy coherence from a development perspective. Therefore I chose to look at the policy-making processes between different institutional players and the resulting formulations defining their positions.

In particular, I was interested in how the interrelationship between the development and trade policies has shaped the EU's understanding of policy coherence for development. More precisely, I was looking at how PCD was both formed and informed within the development and trade domains. I also pondered the normative aspects related to these framings. These included the way in which the EU used values, such as sustainable development, in this puzzle and selected what passed for policy coherence in the development and trade nexus. My enquiry was directed by general questions such as: What was the normative approach that the Union proposed in order to tackle world poverty? How did this approach emerge within the EU institutions and how did it crystallise into the official Union policies? And ultimately, what does this kind of analysis tell us about the Union as a power in international development?

I unpacked the European Consensus on development and trade in the context of its larger historical, international and institutional settings. My empirical Chapters 3 to 6 first discussed the context, followed by the process of development policy and discourse formulation, and the development policy content as a sample of the EU's official discourse. Finally, I shifted the focus to trade policy and development, including the multilateral and bilateral trade negotiations and the EPAs.

In this endeavour to crack open the Consensus, I peered through the lenses of power to see how the elements of the Consensus and policy coherence for development were selected and framed, who the main actors were and how their interrelationships played out. In order to avoid losing my way, I was equipped with a comprehensive conceptual guide on governance, normativity

and coherence, as well as studies on sustainable development, development cooperation and the trade equation. I took snapshots of the different stages of the policy process (cf. Hill) and traced how the EU discourse – or the EU way of approaching and conceptualising its own role in international development, means and purpose – was produced (cf. Fairclough on discourse production, and Barnett & Duvall on discursive power). I also looked at the normative practices that emerged from these framings (cf. Fairclough on social practices), and what the EU sought to establish, promote and, eventually, to naturalise in this nexus of international development. In the case of the European Consensus Statement, I also conducted a critical discourse analysis and looked at the text itself as a systemic sample of the EU discourse, whereas in other sources (documents, interview data) I explored the content at a more general level.

I draw my final conclusions starting with the general set of questions portraying the EU's normative profile in international development, before proceeding to the more specific research questions regarding the process (Chapter 4), the content (Chapter 5) and the development and trade interrelationship (Chapter 6). I structure my general conclusions around the three key concepts of the EU's normativity, coherence and power.

The EU's Normativity in Global Governance

My first general conclusion relates to the EU's normativity in global governance for international development, which I can draw from Chapters 3 to 6. A distinct feature of the EU's normativity lies in the tension between the overall European project and European development policy since the Treaty of Rome. Although not explicit in the current discourse, development cooperation emerged almost as a by-product of the colonial past and has evolved following the changes in Europe, its position in the world and its thinking on development, rather than changes in the developing world. Ideally, development policy and policy coherence should emerge from the dialogue and contact with the partners. In reality, however, there are other intervening variables such as economic and political interests that define the policy domain more than its own objectives. As discussed in Chapter 2, the complexity of the development policy objectives themselves poses yet another challenge. This has further implications for the EU's normative power, as the example of policy coherence for development clearly reveals.

Therefore, I argue that for development policy, the question of normativity and normative power appears more complicated than what has been discussed previously (cf. Manners). In fact, my second general conclusion points to the different functions of normativity in this context. Furthermore, I suggest that the EU's normative role cannot be understood independently of the different

forms of power that the EU may deploy in line with its material and immaterial interests (cf. Barnett & Duvall). What makes the EU's use of normative power interesting is the way in which the Union combines different sources of power to justify its actions based on common or internationally adopted values, while advancing its own standards, ideas and interests as international norms and practices.

Although value-based conventions, agreements and joint institutions have constituted the foundation of the European developmental action, the organisation of the development relationship between the EEC/EC/EU and the South has also provided a pragmatic way to manage post-colonial ties. Given the inherently unequal position between the parties in this relationship, the organisation of the EEC/EC/EU-South relationship along these lines has in itself constituted a framework for a dualistic use of normative power. As the evolution of the EU-South relationship has been closely intertwined with the construction of the EU itself, the changes – be they related to the international context, member states or common policies – have had an impact on the EEC/EC/EU's policies with the developing world. These changes are manifested in the variations in the development and trade policy content and scope from the Treaty of Rome to the Cotonou Agreement, from Lomé I to the Washington Consensus – and finally to the European one. However, the EU has effectively distanced itself from the past and wants to be portrayed as a modern actor and a model donor in international development. In more philosophical terms, the EU wants to be seen as a force for good and a promoter of common – allegedly universal – values such as sustainable development.

Relatedly, my third main finding relates to the tension between the promotion of values, and the pursuit of interests. To strengthen the value promotion, the EU has been actively engaged in international processes and has launched a number of initiatives within the Union. On the other hand, however, the Union cannot escape the fact that its multilevel political system encompasses policy sectors that are more central to the European project and to EU interests than development policy. The external trade policy is a case in point with its own normative, treaty-based agenda. This affects the normative model that the EU regards as politically acceptable and desirable in development policy.

