GEG Working Paper 2014/95
December 2014

When Do 'Weak' States Win?

A History of African, Caribbean and Pacific Countries Manoeuvring in Trade Negotiations with Europe

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Abstract

Can small 'weak' countries shape the outcomes of asymmetric trade negotiations and, if so, how? I scrutinise ten episodes of trade negotiations involving powerful European states and small developing countries from Africa, the Caribbean and Pacific (ACP) since the 1960s. I draw on legal agreements, public documents, interviews with and the written memoirs of key negotiators, media reports and the secondary literature.

I show that ACP countries influenced outcomes in important ways. For each negotiation I establish the variation between European preferences and the final negotiated outcome and show that in four of the ten negotiations there was a substantial gap between what European countries wanted and the final outcome. Close examination and comparison of these ten negotiations suggests that when three conditions hold, small developing countries can exert substantial influence even in a profoundly asymmetric encounter: First, the small state must be able to "walk away" from the negotiation at no cost. Second, where the small state is considered to be highly strategic by the large state, it can use this as a source of leverage. Third, the small state must have the political leadership and technical skills to deploy an astute negotiating strategy.

Keywords
Trade negotiations, asymmetry, developing countries, Europe, Africa, Caribbean, Pacific

The Global Economic Governance Programme is directed by Ngaire Woods and has been made possible through the generous support of Old Members of University College. Its research projects are principally funded by the Ford Foundation (New York), the International Development Research Centre (Ottawa), and the MacArthur Foundation (Chicago).

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[1] I am grateful for comments on earlier drafts from Ngaire Woods, Taylor St John, Walter Mattli, Kate Meagher, and participants of the University of Oxford International Political Economy Postdoctoral Workshop, the University of Oxford African Politics and History Seminar, and the London School of Economics International Development Department Faculty Seminar. I thank Alexandra Zeitz for valuable research assistance.

This work was supported by the ESRC under Grant ES/G018855/1. Draft as of 30 October 2014.
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Table of contents

1. Introduction

Can small 'weak' countries shape the outcomes of trade negotiations and, if so, how? In this article I aim to enrich the study of trade negotiations by showing that small countries exert influence even in profoundly asymmetric negotiations and illuminating the conditions under which this occurs.

To this end, I examine the past fifty years of trade negotiations between African, Caribbean and Pacific (ACP) and European countries. It is hard to envisage a series of more profoundly asymmetric negotiations. Throughout this period, ACP markets have been a fraction of the size of Europe's, their government institutions have struggled with severe resource constraints, and they have often been dependent on Europe for trade preferences and aid.

Yet ACP countries shaped outcomes in important ways. I identify ten substantial negotiations since ACP countries gained independence. For each case I establish what the ACP and European parties wanted at the outset and compare this with the final negotiation outcome.[i] I use evidence drawn from legal agreements, public documents, interviews with and the written memoirs of key negotiators, media reports and the secondary literature.

Analytically, I start from the assumption that due to the vast asymmetries we should expect European countries to achieve their negotiating objectives. And yet, I show that in four of the ten negotiations there was a substantial and important gap between what European countries wanted and the final negotiated outcome (Table 1). This poses a clear puzzle, referred to in the negotiation literature as the 'structuralist's dilemma' (Zartman, 1997): why did Europe, the much larger party in these profoundly asymmetric negotiations, not always see its interests met?

The preferences of the parties in each set of negotiations were clear and highly divergent. For the main, ACP countries wanted to deepen their preferential access into the European market and secure additional aid, but did not want to liberalise towards Europe out of concern that this would reduce their tariff revenue and undermine efforts to industrialise, and they wanted to avoid political conditionality in aid. European countries wanted to maintain relations with ACP countries in order to access raw materials and for geostrategic reasons, but minimise the costs associated with the relationship, including by restricting market access for many value-added ACP exports and by reducing aid. (There were of course differences in preferences among European countries and among ACP countries, and where this had a bearing on the strategic interaction between the two groups I explain this in the analysis.)

Having established clear and divergent sets of preferences in each negotiation, I identify the conditions under which the preferences of the smaller party shaped final outcomes, confounding the expectation that the larger party's preferences always prevail.[ii] Through structured comparison within and across time periods (Lieberman, 2001) I probe the evidence to isolate principal factors that help us explain why the interests of the much larger party did not prevail.

Table 1: Variations In Outcomes: Extent of Deviation from European Preferences

Year	Negotiation	European entity	Small state grouping	Gap between European negotiating preferences and final outcome
1963	Yaoundé I Convention	European Economic Community (EEC) (6 states)	Francophone African states (18 states)	Low
1966	Lagos Convention	EEC (6)	Nigeria	High
1968	Arusha Convention	EEC (6)	Kenya, Tanzania, Uganda	High
1975	Lomé I Convention	EEC (9)	ACP group (46)	High
1980	Lomé II Convention	EEC (10)	ACP group (59)	Low
1985	Lomé III Convention	EEC (12)	ACP group (66)	Low
1990	Lomé IV Convention	EEC (15)	ACP group (70)	Low
1995	Lomé IV Midterm Review	European Commission (EC) (15)	ACP group (70)	Low
2000	Cotonou Agreement	EC (15)	ACP group (79)	Low
2002 – present day	Economic Partnership Agreement	EC (15, increasing to 28 by 2013)	Six regional groupings: CARIFORUM (15) CEMAC (8) ECOWAS (16) ESA (16) SADC (7) PACP (14)	High

The analysis suggests that small developing countries are able to exert substantial influence even in a highly asymmetric encounter when three conditions hold. First, the small state must be able to "walk away" or exit from the negotiation at no cost. When the interests of a large and small state diverge, the large state typically uses coercive pressure to try and force the smaller state to capitulate and agree to an outcome that exclusively reflects its interests (Zartman & Rubin, 2002). Yet a small state will not inevitably capitulate: small states are only vulnerable to such tactics under specific circumstances, most crucially when they face high exit costs.

As Hirschman first demonstrated, there are limits to the vulnerability of small states to coercion by powerful states. If a small state conducts minimal levels of trade with the large state or if it can readily find an alternative trading partner, then a threat by the large state to close its markets will have little traction: the small state can walk away from the negotiations and be no worse off. Conversely, if the small state conducts high levels of trade with the large state and has no viable alternative trading partner, the small state can be expected to be vulnerable to such threats (Hirschman, 1945).[iii] Notably, a small state may make concessions that it prefers not to because it has a terrible alternative (Gruber, 2001; Odell & Tingley, 2013)

In the contemporary trading system the rules-based system of the WTO provides a legal constraint that makes it much harder for large states to credibly threaten all-out trade sanctions (Krueger (1999); see Davis in Odell (2006)). However trade preferences, established outside of the WTO and which can be withdrawn at the discretion of the large state, remain an area where large states can and do make credible threats. Concerns that trade preferences might be withdrawn helps explain why Latin American countries have entered free trade agreements with the United States (Manger & Shadlen, 2014; Shadlen, 2008). In negotiations between ACP and European countries, I argue that the magnitude of exit costs faced by ACP countries greatly shaped outcomes.

Second, where the small state is considered by the large state to have high strategic value, the small state can use this as a source of leverage. Market size is a major source of currency in a trade negotiation and, as small states have small markets, it is tempting to assume that they will be able to exert little leverage. However market size is not the only driver of trade negotiations. A large state may actively seek to conclude trade agreement with a small state for a variety of other reasons: to help it secure access to a particularly important and strategic resource; to help it set a precedent for other trade relations; or for wider political reasons such as securing the political support of the small state (Jones, 2013). I show that in encounters between ACP and European countries, the degree of influence that ACP party was able to exert in these profoundly asymmetric negotiations was related to the level of strategic value that the European party placed on reaching an agreement. I refer to this as geo-strategic value, this is a similar concept to 'issue-specific power' (see Habeeb in Zartman and Rubin (2002)).

Third, a small state can exert influence when it has the political leadership and technical skills to deploy an astute negotiating strategy. While we have precious little analysis of trade negotiations that are as profoundly asymmetric as those between ACP and European countries, there are some case studies of asymmetric negotiations in other areas of international relations (most notably Zartman and Rubin (2002) and Panke (2010)). These suggest that in asymmetrical encounters, large states typically rely on their structural power position, using distributive tactics and adopting a 'take-it-or-leave-it' approach. If they encounter opposition from smaller states, rather than make a concession, they increase the pressure with a 'take-it-or-suffer' strategy.

Rather than respond by acting submissively, smaller states often adopt counter-strategies of their own. While the weaker party rarely, if ever, sees all their interests realised, they sometimes manage to turn events in their favour (Zartman & Rubin, 2002).[iv] I show that in negotiations with Europe, ACP countries needed such a strategy in order to convert favourable shifts in the underlying economic and political relationship into influence over final outcomes.

Together these three explanatory factors (low exit costs, high geo-strategic value, and an astute negotiating strategy) help us to overcome the 'structuralists' dilemma', providing a compelling explanation of why Europe hasn't always seen its interests met in profoundly asymmetric negotiations with ACP countries. Crucially, I argue that neither the underlying economic and political relationship, represented in the first two conditions (exit costs and geo-strategic value), nor the third condition (negotiating strategy) is sufficient for small states to shape outcomes. As I show, instances in which the underlying conditions were favourable failed to translate into influence for the ACP states when they did not have an effective negotiating strategy. Conversely, there were instances where an astute negotiating strategy on the part of ACP states was unable to overcome the disadvantages arising from high exit costs and low geo-strategic value.

The evidence I present draws attention to the phenomenon of resistance in international economic negotiations, to which very little attention has been paid. Political scientists tend to conceptualise power from the perspective of the large party: the conditions under which 'A' is able to compel 'B' to act (Dahl, 1957).[v] This framing of the puzzle draws attention to the attributes of 'A'. I am more interested in the inverse question, the conditions under which the smaller party 'B' is able to resist 'A's attempts to compel it to act. Reframing the puzzle in this way draws our attention to the attributes of 'B' and the extent to which the smaller party is able to actively shape outcomes. As I show below, while ACP countries have often found it extremely hard to obtain new concessions from European countries, they have been more successful at thwarting Europe's agenda than we might reasonably have expected, i.e. they may possess the negative power to resist but the lack positive power to further their offensive interests.

My analysis adds to our existing understanding of trade negotiations. We have a rich body of scholarship that shows how trade preference formation within advanced economies, and increasingly within developing countries, shapes outcomes. Some scholars focus on domestic political institutions and have found that democracies are more likely to enter into preferential trade agreements, while others show how lobbying by economic interest groups impacts outcomes (for a useful overview of the literature see Milner (2013)). However this literature 'systematically tends to discount politics and over-emphasise problem-solving and mutual adjustment' in international regulation (Sell, 2011).

External geo-political forces offer an alternative explanation that focuses on processes of interstate bargaining rather than preference formation at the national level, but often assumes that smaller parties exert minimal influence. As Daniel Drezner writes in the preface to All Politics is Global 'the great powers cajole and coerce those who disagree with them into accepting the same rulebook'. (Drezner, 2008, p. xii). He later argues that '[a]symmetrically dependent states in the periphery will be willing to acquiesce because they care more about maintaining the trading relationship than the distributional implications of any concession'. (Drezner, 2008, p. 81). Indeed we have substantial empirical evidence of such coercive mechanisms at play in trade negotiations (Jawara & Kwa, 2003; Manger & Shadlen, 2014).

Missing is an account of whether, even in the face of asymmetries, smaller countries can use negotiating strategies and tactics to shape the outcomes of trade negotiations in their favour. We have relatively little empirically-grounded research on trade negotiations involving developing countries, particularly the smallest and poorest (Odell, 2006). A few exceptions stand out. Some research has examined developing countries in the World Trade Organisation where they have used coalitions and other negotiating tactics to exert influence (Narlikar, 2003; Odell, 2010, 2006; Patel, 2011). Other research has examined North-South free trade negotiations where smaller countries have manoeuvred and extracted some concessions from the larger party (see Ortiz Mena in Odell (2006); Tussie and Saguier (2011)), and some scholars have examined the diplomacies of small states, including in trade (see relevant chapters in Cooper and Shaw (2009) and Brown and Harman (2013)).

However this body of scholarship does not yet provide us with generalizable claims about asymmetric interactions in trade.

The article proceeds as follows. My analysis is divided into four analytically distinct time periods: (i) three sets of negotiations that took place in the 1960s, when ACP countries first gained independence; (ii) negotiations in the mid-1970s, when African, Caribbean and Pacific negotiated with the European Economic Community (EEC) as a single group for the first time, culminating in the Lomé I Convention; (iii) five sets of negotiations between the late-1970s and 2000s which culminated in European and ACP countries agreeing to restructure radically their trade relations; (iv) negotiations over the creation of free trade agreements in the 2000s. The article ends with a brief conclusion.

2. The 1960s: Variation Across Three Sets of Negotiations

The first three negotiations analysed took place in the 1960s as African countries started to obtain independence and trade relations with Europe became the subject of formal negotiation for the first time. These trade negotiations were between: (i) eighteen Francophone African countries and the EEC; (ii) Nigeria and the EEC; and (iii) Kenya, Uganda, Tanzania and the EEC. The three negotiations resulted in strikingly different outcomes.

(i) Yaoundé I Negotiations: Francophone African Countries Exert Minimal Influence

When the negotiations between eighteen Francophone African countries and the EEC commenced, the Francophone African countries had a trade relationship with the EEC based on the French colonial trading system. They were incorporated into a free trade area and had an external tariff set by the EEC countries, and were required to provide EEC countries with preferential treatment in services trade and investment.[vi]

At the outset of the negotiations, the Francophone African countries converged on three basic demands: negotiating on a basis of parity and equality of representation; maintaining advantages at least equivalent to the Treaty of Rome regime; and extracting an EEC-financed commodity price stabilisation scheme.

On the European side, there was no unified negotiating position. The French government was keen on maintaining strong ties to the former colonies, supported by French companies with significant investments in Africa and many among the French political elite who were strong advocates of a Euro-African Union (Fieldhouse, 1986). The European Commission favoured a continuation of the relationship for institutional reasons, as managing relations with the ‘Associates’ was a core part of its work. In stark contrast, Germany and the Netherlands advocated for the special relationship to be dismantled as they had or sought economic interests elsewhere in the developing world and were adamant that these would not be prejudiced (Cosgrove Twitchett, 1978, pp. 61-81). In practice, these divisions meant that the Yaoundé I negotiations were largely an intra-EEC affair.[vii]

In a pattern familiar to scholars of asymmetric international negotiations, the larger party made an offer on a ‘take-it-or-leave-it’ basis, and the smaller party capitulated: the EEC presented its offer to the Francophone Associates as a fait accompli and they accepted it, despite the fact that none of their core demands had been met. On aid allocations, the Francophone African countries did try to stand their ground by rejecting the EEC’s offer, prompting the EEC to make very modest changes, which they reluctantly accepted. In sum, the outcome reflected the EEC’s interests and the eighteen Francophone African countries exerted minimal influence.

(ii) Lagos Negotiations: Nigeria Obtains Substantial Concessions

Following hot on the heels of the Yaoundé negotiations came a set of negotiations between Nigeria and the EEC, which culminated in the 1966 Lagos Convention.

Nigeria initiated negotiations in order to take advantage of the Declaration of Intent attached to the Yaoundé I Convention. The negotiations came as a surprise to many observers, as Commonwealth African countries, including Nigeria, had been extremely critical of Yaoundé I. Nigeria's request was driven by the pragmatic realization that the EEC was rapidly becoming its most important export market (Okigbo, 1967, p. 95). As it had no preferential trade arrangement with the EEC, its colonial trading ties being with Britain, Nigeria was treated less favourably on the EEC market than its key competitors in West Africa, and it was determined to obtain equal treatment. In Europe, France was bitterly opposed to Nigeria's association, but other EEC states, notably Germany and the Netherlands, actively sought and championed it, even threatening to veto the mandate for negotiations with the Maghreb countries unless France backed down (Zartman, 1971, p. 108).

At the outset, the EEC sought an agreement with Nigeria that was similar to Yaoundé I. However the Nigerian government set itself the ambitious goal of avoiding reciprocity. Nigeria didn't want to give preferential treatment to the EEC and thereby upset Britain and the United States, its other key trading partners, and nor did it want to lose the 60% of its government revenue which came from import tariffs (Okigbo, 1967). Moreover, unlike the Francophone African countries, Nigeria sought to negotiate an agreement with the EEC that was focused solely on trade in order to insulate itself from the prospect of aid being used for political manipulation.