The dualistic use of normativity manifests itself in the EU's efforts to justify and naturalise its policy choices by referring to internationally endorsed values. On the other hand, however, the Union also seeks to establish and promote internationally common standards and norms to regulate development and trade that match its own interests. This dualism also affects the EU's contribution to global governance as there is no pressing need to alter existing governing systems in line with development goals. Rather, the EU is opting for gradual improvements within the existing tools of governance. In this respect,

development aid and aid effectiveness can be used as an example. However, as the EU's activity in the WTO Doha Round shows, it is very willing to push its own vision through internationally, provided that it benefits the Union's material and immaterial interests. At the same time, it is important to note that in the case of norms that may serve both trade and development and that are in line with both policy frameworks, the EU is also willing and able to act. This kind of normative approach takes us back to the questions of policy coherence and power.

The EU Approach to Policy Coherence for Development

The fact that policy coherence has been an issue on the European development agenda for four decades is another manifestation of the above-described tension. This study suggests that the EU's capacity or incapacity to act coherently is determined by the characteristics of the policy-making process and the difficulties in handling the issue of policy coherence for development. This results in inherently incoherent policies in development and trade. Rather than mitigating the tension between the development and trade-related aspects, the policy-making process risks reproducing and increasing it. What passes for policy coherence, then, is the sum of several factors. My analysis indicates at least three different, yet interlinked factors that result from the policy formulation processes and the interaction between different Commission services and between the Commission, the Council and the European Parliament. These include institutional competencies and frameworks, policy goals and interests, as well as ideational aspects related to the development and trade nexus.

To start with the institutional factors, the most fundamental is the distinction between the community competence in trade and the shared Commission and member-state competence in development policy. These competences seem to have significant implications for the policies and, consequently, for policy coherence for development. Interestingly, the research shows how the trade competence remains largely unchallenged in the development and trade nexus, while the nature of shared competence appears to be the arena for a constant struggle between the EC and the Council. This in turn weakens the development dimension in the PCD debate in two important respects. First, at the EC end, DG DEV chose to seek a closer relationship with the other branches of external relations, especially with DG Trade. The reason for this was the expectation of mutual gains. First and foremost, it was important to then Development Commissioner Michel to strengthen the institutional position of development policy within the EU system by seeking common ground with DG Trade and the Commission as a whole. The downside of this

choice was the fact that it limited the space for development policy to have an independent agenda on trade matters beyond development aid. On the other hand, the time spent on the internal coordination between the EC and the Council was inevitably also time spent away from strategic development policy planning and extending the development policy agenda. At the same time, however, the Commission competence in trade was acknowledged and respected by the Council. This gave DG Trade the leading role and established the logic of organising trade and development issues in the setting of bilateral trade negotiations. The leading role was also supported by the control of information and procedures for instructing the member states on the joint EU stances on the EPA negotiations and their rationale. Furthermore, in the European Consensus (Part II), the member states themselves had given the EC the task of acting as the guardian of policy coherence for development without paying sufficient attention to the subordinate position of development policy inside the Commission.

In this regard, the EPAs illustrate a textbook case in institutionalist literature, where it is claimed that institutions have an independent effect on policy decisions since they constrain certain actions and facilitate others. What I am not claiming, however, is that institutions would pre-determine the fate of policy choices. Yet, in the absence of “critical mass” or powerful individuals that could have claimed the power and presented strong alternatives, the institutional competence vested in the Commission remained decisive. In this context, the “critical mass” could have included member states grouped around the UK, which did not materialise, however. By the same token, the Development Commissioner could have taken a different stand but in this case, his personal support for trade liberalisation and for Commission unity were stronger.

The institutional context was also influential in terms of policy goals and frameworks in the development and trade nexus. Compared to the clear and concrete trade policy goals and agenda, the development policy focus was still largely concentrated on its primary – yet highly contentious – issue area of development aid and aid allocations. Despite the re-affirmed commitment to policy coherence for development, this commitment did not result in an autonomous PCD agenda for trade. Furthermore, the development policy focus was divided between the poverty and globalisation approaches, whereas the trade competence was guided much less ambiguously by a strategic advancement of trade liberalisation. This approach was in turn defined to highlight the benefits of export opportunities and modernisation of the trading sector. Crucially, the EC saw the trade policy reform in the ACPs as a way to foster their integration into the world economy, thereby promoting sustainable development. In fact, there was very little disagreement on this point. However, the frame of that reform – reciprocal bilateral free trade – became the bone of contention. By

adopting this kind of approach, EU trade policy concerns and a vision of PCD compatible to that context were prioritised.