Despite strong protests from the French who sought 'real commercial advantages', after eighteen months of hard negotiation, the EEC accepted Nigeria's proposal, subject to a few minor modifications. As Nigeria's chief negotiator noted at the time, the outcome was dramatically different to Yaoundé: aid was excluded from the agreement and Nigeria preserved the ability to use tariffs for revenue (Okigbo, 1967).

(iii) Arusha Negotiations: East African Countries Secure Limited Concessions

The third and final set of negotiations from this period took place between three East African countries (Tanganyika, later Tanzania, Uganda, and Kenya) and the EEC. The East Africans, like Nigeria, sought an agreement exclusively focused on trade. However there was a crucial difference. The East Africans were strong advocates of the principle of non-reciprocity between developed and developing countries, a norm that was accepted by UNCTAD and GATT in the early 1960s. On these grounds they rejected all forms of reciprocity in their negotiations with the EEC, however 'symbolic'.

In Europe, countries responded to the prospect of negotiations with the EAC in a similar manner to negotiations with Nigeria, offering a trade agreement similar to Yaoundé I. At the outset, France opposed the association of the East Africans, but Germany and the Netherlands actively sought it (Zartman, 1971, p. 108).

During the negotiations, the EEC started by insisting on reciprocity but, in the wake of the agreement with Nigeria, stated that it would accept reciprocity that was partial or even symbolic. The East Africans rejected this offer and negotiations stalled (Zartman, 1971, p. 99). Then, in 1967, the East Africans returned to the negotiating table and informed the EEC that they would accept reciprocity. The EEC then made an offer that was more generous than the Yaoundé Convention but slightly less generous than the Lagos Convention and after a few moderate concessions on both sides, agreement was reached.

Explaining the Variation

Given that all three sets of negotiations were characterised by high levels of asymmetry, what accounts for variations in outcomes?

(a) Costs of exit

Comparison of the three cases reveals a striking difference between the costs faced by Francophone African countries if they opted to exit from the negotiations and the costs faced by Nigeria and the East African countries. These differences had a decisive influence over the trajectory and outcome of the negotiations.

Francophone African countries were deeply dependent on the EEC. Walking away from the negotiations would have entailed giving up preferences into the vital EEC market (without which many of their companies were uncompetitive) and cutting themselves off from their main source of financial aid. In 1960 for instance, an estimated 72 per cent of exports from the eighteen Associates went to the EEC market and for fourteen of these countries more than 90 per cent of their exports was destined for the EEC market (Boone, 1992; Manning, 1988; Okigbo, 1967, p. 122). Many governments were unable to guarantee even their own administrative existence without financing from France and the wider EEC, on whom they depended for 98 per cent of aid (Grilli, 1993, p. 15). Given their deep dependency and the paucity of alternatives available, Francophone African countries could not credibly threaten to exit from the negotiations: when Mali tried, they were not taken seriously (Cosgrove Twitchett, 1978; Zartman, 1971).

In stark contrast, Nigeria and the East African countries were not dependent on the EEC in any manner, their dependency being on Britain, which was not yet a member. As the EEC could not threaten to withdraw aid or trade preferences, as it did not provide any, Nigeria and the East African countries were immune to coercive pressure. They could walk away from the negotiations and be no worse off. (This said, the position of Nigeria and the East Africans was not entirely unencumbered; they did have to consider Britain's response.) In contrast to negotiations with Francophone African countries, where the EEC could make an offer that was worse than the status quo ex ante and still secure agreement, it had to offer concessions in order for Nigeria and the East Africans to conclude an agreement.

(b) Geo-strategic value

In these three sets of negotiations, the ACP parties all benefitted from the fact that major stakeholders in Europe considered an agreement to be of high strategic value, so this does not provide us with a ready explanation for variation.

Nigeria and the East African countries clearly benefitted from the fact that Germany and the Netherlands considered an agreement to be particularly strategic. These countries were keen for Nigeria and/or the East Africans to enter into an agreement in order to help water down French influence in Africa and help dampen the virulent criticism of the Yaoundé

Agreement among Commonwealth African countries, improving Europe's international image (Zartman, 1971, p. 108). An agreement with Nigeria was particularly attractive, as it was the second largest economy in Africa and had a sizable market and was a good investment destination.

However it is not credible to attribute the relative success of Nigeria and East Africa to the presence of allies in Europe. Francophone African countries arguably had a stronger champion in the EEC in the form of France, which was willing to invest heavily in order to defend its ties with Francophone Africa in the face of strong opposition from Germany and the Netherlands.

(c) Negotiating strategy

Acute levels of dependency greatly constrained the negotiating options of francophone countries. They attempted to use negotiating tactics to influence outcomes, forming a relatively strong coalition but they acted with restraint during the negotiations, relying on appeals to the good will of the Europeans as they were concerned that making specific demands would alienate their negotiating partner (Cosgrove Twitchett, 1978; Zartman, 1971). Their negotiating manoeuvres enabled the Francophone African countries to secure minor concessions in aid. However due to the watering down of their trade preferences, they were arguably left worse-off after the Yaoundé I negotiations than they had been before. Given their unenviably high exit costs and low geo-strategic value, it is highly unlikely that even a much stronger negotiating strategy would have made a substantial difference.

While differences in exit costs and geostrategic value help us to account for differences between the relative success of Francophone African countries on one hand, and Nigeria and East Africa on the other, this does not provide us with a plausible explanation for differences between the latter two as they were in a very similar structural position vis-à-vis Europe. So why was Nigeria more successful at securing concessions than the East Africans? A close analysis of the negotiating process shows that differences in the negotiating strategies provides a compelling explanation.

The EEC was adamant that any trade agreement with Nigeria or the East Africans would need to be based on reciprocal liberalisation and this was a major point of contention for Anglophone African countries. Nigeria devised a creative solution for accepting reciprocity in principle but avoiding it in practice and, by making a clear and detailed proposal to the EEC, it took the initiative in the negotiations. In essence, while it asked for meaningful access to the EEC market, the reciprocity it offered in return was merely symbolic (Okigbo, 1967). The negotiators were very aware of their relative strengths and weaknesses, anticipated the concerns of the EEC, the Associates, and third parties, engaged in active diplomacy with the Associates to allay their fears, and by proposing innovative and detailed technical solutions, managed to maintain initiative and control over the negotiating agenda. A less prepared negotiating team may simply have accepted the Yaoundé terms offered by the EEC.

The East African countries' negotiating strategy was less effective. They formed a coalition, appointed Tanzania as lead spokesperson (on the basis that it was least interested in an agreement with the EEC and would therefore take a strident approach) and adopted a common negotiating position, moves which would have increased their leverage (Zartman, 1971). However, unlike Nigeria they adopted a hard-line position, reflecting their role in championing norms of non-reciprocity in other international fora. With their refusal to accept any form of reciprocity, however symbolic, negotiations stalled. Once Nigeria had reached agreement with the EEC, an agreement with the East Africans was no longer perceived as particularly valuable by Germany and the Netherlands and no EEC member state was willing to actively champion their cause.

The East Africans arguably overplayed their hand. By walking away and then returning only to capitulate on their initial position they enabled the EEC to take the initiative and eventually dictate the terms. It is plausible that the East Africans would have obtained a more favourable outcome if they had accepted 'symbolic' reciprocity when it was first offered.

3. The 1970s: ACP States Gain the Upper Hand

We now turn to examine the fourth set of negotiations between ACP and European countries. As before we are seeking to establish the extent to which the outcome of the negotiations differed from Europe's negotiating objectives and then to explain any divergence we find. In particular, to what extent do the factors identified above as having substantial explanatory power (exit costs faced by ACP countries, and the negotiating strategy of ACP countries) provide an explanation for outcomes?

(iv) The Lomé I Negotiations

The Lomé I negotiations took place in the early 1970s between the newly enlarged EEC and forty-six African, Caribbean and Pacific (ACP) countries. Negotiations were prompted by Britain's entry into the EEC in 1972.