In the absence of clear-cut answers to the development and trade conundrum, the role of ideas and interests became central. This was very clear in the policy formulation in both the development and trade domains, as the focus was firmly on the level of intentions, anticipated outcomes and positive causation rather than experience. In this respect, the EU trade policy could provide an imposing blueprint for a model to serve both trade and development, but in terms that were set by the trade policy. On the other hand, the international consensus on the allegedly pro-poor free trade approach to the Doha Development Agenda (2001) and at the World Summit on Sustainable Development (2002) did not encourage seeking global alternatives either. Besides, the EU had made progress with the EBA initiative, which it also used to promote its own pro-development image. When the multilateral trade framework failed to materialise as intended, the EPAs were left with the bilateral domain and its logic of broad reciprocal trade liberalisation and its regulatory ethos. Then, at the level of bilateral free trade agreements, the EC also had much freer rein to conduct the actual negotiations and their modalities. Most importantly in practice, DG Trade had the final say in what policy coherence *for* development implied in that context.

As defined in the Chapter 6 conclusions, the EU approach to policy coherence can be conceptualised in terms of narrow, EU external relations-related, horizontal (in)coherence that reflects (in)coherence at the multilateral level. The interrelationship can be perceived as a manifestation of either positive coherence or negative coherence. I conclude that the EPAs promote policy coherence for development in so far as the Commission-proposed free trade model between the EU and poorer countries and regional groupings is considered conducive to poverty eradication and sustainable development. According to the official EC position, this is the case, whereas the member states, grouped as “the Friends of the EPAs”, and the European Parliament tend to have a more reserved view, not to mention those NGOs working on trade and development. Most importantly, the (African) ACP parties have not embraced the idea of the EPAs as their own preferred way forward. In other words, ownership of the EU’s trade policy and policy coherence model appears to be lacking at the other end. Therefore, if policy coherence is addressed as a political question, then policy coherence for development is in the eye of beholder. This again leads us back to the question of power.

Thus, another important finding is that the definitions of policy coherence (for development) look very different if one addresses them through the lenses of power. Let us use the OECD definition (1996) as an example. According to that definition, the principle of policy coherence in its narrowest sense implies

that the *objectives, strategies, mechanisms, intentions, motives* and *outcome* pursued within a given policy framework are consistent with each other and are at the minimum and – most importantly here – not conflicting with the *objectives, strategies, mechanisms, intentions, motives* and *outcome* of other policy frameworks in the system. What follows is that if policy coherence is to prevail between development and trade, the objectives of development (sustainable development and poverty eradication) and those of trade (the EU's growth and competitiveness, expansion and diversification of access to external markets and natural resources) should be mutually supporting – or at the minimum not conflicting. As discussed in the theoretical and conceptual chapter, there appears to be a tension between such goals, which calls for governance. By the same token, the analysis of EU trade strategies at multilateral, bilateral and unilateral levels points in that direction. The same applies to motives and intentions. Moreover, the mechanism of trade negotiations differs from the ideal format of exchanging views in respectful dialogue. However, these dimensions are masked in the development and trade nexus. Instead, the overall objectives, strategies, mechanisms, intentions, motives as well as the anticipated outcome are all *presented* as mutually reinforcing and consistent. In this way, they are assumed to enhance *positive policy coherence* (cf. Ashoff 2005) between development and trade policies.

In the light of this research, the main reason for this lies in the quest for greater EC consistency and a unified institutional image. The terms of consistency are adopted largely from the dominant sector of the trade and development nexus. This is also manifested in the gradual narrowing of the PCD agenda within the inter-service consultation, and consequent exclusion of incoherencies and emphasis on EU market access questions. Further, approaching policy coherence for development as an administrative task deflects attention away from its underlying political nature. As a result, the EU's model for policy coherence is inclined towards *trade* policy coherence and in favour of the *overall consistency* of the Union, rather than policy coherence *for development*. Therefore, the EU's normative model risks being inadequate for safeguarding and advancing development policy goals.

The Different Dimensions of Normative Power in Global Governance

In this dissertation I founded my approach to power on two theoretical pillars, namely power in global governance for international development (Barnett & Duvall 2005) and normative power Europe (Manners 2002, 2006). Regarding the former, the study benefited from the taxonomy of power(s) in global governance, which sheds light on the Union's global role. In this

framework, I focused mainly on discursive (i.e. productive), and institutional powers (cf. Barnett & Duvall 2005). In essence, discursive power related to the capacity to define problems and solutions to fit both interest and value promotion. Through discursive means, the EU also reproduced and legitimised its own choices and agency in this field, as it did in the European Consensus process and in the EPAs. Most notably in the development and trade nexus, the EC used discursive power to support its institutional power position to frame and to justify the chosen modalities for EU-ACP trade. Institutional power in this context referred both to the EU's own institutional architecture (formal and informal organisation, rules and procedures) that shaped the Union's contributions, as well as to the EU's position in relevant international organisations (WTO, UN, OECD/DAC) where it aims to exercise its influence. Regarding the former, the above-discussed DG trade position manifests the intra-institutional power in the formulation of the Commission stance towards development and trade. Finally, Barnett and Duvall also discussed compulsory power related to a direct relationship. In this case, the potential use of coercion exists in the EU donor-partner relationship in which the EU is positioned to enforce certain policies and practices in line with its global stance and alleged normative values.

The taxonomy of power provided a new and useful perspective on the EU and normative power, especially in the case of the Economic Partnership Agreements and the EU's role in international development more generally. However, many of its dimensions could be applied to study the *actual* use of normative power in negotiation practices regarding different types of aid and trade-related agreements. In this respect, the actual negotiation processes of any regional or national EPA could provide an interesting case for this kind of research. In addition to the development and trade nexus, future studies could also examine the political games behind policy coherence for development in different fields of EU politics. In my view, the policy fields most in need of attention would include fisheries, agriculture, immigration, security policies as well as a review of financial flows, taxation, debt, intellectual property rights and corporate governance. All these areas are increasingly important ones for global governance and sustainable development. In these cases, I would also focus on the structural power element and use the hierarchy of power as the starting point more explicitly.

Table 2 illustrates the different types of EU normative power that were identified in this study, and which have the potential for further inquiry and comparison.

Table 2. Types of EU Normative Power in Global Governance

Relational Specificity		
Normative Power works through	Direct	Diffuse
		<p>Compulsory power</p> <ul style="list-style-type: none"> • Potential use of coercion power vested in donor-recipient relationship and bilateral trade agreements
	<p>Structural power</p>	<p>Discursive power:</p> <ul style="list-style-type: none"> • EU as a value and interest promoter • EU's framing of policy coherence for development • PCD norm diffusion in development and trade

Based on: Barnett & Duvall "Types of power in global governance" 2005: 12.

In the light of this dissertation, two types of diffuse influence – institutional and discursive power – appear to be the most important ones for the EU. These forms of power can also be deployed together to advance norms and interests. For instance in the institutional context of the World Trade Organization, the EU tried to combine developing countries' market access and its own vested interests in new trade issues and promote them jointly as a development agenda in the multilateral arena. In the case of the Economic Partnership Agreements, the EU relied more on institutional power to advance its interests and standards, whereas discursive power was used to emphasise value promotion as well as to mask the gap between these two. The potentiality to exercise compulsory powers

features in the background in the EU's direct relationship between its developing country partners. When it comes to less controversial examples of the EU's use of normative power in international development, we can refer back to the financing for development outcome in Monterrey in 2002 or to the Everything But Arms initiative (2001) on the trade policy side. Conversely, the EU's efforts to advance its regulatory trade agenda in the WTO setting demonstrate the limits of its institutional influence at the multilateral level. The EU also faced similar difficulties at the bilateral level in the Economic Partnership Agreements with the crucial difference that in this context the EU was able to exert direct influence on the EPA parties and control the agenda. But despite the power play position in the bilateral ring, the EU cannot score to win with its normative means. In case of disobedience, the EU also has coercive measures at its disposal, such as tariff increases, the use of the WTO dispute settlement or the suspension of development aid. Most importantly, however, I argue that the EU's power lies in the way it is able to put together and deliver its position in relation to trade-related policy coherence. Despite contrasting views and voices, the official understanding of this form of PCD started to dominate the discourse in the EU and formed an obstacle to more viable alternatives and policy reforms.

In addition, there are a number of more specific points that I want to bring to the attention of the reader once again. These also reflect the specific research questions as outlined in the Introduction and in Sub-chapter 1.2.

In Chapter 4, my main task was to trace the process that led to the joint adoption of the first European development policy statement between the Commission, the Council Presidency and the Parliament. These negotiations over different framings, conceptualisations, elements, presentations and priorities can also be read as the production of a joint European discourse. In this endeavour, I focused on the inter-institutional cooperation and competition as well as on the role of the European development policy in general. As the European Consensus process clearly shows, the limits of the shared competence were vague. The ambiguity surrounding the question of "Who is the EU in international development?" is not only perceived externally, but also remains to be settled internally. Unclear as it is, "the EU" remains to be defined depending on the context and the leadership in any given case. The fact that the Council, and the UK in particular, were against labelling the European Consensus as EU development policy suggests that there is something particularly intriguing in the field of international development that goes against the logic of European integration. In fact, this point calls for further research. On the other hand, the international processes and commitments constitute the main point of reference for governance both at the EU and member-state levels, providing incentives for joint action. By the same token, experiences in the field should serve to inform the content of the policy choices to a greater extent.

Taken together, the unclear mandate between the Community and the Council, as well as the pressure for Commission consistency, also affect the role of development policy vis-à-vis the other branches of the EU external relations. Hence, I argue that the EU's contribution to global governance is affected by the intra- and inter-institutional tensions as well as the ambiguity surrounding the role and purpose of development policy in the Union. In particular, the proactive role of the Commission in the policy initiation was triggered primarily by the changes in the security and trade branches of the external relations, rather than by learning from the past development policies and its own goal attainment. These linkages can be seen as a strategic choice to improve the institutional position of EC development policy both within the Commission as well as between the Commission and the Council, yet it was problematic from the perspective of the development policy role and policy coherence for development. Whereas the joint EU agenda and the role of development policy were focused on aid and aid-related commitments, the nexus between development policy and trade lacked a clear and compelling vision. In the policy formulation process, the relationship between development and trade was defined within the trade liberalisation proclamations based on the consensus on market access and capacity-building. Regarding the former, the scope of the trade issues ranged from the more critical proposal from the European Parliament and the DG DEV initiatives in the issues paper and MDG-related documents to the Commission's proposal, where the list of items was already more limited and based on positive coherence. In addition, the European Consensus did not result in a joint position on the controversial issue of reciprocity in EU-ACP free trade agreements as the modalities were considered to belong to the trade policy side of the institutional fence and to the Commission.