The EEC's opening position was to offer incorporate the Commonwealth ACP countries under the Yaoundé Convention on the same terms as Francophone African countries. This position was strongly advocated for by the founding members of the EEC, although they were prepared to make some concessions in order not to give Britain a pretext for walking away from the EEC. Britain for its part was weakly in favour of maintaining the system of unilateral preferences it had with Commonwealth ACP countries, but did not advocate strongly for this.

On the ACP side, it was by no means apparent at the outset that ACP countries would negotiate as a single coalition. There were major and very apparent differences between the Francophone African and the Commonwealth countries and it was far from apparent that these groups would ever coalesce around a single set of negotiating objectives. Francophone African countries sought to exclude Commonwealth countries from association to the EEC on the grounds this would erode their trade preferences and lead to reductions in aid allocations (Gruhn, 1976). They also sought to preserve reciprocity arguing that it symbolised parity in their relationship with the EEC. In contrast, many Commonwealth ACP countries were adamant that they must retain unilateral preferences on the grounds that this would preserve their policy autonomy (Hall & Blake, 1979).[viii]

Despite the initial and stark differences between ACP countries, the final Lomé I Convention was a landmark 'win' for ACP countries, notably the Commonwealth ACP, and they secured substantial, valuable concessions from Europe. The Commonwealth ACP countries first succeeded in convincing Francophone African countries to change their negotiating position away from reciprocity towards unilateral preferences and then to join an ACP-wide coalition. The ACP coalition exerted substantial influence during the negotiations and although it did not achieve all it sought, the coalition obtained a major improvement on the Yaoundé relationship and 'a good deal more than Europe had contemplated' (Ramphal, 1995).

The Lomé I Convention committed the parties to a relationship governed by 'complete equality' that would be a 'new model for relations between developed and developing States' (ACP-EEC Council of Ministers, 1975). In trade, ACP countries obtained significant levels of duty-free, quota-free access into the EEC and, crucially, there was no requirement for them to reciprocate.[ix] Unlike the Yaoundé Agreement, ACP countries were not required to give preferential treatment to the EEC in services and investment or to guarantee the free flow of capital. ACP countries also secured a 'STABEX' facility, which guaranteed the stabilisation of the earnings of ACP countries from major commodity exports. This was perhaps the most novel aspect of Lomé I, and it met one of the long-standing demands that developing countries had made in their advocacy for a new international economic order. The ACP also secured a series of Commodity Protocols for sugar, rum, bananas and beef/veal. These were to last indefinitely and provided ACP exporters prices based on the internal EEC market. The benefits were substantial, as the beef price was 50 per cent higher than the world price, and the sugar price between two and three times higher (Ravenhill, 2002).

In the area of aid, EEC commitments fell well below the demands of ACP states, but aid per capita allocations were still double those under Yaoundé II (Gruhn, 1976, p. 257). Just as important, the EEC agreed to the principle that that aid would be granted automatically, without any form of political or other conditionality.

Explaining the Variation

How can we account for the relative success of ACP countries vis-à-vis Europe in the Lomé I negotiations, and what role did exit costs and negotiating strategy play?

(a) Costs of exit

Turning to look at the negotiations from the ACP perspective, a first striking observation is that we cannot attribute the relative success of ACP countries to low exit costs as virtually all ACP countries faced high exit costs. As Britain was now part of the EEC, nearly all ACP countries were profoundly economically dependent on one EEC member or the other, so they faced major costs in the form of forgone trade preferences and aid if they decided to walk away from the negotiating table.

(b) Geo-strategic value

While exit costs were high, EEC countries perceived an agreement with ACP countries as having high strategic value and this provided ACP countries with potential points of leverage during the negotiations. The OPEC crisis of 1973 and rise in oil prices made EEC countries acutely aware that there was the potential for 'reverse dependence' on developing countries for raw materials and energy, and ACP countries were rich in oil and uranium deposits that could be used for nuclear energy. The EEC was eager to conclude an agreement that would guarantee continued access to ACP raw materials, and it was prepared to make substantial concessions to ensure this (Gruhn, 1976, p. 259). At the same time, rapidly increasing world sugar prices (which rose eightfold between 1972 and late 1974) dramatically improved the negotiating position of the ACP sugar exporters. Almost overnight, the dramatic price increases turned Commonwealth sugar exporters into major exporters of an essential foodstuff that was in short supply (Mahler, 1981).

Political aspects of the relationship also provided points of leverage. In the Cold War context, the EEC was keen to conclude an agreement that would help keep ACP countries within the West's 'sphere of influence'. Moreover, the 1970s was also the height of Third World activism and the principle of non-reciprocity in trade had gained widespread recognition, making it far harder than previous decades for the EEC to insist on reciprocity (Hudec, 2011, pp. 69-70).

Within Europe, the interests of some groups were aligned with those of ACP countries, providing a source of leverage. In sugar for instance, Tate & Lyle lobbied vigorously for access to the enlarged EEC market for Commonwealth sugar exports, and even encouraged its own workers to engage in a brief strike to put pressure on the British negotiators (it was handsomely rewarded with monopsony rights under the Sugar Protocol) (Mahler, 1981). The development directorate of the European Commission was also sympathetic to the development aspirations of Commonwealth ACP states and perceived their proposal for a new scheme of unilateral trade preferences as a means to expand their mandate and influence (Green, 1980; Ravenhill, 2002).

Crucially, these sources of potential leverage would have remained just that if ACP countries, particularly Commonwealth ACP countries, had not deployed an astute negotiating strategy that turned these sources of potential advantage into concrete gains at the negotiating table.

(c) Negotiating strategy

The most important move of the Commonwealth ACP countries was to create a solid and united coalition that included the Francophone African countries. From the outset of the Lomé I negotiations, all forty-six ACP countries spoke with one voice and this enabled them to gain the upper hand. ACP unity came as a surprise, particularly to the EEC, but also to many ACP representatives: only three months ahead of the launch of the negotiations, there was a presumption that, given their divergent interests, Francophone and Anglophone countries in Africa would negotiate as two different groups, and separate negotiations would be held with the Caribbean (Hall & Blake, 1979; Whiteman, 2008).

ACP unity was the result of concerted diplomacy initiated in the fringes the Non-Aligned Movement (NAM) and consolidated through an exchange of visits between ministers from key Caribbean and African Commonwealth countries and active diplomacy by Nigeria to bridge the historic Anglophone-Francophone divide (Ramphal, 1995). The NAM, G77, and African Union provided platforms for mobilisation, while the 'New International Economic Order' provided a source of ideational inspiration (Ravenhill, 1980; Zang, 1998). As 'Sonny' Ramphal, who was a leading Caribbean negotiator, explained, ACP negotiators were emboldened by these developments: 'There was a mood of hope at large…We may have lacked experience of the world, but we did not lack boldness or energy' (Ramphal, 1995).

ACP ministers agreed to speak with one voice and refused to be constrained by the straightjacket of options set out by Europe (Ramphal, 1995). They converged on a set of core demands and established a series of institutions to support the coalition's work including the ACP Secretariat in Brussels, an ACP Council of Ministers, an ACP Committee of Ambassadors, and a series of technical working groups (Gruhn, 1976; Hall & Blake, 1979). Unity enabled the ACP countries to pool and leverage their resources, taking advantage of Europe's strategic interest in the natural resource endowments scattered across the ACP, of the Francophone African countries' intimate knowledge of EEC bureaucracy, and of the Caribbean's dynamic and skilled team of experienced negotiators.

The ACP's united position and clear demands put the Europeans on the defensive and they secured and maintained the negotiating initiative. ACP countries delayed negotiations until they were ready, convened Ministerial meetings when negotiations stalled at the technical level, and made concrete technical proposals. They also formed strategic alliances with a few groups in Europe with shared interests, notably Tate & Lyle in the sugar sector, which joined ACP countries to lobby vigorously for favourable access to the enlarged EEC market (Mahler, 1981). In the words of one scholar ‘the new ACP grouping provided an adversary with whom a true dialogue had to occur, and whose negotiating skills were unexpected’ (Ravenhill, 1980).

Crucially, the ACP coalition proved largely resilient in the face of external pressure. It did not fragment when the Europeans circumvented officially appointed negotiators and to talk bilaterally with presidents of countries with whom they had traditionally had a close relationship. In addition, the coalition held out on issues that only mattered to a few members, including the inclusion of iron ore in STABEX for Mauritania, and ensuring that the Caribbean countries achieved a reasonable settlement in rum (Gruhn, 1976; Ravenhill, 2002).