Having discussed the details of the European Consensus in Chapter 5, I only discuss here the European Consensus as a distinct European alternative for global governance. As concluded in Chapter 5, the European Consensus Statement has constituted an instrument for conveying a preferred reading of the Union as a powerful agent in international development politics. It portrays a positive image of a unified EU which is both willing and able to act with a joint vision. It defines the roles and responsibilities of donor and recipient, as well as the policy objectives and the global context in which they are to be achieved. Importantly, the Union distances itself from poverty and defines it as a challenge to which it is capable of responding. The faith in Europe as a development actor is in itself a key element in this discursive puzzle. Whereas the Washington Consensus was a very pragmatic model for others, the European Consensus is first and foremost an EU-centric compilation of different development-related commitments and intentions. With the European Consensus, the EU was able

to re-affirm and sharpen its position towards the key process of international development (i.e. Financing for development (Monterrey 2002), Sustainable Development (Johannesburg 2002), the Paris Declaration (2005) and the WTO Doha Round (2001) – and policy coherence for development.

What constitutes the European alternative in international development then? The normative order that the EU suggests can be described as *pro status quo* with enhanced liberal values. Rather than changing the international system, the emphasis of the EU action is on improving but maintaining the existing aid practices without suggesting changes to the international system more widely. This also implies capacitating the recipients to participate in the present structures of development and trade politics, rather than changing the structures. Thus the EU discourse supports and naturalises the prevailing order. In this regard, it resembles the Washington Consensus. However, what distinguishes the EU's action is the claim that it is underpinned by the common values and principles that both justify and direct the EU action towards positive coherence between trade and development. By the same token, the European Consensus frames the policy coherence question as an administrative issue and not as a political one. Regarding development and trade, this was based on the shared Consensus on the benefits of market access and trade liberalisation in the EU, as well as on the positive assumed outcome of the WTO Doha Development Round in this respect. On the other hand, there was no common, clear take on trade liberalisation in developing countries.

As a result, policy coherence for development was confined mainly to the market access-related proposals made by trade actors. This aspect of trade liberalisation was at the heart of both the international and EU consensus in this sector. However, as the analysis of the Economic Partnership Agreement negotiations showed, the issue of policy coherence in the context of trade liberalisation was much more complicated and contested than anticipated by the development actors both in DG Development and in the EU member states. This resulted in a reciprocal free trade-focused understanding of policy coherence *for* development and a very specific DG Trade interpretation of international trade law (i.e. GATT Article XXIV). Yet, in the promotion of the EU's development and trade agency, the Union continued to refer to the joint values of the European Consensus and the Cotonou Agreement in the promotion of such a model as a standard for North-South regional free trade agreements for global governance. This risks resulting in a gap between the “original” value and the preferred meaning of the norm that is promoted in practice. Regarding sustainable development as a norm, the EU starts from the assumption that a broad free trade and strong regulatory framework is also key when it comes to promoting sustainable development. In order to achieve this, the focus was narrowed down to a very specific and controversial interpretation

of sustainable development in the context of the overall trade agenda. Therefore the key question for the future Consensus is whether such a view will withstand the increasing pressure for change.

From a researcher's point of view, the decision to pursue this kind of research agenda is often informed by personal interests and normative aspirations. In my case, the study emerged from the apparent dichotomy that existed between the EU's bold, official self-representation and more critical concerns expressed inside and outside of the Union. Furthermore, my own positionality was shaped by my personal working experience as well as my interest in theoretical debate, which seemed to suggest that in the development and trade-related field the EU is doing something very controversial, yet it is able to claim just the opposite. My motivation was to gain a better understanding of what was going on, and why. Ideally, like every researcher, I hope that this study for its part will increase understanding of the workings of the EU in the wider context of global governance and encourage further studies and more informed policy decisions.

7.2 FINAL REFLECTIONS IN THE POST-LISBON CONTEXT

In many respects, this work has been a historical mapping of the evolution of the development and trade policy relationship during the first decade of the millennium. However, as the first years after the Lisbon Treaty show, the puzzle of the EU's development policy and policy coherence remains relevant both for the Union and for global governance at large. For many, the Lisbon Treaty marked the launch of a more effective and responsible European Union in the world. Once again, the Treaty prompted the EU's development policy to foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty in the world. The novelty of the Lisbon Treaty lies in the enhanced trinity of the EU's external relations – the Common Foreign and Security Policy, the Trade Policy and the Development Policy – which were designed to form a coherent and consistent external front with a common set of objectives (Art. 21).