In sum, the key insight from the Lomé I negotiations is that the presence of ‘strategic assets’ including valuable raw materials, coupled with an astute negotiating strategy can enable the smaller party to offset the constraints imposed by high exit costs, and exert influence. In stark contrast to later periods, they displayed both the negative power to resist and the positive power to further their offensive interests. The formation and maintenance of a strong, unified ACP coalition was crucial to this.

4. The 1980s and 1990s: The Tide Turns Against the ACP

We now turn to scrutinise five negotiations that took place in the 1980s and 1990s: four renegotiations of the Lomé Convention, and then the negotiations in the late 1990s that culminated in the Cotonou Agreement.

(v-viii) Lomé Renegotiations

ACP countries embarked on Lomé II negotiations seeking to address the shortcomings of the Lomé I Convention.[x] This included completely free access to Europe's markets, increased aid allocations and more control over the management of aid (Cosgrove Twitchett, 1980).

Europe sought to reduce the costs of the relationship, primarily by reducing aid, and obtain new economic and political concessions from the ACP. These includes guaranteed access to their mineral exports, reciprocal investment promotion and protection agreements, and clauses that would permit the EEC to suspend aid and trade preferences to ACP countries involved in the violation of human rights or international labour standards (Ravenhill, 1989). European demands were driven by a sharp electoral shift to the right which meant that while Europe did not wish to dismantle the Lomé regime, seeing it as its flagship development policy[xi], there was little appetite for increases in aid, and there was a rise in demand for conditionality (Fraser, 2008; Zartman, 1987).

The outcomes of the Lomé II negotiations were far closer to the EEC's negotiating objectives than those of the ACP. Most ACP demands were rejected, although the coalition did obtain some minor improvements to market access for ACP exports. EEC proposals on conditionality were highly contentious and ACP countries successfully resisted their introduction. However the EEC secured guaranteed access to ACP mineral exports and reduced its aid commitments, which were lower in real per capita terms than in Lomé I (Table 2).

The Lomé Convention was renegotiated a further three times. Each time ACP countries focused on trying to preserve the status quo, while Europe focused on extracting new concessions.

The outcomes strongly favoured Europe on all three occasions. In trade, ACP countries obtained minor market access improvements (Greenidge, 1997; Lister, 1997, pp. 119-120; Zartman, 1993) but these were undermined by the rapid erosion of trade preferences as Europe expanded its trade arrangements with other developing countries (Grilli, 1993, pp. 165-168; Herrmann & Weiss, 1995; McQueen & Stevens, 1989). Europe did not agree increases in quotas for sugar and bananas (Lister, 1997, p. 119).

In aid, allocations decreased markedly in real terms and disbursement was extremely slow (Table 2) (Arts & Byron, 1997; Zartman, 1993). Europe blocked ACP proposals to discuss debt relief (Arts & Byron, 1997; Greenidge, 1997) and succeeded in its bid for deeper conditionality. In the 1980s ACP countries accepted the controversial conditionality proposals although ACP countries did manage to block EU proposals to widen conditionality to include 'good governance', arguing that the term was too vague and open to discretionary interpretation. Disbursement of European aid became explicitly tied to the support of the structural adjustment policies of the World Bank, even though these policies were highly controversial among ACP countries (ACP-EEC Council of Ministers, 1989; Crawford, 1996; Lister, 1997; Ravenhill, 2002).

Table 2: Evolution of Aid Under Successive Lomé Agreements (€ millions) (1975-2000)

EDF Tranche	Total Allocation (Nominal)	Total Allocation (Real)	Aid Allocation Per Capita in ACP Countries (Real)	Percentage of Allocated Funds Disbursed
Lomé I (4th) 1975	3390	2696	8.46	43%
Lomé II (5th) 1980	5227	2586	6.65	39%
Lomé III (6th) 1985	8400	3264	6.74	40%
Lomé IV (7th) 1990	12000	3514	6.41	37%
Lomé IVb (8th) 1995	14625	3463	5.06	20%
Cotonou Agreement (9th) 2000	15200	3131	3.99	28%

Source: Extracted from Table 1, Table 3, and Table A1in Clarke (2007)
Note: Real values are calculated based on the average inflation index for the corresponding 5-year period. As aid is disbursed at a slower rate, these figures over-estimate the real value of aid received by ACP countries.

(ix) Cotonou Negotiations

By the mid-1990s, there were clear signs that the EU was determined to end the Lomé trade relationship and replace unilateral preferences with a series of regionally-based free trade agreements (Cosgrove Sacks, 1999, p. 351, citing The Courier ACP-EU March-April 1995; European Commission, 1996). ACP countries strongly opposed this move and ACP heads of state warned that reciprocity raised the 'prospect of disruption in our fragile and vulnerable economies and disintegration of the social fabric of our countries' (ACP Heads of State, 1997, Preamble).

Negotiations on a regime to replace Lomé started in 1998 and the outcome clearly reflected the EU's priorities (ACP and EU Ministers, 2000, Article 37(7)). Crucially, the EU and ACP agreed to negotiate free trade agreements called 'Economic Partnership Agreements' between 2002 and 2007 and to start implementing them from January 2008 (ACP and EU Ministers, 2000, Article 37(1)). This was a landmark decision as ACP countries agreed to leave behind two pillars of the Lomé regime that they had fought so hard for in the 1970s: non-reciprocity and non-differentiation within the ACP group. The only substantial concession obtained by ACP countries was the renewal of the Banana and Sugar Protocols, an outcome that was considered 'remarkable' given the level of opposition from the EU (Jessop, 2002).

Overall the dynamics of the successive negotiations in the 1980s and 1990s were much closer to the outcomes we might reasonably expect from a highly asymmetric encounter. The European side had the upper hand throughout the negotiations, and core decisions were made through intra-European negotiation and presented to the ACP as a fait accompli. Although ACP countries tried to stand their ground, they ultimately capitulated in many areas.

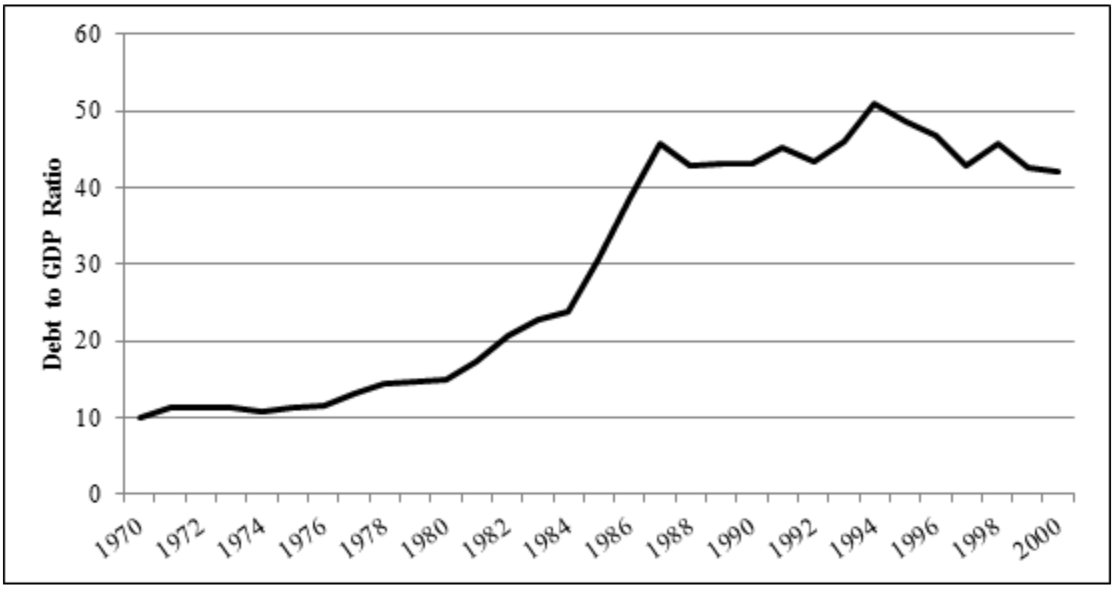
Explaining the Variation

How can we account for the shift from the 1970s, where ACP countries exerted a relatively high degree of influence, to the 1980s and 1990s where they exerted minimal influence and were left worse off with each negotiation?