The fact that the Lisbon Treaty anchored the EU development policy at the forefront of the Union's external relations provides a stronger normative base for development policy that should be handled strategically. For the second time, the momentum exists to improve its own role and functions in relation to its own targets, as well as in relation to the other external policies. As this research clearly shows, the Treaty position is only a starting point. Furthermore, the Lisbon Treaty stipulates that the Union development policy shall be conducted within the framework of the principles and objectives of the Union's external action. This framing assumes that all the principles and objectives are of equal

value, which in the light of this study is not the case. Whether development policy will form a domain in its own right remains the key challenge. In this respect, the reinforced PCD commitment that “the Union shall take account of the development cooperation in the policies that it implements which are likely to affect developing countries” (Art. 208) should be utilised to the benefit of development objectives in a proactive and compelling manner.

Regarding the Europeanisation of development policy, the Lisbon Treaty states that the EU development cooperation policy and member states’ development policies should “complement and reinforce each other”.⁷⁹³ In this respect, the Lisbon Treaty did not change this basic division of competences, but it does provide a welcome incentive to continue along the lines of the joint European Consensus. Curiously, the Lisbon Treaty refers to the former European Community development policy as the EU development policy. However, the term adds to the confusion as it masks the parallel existence of the two tracks of the EU and national policies, which de facto has not changed.

After seven years in force, the European Consensus on Development still forms the overarching reference for both the EC and the member states. Furthermore, the Commission’s vision of a common operational framework did materialise in the form of the Code of Conduct and Division of Labour in development policy between the EC and the member states in 2007. The European Consensus also set an example for the European Consensus on Humanitarian Aid that was adopted a year later. While the European Consensus on Development is still regarded as the main reference for development policy in Europe, an updated development strategy, the “Agenda for Change” (2012), was renegotiated in parallel with the Post-Lisbon institutional reform.

The new institutional set-up for the Common Foreign and Security Policy (CFSP), namely the European External Action Service (EEAS), has raised questions on whether this setting could also improve the EU’s development policy influence as well as enhance coherence and consistency between the EU’s external arms. The EEAS should not be seen solely as a product of EU foreign policy reform, but as a reform of external relations by and large. Ideally, it should be a natural candidate for a renewed and enlarged European Consensus. By virtue of its leadership, the EEAS is situated at the core of the institutional patchwork. Starting from the highest sphere – the High Representative for Foreign Affairs and Security Policy with her institutional functions as the Vice President of the Commission and Chair of the Foreign Affairs Council – high hopes have been pinned on the ability of these functions to advance the EU’s external role. However, the EEAS is, in essence, an administrative structure at the service of policy-makers. In addition, where the European development

⁷⁹³ The Lisbon Treaty, Article 208.

policy is concerned, policy-making seems to be particularly complex as the struggle over development policy leadership and shared competence has not yet been permanently resolved among the EU institutions and between the EU and national levels.

Since January 2011, the new DG Development and Cooperation – Europe Aid (DEVCO) – continues to work on Sub-Saharan Africa and Horizontal ACP matters, Latin America and the Caribbean and Asia, Central Asia and the Pacific, while the other external relations units of DG RELEX now form the core of the EEAS. The division of labour between these two institutional entities calls for further analysis in the future. So far, the new institutional setting has aroused interest in synergic linkages between development, security and good governance – inspired by the Arab Spring. The prerequisite is, however, that the development actors and their counterparts are ready to cooperate across the sectors and have sufficient resources to make an informed analysis, and the will to support these views from the development partnership perspective. At the same time, the challenge also resides within the Commission, as in this new setting the need to safeguard the internal cohesion of the Commission may be even greater than before. This is important because the Commission unity *de facto* requires compromises that may not be the first choices for the development policy.

In this post-Lisbon political landscape, the new development policy “Agenda for Change” builds on two main priorities: “good governance” (including human rights, democracy, the rule of law and other aspects) as well as “inclusive growth for human development”.⁷⁹⁴ Regarding the latter, the EU starts from the fact that the world economy, into which the developing countries should be integrated, has changed dramatically with the financial crisis, competitive emerging economies and the further marginalisation of the Least Developed Countries on the African continent. However, there is an alarming discrepancy between the importance given to local businesses, regional integration and world markets and the scant attention paid to trade-related coherence. In fact, policy coherence is only connected and discussed in relation to security and migration, but not to trade. Instead, the role of development policy is reduced to financial support to tackle “competitiveness gaps” in developing countries.⁷⁹⁵

In the meantime, the EPA negotiations with Sub-Saharan Africa and the Pacific states are still in progress and pressures are mounting in the countries that have already embarked on the EPA round. Yet a notable disinterest prevails on the ACP side to adopt and push the EPAs forward. In the face of this passivity to either ratify or implement the interim EPAs, the Union issued a statement on