(a) Costs of exit

A very apparent change lies in the magnitude of exit costs facing ACP countries, which increased dramatically. From the early 1980s, most ACP countries entered a period of protracted economic crisis and unmanageable external debt (see Figure 1), and governments focused on day-to-day economic survival. In sub-Saharan Africa, GDP per capita dropped 12 per cent on average between 1980 and 1986, and as much as 30 per cent in some countries (Helleiner, 1985; Ravenhill, 1980). The severe economic situation continued into the 1990s: growth was sluggish or even negative, commodity prices continued to fall, and debts escalated, with many ACP countries struggling to service them (Greenidge, 1997).

Figure 1: Levels of External Debt Among ACP Countries (1970-2000)



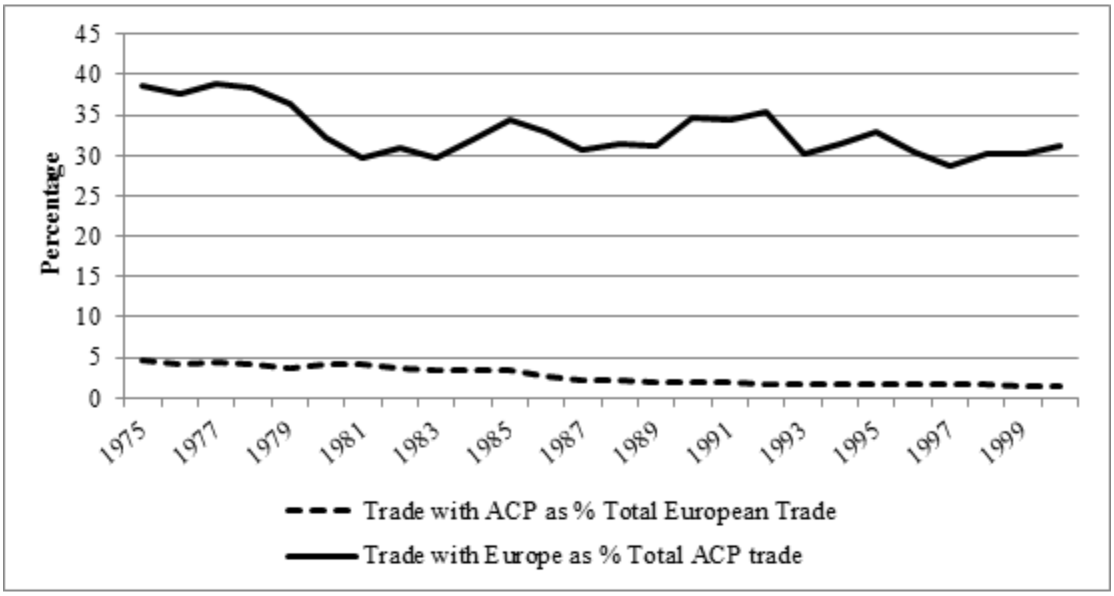
Source: Extracted from UNCTADstat

Economic collapse deepened the dependence of ACP countries on Europe and greatly raised the costs of exiting from the Lomé relationship. While the benefits of the Lomé regime declined in real terms during this period, the acute economic situation in ACP countries greatly raised the relative importance of European trade preferences and concessionary finance. Europe continued to be the main trading partner and was the primary source of concessionary finance, either directly, or through the IMF and World Bank. Moreover, high levels of domestic economic and political fragility made ACP governments particularly sensitive to coercive threats. Reports from the negotiations suggest that ACP countries perceived that agreeing to negotiate free trade agreements was a necessary concession for maintaining aid flows, and there is evidence that the EU used aid dependence to its tactical advantage during the negotiations (Tekere, 2003; Working Group of ACP Experts, 1999, p. 6).

(b) Geo-strategic value to negotiating partner

Compared with the 1970s, ACP countries lost much of their strategic value in the eyes of Europe (see Figure 2). Although Europe continued to value the ACP as a source of raw materials (European Commission, 1982, p. 18; Lister, 1997, p. 152), Europe's political interest declined as the Cold War ended and the EEC expanded to included include Spain and Portugal, and then Central and Eastern Europe, countries which had no historical ties to the ACP (Bartels, 2007). This had significant implications for the negotiating options available to ACP countries as it meant that they were no longer able use their strategic value to Europe as a source of leverage to offset the vulnerability arising from high exit costs.

Figure 2: Relative Importance of Mutual Trade For Europe and ACP (1975-2000)



Source: Calculated by the author, data extracted from UNCTADstat
Note: The figures are indicative as the composition of the ACP and EEC/EU changed markedly during the period and this data is calculated on the basis of the members of Lomé IV

By the late 1990s, a shift started to occur as ACP countries, particularly African countries, accrued geo-strategic value in the eyes of Europe. Debate in international circles focused on the 'resurgence of Africa' and there was some lobbying from European business for greater access to the continent's markets (International Development Committee, 1998). The US initiated the 'Africa Growth and Opportunity Act' and this raised fears in Europe that, after decades of substantial European aid flows to the ACP, 'less-committed' industrialized countries would 'reap the harvest' by seizing new trade and investment opportunities in the most dynamic ACP economies (Lecomte, 2001, p. 14).

(c) Negotiating strategy

A further striking observation is that the negotiating strategy of ACP countries was far weaker than in the 1970s. High exit costs and low geo-strategic value greatly constrained their room for manoeuvre; they could not credibly threaten to exit from negotiations and, unlike the 1970s, did not have sufficient geostrategic value to offset high exit costs. Yet close scrutiny of the negotiations also shows that ACP countries failed to fully leverage the limited room for manoeuvre that they did have.

A very noticeable change is the weakening of the ACP coalition, which had been crucial to exerting influence in the 1970s. The ACP coalition was unable to forge a unanimous negotiating position from Lomé II onwards (Ravenhill, 1980; Zartman, 1993). The lack of unity was largely due to the resurfacing of Anglophone-Francophone tensions, with economically weakened Francophone African countries particularly wary of adopting a strident negotiating position towards Europe. Furthermore, Third World activism, which had greatly strengthened ACP unity in the 1970s, had waned dramatically (Zartman, 1987).

The ACP negotiating strategy was further weakened by reduced levels of support from the ACP Secretariat, the institution that had been set up in the 1970s to provide ACP negotiators with technical advice. The Secretariat was starved of resources as ACP governments faced acute resource constraints back home and failed to pay their contributions. With a staff of only twelve, the Secretariat could not provide the technical analysis that negotiators required and turned to the European Commission for financial support as well as data and information, which was inevitably compromising.

Weaknesses in the ACP negotiating strategy became very apparent during the negotiations. Europe adopted tactics typical of large states in an asymmetric encounter. Europe's primary tactic was to apply pressure and to try and force quick capitulation. It used a series of common pressure tactics, including requesting negotiations on specific details, knowing full well that the ACP were poorly prepared; capitalising on divisions within the ACP, often bypassing the formal negotiating structures and going directly to the heads of state in more 'moderate' ACP governments; and imposing time constraints and then only announcing its position on important issues at the last minute, giving ACP countries little time to respond (Ravenhill, 1980; 1989, pp. 232-237).

ACP countries were poorly positioned to mount an effective counter-response. The lack of unity meant that ACP negotiators did not have a strong and clear negotiating position and their lack of technical preparedness meant they had to focus on issues of principle rather than substance. They concentrated on playing on their weakness, arguing that the ACP countries were so small that additional concessions could not possibly harm Europe and that support was needed to address their dire domestic situation (Ravenhill, 1989, p. 234; Zartman, 1993). The lack of unity, leadership, technical capacity and direction combined with a profound sense of vulnerability was 'reflected at the negotiating table as lack of self-confidence' and allowed the EEC to largely determine the outcome of the negotiations (Lister, 1997, p. 113, citing 'News round-up: the ACP-EEC negotiations for Lomé IV', The Courier 117, Sep-Oct 1989, p. 1; Ravenhill, 1980, 1989; Zartman, 1987).

The upshot was that the successive Lomé renegotiations were largely determined by intra-European politics, in line with what much International Relations scholarship would lead us to expect from a highly asymmetric negotiation. Even in market access, minor gains for ACP countries were largely due to intra-EEC politics rather than the negotiating moves of ACP countries (Greenidge, 1997; Lister, 1997, pp. 119-120; Zartman, 1993).

The EU's renewed interest in the late 1990s could have been a valuable source of leverage in the negotiations, but ACP countries do not appear to have taken full advantage of it. During the Cotonou negotiations, weaknesses in the ACP coalition persisted. Even though ACP heads of state had declared deep reservations about a shift to reciprocity, in the negotiating room ACP countries failed to agree a unified position on how to respond to the EU's proposals (Lecomte, 1998, p. 1). Instead commodity exporting countries focused on averting the EU's proposed changes to the Commodity Protocols (International Development Committee, 1998; Jessop, 2002; Mayers, 2006); Francophone African countries reportedly started to negotiate a free trade agreement with Europe, behind the back of other ACP members (Cadot, Melo, & Olarreaga, 1999); while the Caribbean, which had traditionally played a key leadership role in the ACP coalition, failed to do so as it struggled to address its own internal differences (Byron, 2005, p. 15).

Compounding these problems, the scant ACP negotiating resources were thinly stretched: the peak of the Cotonou negotiations coincided with the WTO Ministerial in Seattle, in which most ACP countries were engaged, while the Caribbean was simultaneously involved in strenuous free trade agreement negotiations with the US (Byron, 2005, p. 8). .

The failure of ACP countries to capitalise on these favourable shifts suggests a form of hysteresis. A common mistake among negotiators, particularly in a repeat negotiation, is to transpose a strategy from previous negotiations onto the new negotiation, without stopping to reassess the wider context, identify changes and adapt accordingly (Thompson, 2012). After two decades of negotiating with Europe from an incredibly weak economic position, it is plausible that ACP negotiators failed to fully appreciate their growing strategic value.

5. The 2000s: African Countries Block EU Interests

We now turn to examine the final and most recent negotiations between Europe and ACP countries, over the creation of Economic Partnership Agreements.

(x) Economic Partnership Agreements

Negotiations started in 2002, and in the first year, the 76 ACP countries negotiated with the EU as a single coalition. After that, they negotiated as six separate regional groupings.

The EU had ambitious and very detailed 'negotiating directives', seeking six free trade agreements that included extensive provisions on trade in goods and services, as well as investment, intellectual property, competition, government procurement, and environmental and social standards (Permanent Representatives Committee of the European Union, 2002). The EU objectives were far more ambitious than the ACP states had agreed to in the Cotonou Agreement and reflected many of the issue areas where the EU had made unsuccessful proposals at the WTO.

On the ACP side, 'negotiating guidelines' were developed at the all-ACP level, but they were relatively vague, due to substantial divergence among the ACP regions as well, in some instances, as a lack of clarity over interests (Bilal, 2002). Although there were differences within regions, the most apparent cleavage was between African and Pacific regions, which preferred the status quo of unilateral preferences and were generally opposed to the EU's proposals, and the Caribbean region, which sought free trade agreement similar to that proposed by the EU.

Despite the fragmentation of the ACP into small regional groupings, which exacerbated asymmetries, the EU did not realise it negotiating objectives. Negotiations with the Caribbean region culminated in a free trade agreement that covered all areas of interest to the EU, although close scrutiny of the text shows that the region secured significant concessions in the fine details and many countries delayed ratification and implementation.

Negotiations with African and Pacific regions were highly acrimonious and protracted. Under pressure from the EU, regions fragmented and countries negotiated on a bilateral or sub-regional basis. This resulted in twenty-one of the sixty African and Pacific countries initialling 'interim' EPAs that were partial in scope, covering only trade in goods, while the remaining forty countries walked away from the negotiating table.[xii] Even after agreements were concluded most African and Pacific countries evaded implementation by demanding renegotiation of contentious clauses, and delaying signature and ratification. The EU had hoped that securing a series of sub-regional agreements would eventually lead to the conclusion of regional agreements. As at 2014, regional agreements looked possible with the western and southern African regions, albeit on a much-reduced scope than the EU had originally intended, but agreements with central and eastern Africa regions and the Pacific continued to be elusive (Table 3).

Overall, it is striking that despite negotiating as small regional groupings, African and Pacific countries successfully blocked major aspects of the EU's negotiating agenda for more than a decade. Moreover, by delaying the negotiations, as well as the signature and implementation of the 'interim' agreements, many ACP countries continued, de facto, to trade under a system of unilateral preferences.[xiii]

Table 3: EPA Outcomes (January 2014)

	Caribbean	Africa				Pacific
Name of Regional Grouping	CARIFORUM	CEMAC	ECOWAS	ESA	SADC	PACP
Scope of EPA	Full	Interim / Partial	Interim / Partial	Interim / Partial	Interim / Partial	Interim / Partial
Proportion of States Initialling EPA	15 of 15	1 of 8	2 of 16	11 of 16	6 of 7	2 of 14
Proportion of States Signing EPA	15 of 15	1 of 8	1 of 16	4 of 16	4 of 7	2 of 14
Proportion of States Implementing EPA	8 of 15	1 of 8	0 of 16	4 of 16	0 of 7	2 of 14

Explaining the Variation

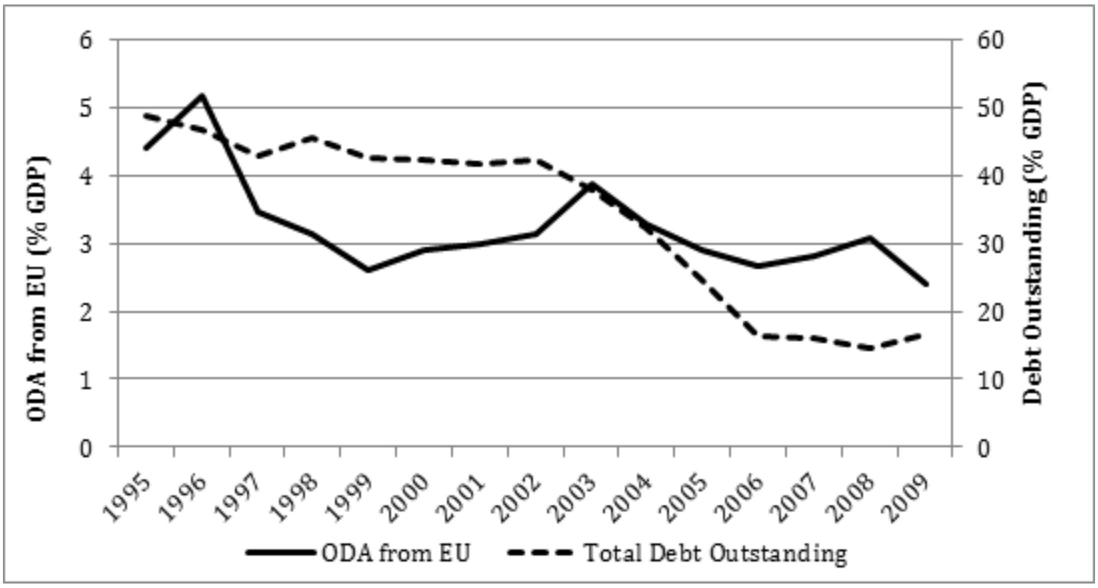
The aspect of these negotiations that is interesting from a power perspective is that where preferences diverged sharply the EU was unable simply to impose its negotiating objectives. Although the EU did reach an agreement with the Caribbean region, the two parties had similar negotiating objectives, so we cannot attribute this to a simple account of capitulation in the face of coercive pressure (On the Caribbean see: Heron (2010)).[xiv] In negotiations with African and Pacific regions, where there were major divergences, the failure of the EU to achieve its negotiating objectives is surprising in light of the 1980s and 1990s when the EU dominated successive Lomé renegotiations and the Cotonou negotiations. What changed?

(a) Costs of exit

A first striking difference is that the costs to ACP countries of exiting from their relationship with the EU reduced substantially. As a group, ACP countries were much less economically dependent on Europe by the mid-2000s than they had been in the 1980s and 1990s. Relatively strong economic growth in many ACP countries, particularly in Africa, together with debt rescheduling, reduced dependence on Europe for concessionary finance. In 1995, ODA from the EU was equivalent to 4.4 per cent of the total GDP of ACP countries and by 2009 this had fallen to 2.4 per cent. Total outstanding external debt of ACP countries declined from above 40 per cent of GDP in the late 1990s to below 30 per cent by the late 2000s (Error! Reference source not found.**)**. Although some ACP governments remained heavily dependent on European aid, the spectre of aid reductions did not loom as large over the negotiations as it had in the 1980s and 1990s.