794 COM (2011) 637 final.

795 COM (2011) 637 final: 8.

30 September 2011 announcing the termination of Market Access Regulation 1528/2007. This regulation granted improved market access to ACPs that had initialled or signed an interim EPA while intending to conclude the regional comprehensive one. Market access, the key element of the development and trade-related consensus, risks being significantly restricted if the countries refuse to make progress with the EPAs by January 2014. Although the European Parliament, now a core legislator in trade policy, has extended the deadline until 2016, the announcement casts another shadow over the EU-Africa partnership. In more conceptual terms, it can be interpreted as a sign of failed norm diffusion. This is in sharp contrast to the spirit of the Cotonou Agreement and its new trade partnership, which was expected to combine both development and trade-related aspirations in line with sustainable development and the Millennium Development Goals. Despite this confrontation, the Commission has not changed its position on policy coherence for development in this regard. On the contrary, the latest Commission proposal, “Trade, Growth and Development: Tailoring Trade and Investment Policy for those Countries Most in Need” underlines that the sooner EPAs are completed, the earlier they will start delivering development benefits in line with the EU principle of Policy Coherence for Development.⁷⁹⁶ However, neither the EU nor the partners can afford to get it wrong. While for the African countries sustainable development is a matter of survival, for the EU its legitimacy and, in the long run, also its stability are at stake. The year 2015 marks an important goalpost in this respect. By that time, a new global development agenda encompassing both sustainable development and the Millennium Development Goals should be in place. The EU is expected to show leadership and to join the dots between the economic, social, environmental and political agendas. To deliver successfully, the development policy vision needs to stretch beyond the question of aid and provoke debate at the EU system level on policy coherence. The prerequisite is that the Union can extricate itself from the straitjacket of policy silos and re-open the Consensus on development and trade to an open review.

796 COM(2012) 22 final: 13; 3.

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ANNEX 1) INTERVIEW FORM A FOR THE EUROPEAN CONSENSUS

Theme 1) Background

- Personal and professional background
- The mission of the organisation/unit
- Key achievements so far and challenges ahead

Theme 2) The European Consensus on Development policy formulation process

- What were the key factors that triggered the process for a new development policy in the Union?
 - inside the Commission
 - inside the European Union
 - in the partner countries
 - in the world
- How was the Commission Communication drafted in terms of key input, ideas and themes?
- How was the Commission Communication received (i.e. by the member states, in particular by the Council presidency, the European Parliament, civil society and other relevant actors you wish to mention)?
- What kinds of similarities/differences were there in terms of the scope, purpose and objectives of European development policy?
- How did the policy proposal evolve from a Brussels Consensus into a tripartite statement?
- How is the European Consensus related to the Washington Consensus?

Theme 3) The division of labour between the parties

- How would you describe the interplay between the Commission, member states and the European Parliament before and during the UK presidency?
- How was the Consensus reached and what were the turning points in the process?
- In your view, what were the key factors influencing this division of labour?

Theme 4) The content of the European Consensus

- What were the cornerstones of the European Consensus and how did they evolve into the final text?
- In which issue area was the Consensus the strongest/weakest and why?
- Could you elaborate on the contribution made by the parties to the process?
- How did the different EU policies impact the European Consensus?
- If you could have held the pen, what would you have changed?
- In your view, what is the meaning of the European Consensus?

Theme 5) European Consensus and Policy Coherence for Development

- What is the role of policy coherence for development in the European Union and for development policy more specifically?
- Which issues work in its favour and/or against it?
- How did policy coherence for development evolve into the European Consensus and result in the final text? Relatedly, were there any differences in views? If so, please specify.
- How was the trade-related policy coherence negotiated for the whole EU in Part I, and for the Commission in Part II?

ANNEX 2) INTERVIEW FORM B FOR TRADE AND DEVELOPMENT

Theme 1) Background

- Personal and professional background
- The mission of the organisation/unit
- Key achievements so far and challenges ahead

Theme 2) The EU and the multilateral level

- How would you describe the EU's role and agenda in the WTO?
- What are the main issues that the EU has or has not advanced as a development partner in trade and development?
- What is the interrelationship between the EU's regional free trade agreements and the WTO Doha Round?
- How do the EU trade goals relate to the EU's development goals and trade goals at the multilateral level?

Theme 3) EU Trade Policy and the Economic Partnership Agreements

- What is the background to the Economic Partnership Agreements?
- What is the main purpose of the EPAs?
- What constitute the key elements of the EPAs and who has designed them?
- How are these elements connected to the EU development policy in the ACP partner countries?
- Consequently, how flexible are these elements?
- How do the EPAs relate back to the EU's general trade agenda and to rules at the WTO level?

Theme 4) The EPAs, the Cotonou Agreement and the European Consensus Policy

- How do the EPAs implement the Cotonou Agreement?
- What kind of role do the EPAs play in relation to the European Consensus Development Policy?
- What is the role of traditional development cooperation in the EPAs?
- How do you see the EPA process so far in terms of:
 - The progress made and the main obstacles that remain to be addressed
 - The original Commission negotiation mandate and the negotiations outcome
 - Policy coherence between development and trade

Theme 5) Actors and institutions

- Who are the key actors in the EPA process (i.e. institutions/persons)?
- How would you describe their respective roles and the interplay between them (i.e. different DGs, the member states, the European Parliament and ACP negotiators and representatives, and civil society)?
- How would you improve this interaction?

ANNEX 3) LIST OF INTERVIEWEES

Aspelund, Marja PCD Desk, Department for Development Policy, Unit for General Development Policy and Planning, the Finnish Ministry for Foreign Affairs. 25 September 2009.

Bilal, Sanoussi (Dr) Head of Programme, Economic and Trade Cooperation, European Centre for Development Policy Management (ECDPM). 12 October 2009.

Carbone, Maurizio (Dr) Senior Lecturer in Politics, University of Glasgow. 26 March 2008.

Dihm, Martin Deputy Head of Unit D3, Economic Partnership Agreements (EPA)2, European Commission Directorate-General for Trade, Telephone interview, 16 November 2009.

Dean, Homa Interservice Quality Support Group, European Commission, Directorate General for Competition. 8 October 2009.

van Drimmelen, Rob Secretary General, Association of World Council of Churches related Development Organisations in Europe APRODEV. 27 April 2009.

Ehbeths, Kaarl-Jan Internal Controller of DG Development and Adviser to the Deputy Director General on Development and Relations with African, Caribbean and Pacific States, European Commission, Directorate-General for Development. 28 April 2009.

Formentini, Silvia Policy Officer Unit D1 and PCD Network, European Commission, Directorate-General for Trade, 8 October 2009.

Garzon, Isabelle Deputy Head of Unit DEV/B/1 Economic development: infrastructure and communications networks, trade and regional integration. European Commission, Directorate-General for Development. 30 April 2009.

Isaksson, Liselotte Unit B1 Economic development: Infrastructure and communication networks, trade and regional integration. European Commission, Directorate-General for Development. 5 December 2008.

Juul-Jørgensen, Ditte Head of Unit C/1. 12 Sustainable Development and Sanitary and Phytosanitary Issues, European Commission, Directorate-General for Trade. 8 October 2009.

Keijzer, Cornelis West-African EPAs, D2, European Commission, Directorate-General for Trade. 8 October 2009.

Koke, Andra Head of Unit Trade and Development, European Commission Directorate-General for Trade. 8 October 2009.

Köhler, Martin International Trade Policy Adviser to the European Parliament. 2 December 2008, 28 April 2009 and 13 October 2009 (Informal discussions)

Lappalainen, Rilli Secretary General, the Finnish NDGO Platform to the EU, Kehys ry and Concord PCD working group. 7 November 2008.

Mackie, James (Dr) Programme Coordinator Development Policy & International Relations, European Centre for Development Policy Management (ECDPM). 1 December 2008.

Maes, Marc Trade Policy Officer, Coalition of the Flemish North-South Movement-11.11.11. 27 April 2009.

Manner, Kati Adviser for Development Policy and Planning, Department for Development Policy. The Finnish Ministry for Foreign Affairs. 15 April 2009.

Martin, David Member of European Parliament, Committee on International Trade. (written reply to the interview questionnaire on 13 October 2009.)

Moreau, Françoise Head of Unit A1, Forward looking studies and policy coherence. European Commission, Directorate-General for Development. 13 October.

Oksanen, Riitta Head of Unit, Development Policy and Planning, Department for Development Policy. The Finnish Ministry for Foreign Affairs. 6 November 2008.

Plijter, Roelof Advisor on Development and EPAs, European Commission Directorate-General for Trade. 29 April 2009.

Plugge, Irene Policy Officer, Forward looking studies and policy coherence. European Commission Directorate-General for Development. 30 April 2009.

Reale, Luana Policy Officer, Development and Relations with African, Caribbean and Pacific States, European Commission Directorate-General for Development. 9 October 2009

Schimdt, Andreas Unit F3 Food-related Sectors, PCD Network. European Commission, Directorate-General for Trade. 12 October 2009.

Schneider, Heike Policy Officer, Forward looking studies and policy coherence. European Commission, Directorate-General for Development. 30 April 2009.

Sohet, Karin Policy Officer EU Development Policies, Association of World Council of Churches related Development Organisations in Europe APRODEV. 27 April 2009.

Ulmer, Karin Policy & Gender Officer, Association of World Council of Churches related Development Organisations in Europe APRODEV. 2 December 2008.

Walker, Aurélie Programme Officer ACP-EU Economic & Trade Cooperation Programme, European Centre for Development Policy Management (ECDPM) 1 December 2008.

Wijkman, Anders, Member of European Parliament 1999-2004, 2004-2009, Committee for International Development. 18 May 2009.

Wilska, Kent (Dr.) Counsellor, Trade and Development, Unit for Trade Policy. The Finnish Ministry for Foreign Affairs. 21 November 2008.

Wunenburger, Jacques Head of Unit D3, Economic Partnership Agreements (EPA)², European Commission, Directorate-General for Trade. 29 April 2009.

Young, Peter Deputy Head of Unit Trade and Development, European Commission, Directorate-General for Trade. 4 December 2008

Zhyzko Martinet, Julia Macroeconomic questions/Aid Effectiveness. Foreign Affairs, Foreign Trade and Development Cooperation, Kingdom of Belgium. 9 October 2009.