The rise of emerging economics meant that, for most ACP countries, Europe was no longer the primary trade partner or source of investment. In 1995, 30 per cent of ACP exports were destined for Europe and by 2010 this had dropped to 22 per cent, with rapidly growing trade relations with emerging economies, particularly China, accounting for much of the difference.[xv] The value of trade preferences continued to be eroded as Europe's external trade relations with third countries deepened. Moreover, as Europe had committed to provide all 'least developed' countries, including almost half of ACP countries, with duty-free-quota-free access to its market in the context of WTO negotiations, these countries no longer needed Cotonou trade preferences to access the European market on preferential terms.

Figure 3:: Trends in ACP External Debt and Aid from EU (1995-2009)



Source: data on ODA extracted from OECD QWIDS database; data on debt extracted from UNCTADstat

(b) Geo-strategic value

A second striking difference is that ACP countries, particularly African countries, continued to accrue strategic value from the EU's perspective. The EU became increasingly concerned about ceding influence in Africa in light of new relationships between African states and China. It was also anxious to secure access to minerals and metals: many African countries negotiating EPAs had deposits of minerals and metals that the EU considered to be of critical importance, and the EU identified trade agreements as a key mechanism for securing access to them (European Commission, 2008, 2011; Ramdoo, 2011). There was also growing interest from European investors in Africa's rapidly developing consumer markets.

In terms of background conditions then, shifts in the wider economic and political context provided ACP countries as a group with much more favourable negotiating conditions than in the 1980s and 1990s. Indeed, background conditions were arguably even better than they had been in the 1970s when ACP countries secured a 'landmark win' in the Lomé I negotiations.

Comparison with the Lomé I negotiations is instructive as it helps us to distil the relative importance of the negotiating strategy of ACP countries in shaping outcomes. Had underlying economic and political conditions been the primary determinant of outcomes, we would expect ACP countries to have been able to secure a more favourable outcome from the EPA negotiations than Lomé I. Yet this was not the case. In EPA negotiations, ACP countries displayed a negative power to resist, blocking major aspects of Europe's agenda but were less effective at securing new concessions from Europe than they had been in the Lomé I negotiations.

(c) Negotiating strategy

In the EPA negotiations, the most apparent difference from negotiations in the 1970s is the failure of ACP countries to reconcile differences in their interests and negotiate as a single coalition (on challenges within Southern Africa see Vickers (2011)). Moreover, even where they had similar interests, most notably across Africa and the Pacific, they were unable to resist divide and rule tactics. African and Pacific regions, despite their similar negotiating objectives, failed to communicate with each other, which meant that Europe was able to play one region off against the other (interview with negotiators, 2008). Unlike in the 1970s, negotiating groups failed to stay united in the face of pressure from the EU, with the result that the more vulnerable countries entered into agreements with Europe at a bilateral level. The failure to act collectively, either at the all-ACP or regional level, meant that countries were unable to fully leverage the strategic resources that were scattered across the members of the group. This lower level of collective action provides us with a compelling explanation for the relative failure of ACP countries to extract new concessions from Europe in the EPA negotiations.

Yet, despite the failure to exert much influence through effective collective action, African and Pacific countries did shape outcomes through their negotiating strategies. Most notably, they were able to resist much of the EU's negotiating agenda. The negotiating strategy of African and Pacific countries shaped outcomes in three ways. In the early stages of the negotiations, the EU adopted a hard-line take-it-or-leave-it strategy. Unlike in the 1980s and 1990s, and arguably because the majority of countries did not face high exit costs, African and Pacific regions responded by standing their ground, tabling counterproposals and refusing to negotiate in highly contentious areas. They were successful in stripping back the negotiating agenda to a focus on trade in goods. This was important, as it meant that when, at the end of 2007, vulnerable African and Pacific countries succumbed to divide and rule tactics, the agreements they entered were only partial in scope and were a far cry from the 'full' EPA the EU had originally sought.

In addition, variations in levels of technical expertise had a bearing on the final outcome. Regions with greater levels of expertise (notably the Pacific and Southern Africa) secured a higher level of concessions in the fine detail of the text (interview with negotiators, 2008) Even after the negotiations had been concluded, individual countries found room to manoeuvre, by calling for renegotiation, in some cases successfully, and by delaying signature and ratification. The literature on small states places great emphasis on the importance of collective action to exert influence in highly asymmetric negotiations (Narlikar, 2003). The finding that ACP countries exerted influence even without robust collective action, particularly in their ability to block major aspects of the EU's agenda and evade implementation, shows that their scope for agency is more substantial than is often appreciated in the literature.

6. Conclusion

In this article I have sought to enrich our understanding of trade negotiations by showing that small countries can exert a level of influence in asymmetric negotiations that is underappreciated, and illuminating the conditions under which this occurs. More precisely, I have argued that when three conditions hold, small developing countries will be able to exert substantial influence even in an asymmetric encounter: when exit costs are low, the small state has high geo-strategic value, and the political leadership and technical skills to deploy an astute negotiating strategy.

I have argued that international power relations decisively shape the outcomes of asymmetric negotiations but not in the ways we often assume. As scholars we need to adopt nuanced and disaggregated approach: power relations cannot simply be reduced to market size. I have suggested that two facets of the international relationship are particularly important. First, the depth of dependence of the small state on the large, embodied in the concept of 'exit costs', as this central to establishing the extent to which the small state will be vulnerable to coercive threats. Second, the degree to which the smaller state is considered strategic by the larger state, as a high level of geo-strategic value provides small state negotiators with a major source of leverage. The magnitude of exit costs and geostrategic value need to be analysed for each negotiation as we can expect them to vary dramatically across countries and over time. I have also stressed the need to examine the negotiating strategy that the small state deploys as this determines the extent to which a relatively favourable external environment (particularly low exit costs and high geo-strategic value) is reflected in the final outcome. Again we can expect the ability to deploy an astute negotiating strategy to vary substantially across small states, between issue areas, and over time.

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[i] Note that the 'outcome' here refers to the final negotiated text. I do not examine whether countries then implemented these agreements in practice.
[ii] While I appreciate that the process of interstate bargaining also shapes state preferences, I put this consideration aside in this analysis

[iii] Note that if trading partners are equal in size, the threat of widespread trade sanctions is not credible as ceasing trade hurts both parties equally.
[iv] e.g. small countries used Cold War politics to their advantage (Keohane, 1971)
[v] On power see (Lukes, 1974, 2005)
[vi] The trading relationship is set out in Article 133(3) Part Four, Treaty of Rome (1957). For analysis see (Bartels, 2007; Cosgrove Twitchett, 1978). On the French colonial system see (Fieldhouse, 1986)
[vii] For details on the nature of intra-European bargaining see (Cosgrove Twitchett, 1978; Zartman, 1971)
[viii] Unlike the French colonial system on which the Yaoundé Agreements were based the British colonial trading system provided colonies with preferential access to the British market but did not require full reciprocity in return (Cosgrove Twitchett, 1978, p. 147; Glickman, 1947, p. 444)
[ix] Sugar aside, 99% of ACP exports faced no duties into the EEC
[x] In addition to the substantive inadequacies of the relationship (including very restrictive rules of origin) the EEC adopted a very narrow legalistic approach rather than interpret Lomé I in line with the principles in its preamble. (Ravenhill, 1989)
[xi] The EEC Negotiating Mandate for the Lomé IV Convention noted that the Convention remained 'the main pillar of the Community's development policy' cited in (Zartman, 1993, p. 56)
[xii] Under international treaty law, initialling an agreement demonstrates that the text is authentic and definitive, and ready for signature, but does not itself impose any obligations on the parties. (Bartels, 2008)
[xiii] The EU agreed to provide preferences on a temporary basis to any ACP country that had initialled an EPA (European Council, 2007)
[xiv] Although there were some stark intra-regional divergences, the position adopted by the Caribbean region was much closer to that of the EU than the position taken by African and Pacific regions. Accounting for variations in domestic and regional preferences is the subject of a forthcoming article.
[xv] Data extracted by the author from UNCTAD, retrieved 30th January, 2012, http://unctadstat.unctad.org.

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