from Financial Aid in Trade to All-Around Development

——Framing a New and Sustainable EU- ACP Relationship

*Spanish Perspective*

With the rapid development of globalization and information technology, interactions among countries have become increasingly frequent. Under the catalysis of national interests and ideology, interdependence has been promoted among countries. Since the era of sea rights, in order to compete for natural resources, overseas territories, and labor force, European countries have continued to expand their influence and gradually establish overseas colonies. The African, Caribbean, and Pacific countries have become important European colonies. Over time, the bilateral relations transfer from colonial affiliation to the implementation of the Most-Favored-Nation principle, and the establishment of strategic goals such as Economic Partnership Agreements and Aid for Trade. In particular, after the European Community was established, today’s EU and ACP countries have established a normalization relationship under the constraints of regional trade interactions, economic and trade agreements, and conventions.



The ACP countries are broadly divided into seven regions, among which the regional organizations within Africa are the most complex. Some of the ACP countries are the least undeveloped countries in the world, while others are still in the process of development. Many countries are facing challenges in political stability, poverty elimination, infrastructure construction, economic development and social welfare. In addition, the standpoints of the Caribbean Sea and the Pacific island countries on EU assistance are different. Therefore, the construction of regional organizations has become an important and purposeful system and institution for bilateral economic and trade negotiations and strategic adjustments[[1]](#footnote-1).

Although during the implementation of the Lomé Agreement, the competitive advantage of the ACP countries on trade prices was formally given, the comprehensive cooperation between the two parties was unable to coordinate effectively. By the time the agreement expired, more than half of the ACP countries were still listed as out of 49 Least-developed Countries (LDCs). In 2000, the two sides revised the relevant treaties and institutions, replaced the Lomé Agreement with the Cotonou Partnership Agreement. The agreement established a permanent economic partnership and used “Aid for Trade” as an important interactive strategy in order to promote the steady growth of bilateral economies and enhance the interdependence of bilateral trade.

Under the framework of Cotonou Agreement, although the ODA and other funds have provided considerable official assistance for the ACP countries, the ACP countries still have problems such as the difference between the rich and the poor in the region, and the slow internal growth rate. It can thus be seen that there are still some problems in the agreement:

Firstly, the agreement aims to establish bilateral free trade areas, with the intention of establishing reciprocal symmetry agreements between the two parties. The eventual loss of the original preferential trade status of the ACP countries makes the ACP countries’ exports to the EU not only face world-wide competition, but also face competition from other countries within the ACP region as well, leading to a further widening of the gap between the rich and the poor in the region, which may run counter to the goal of promoting regional economic integration.

Secondly, for ACP countries where most countries are export-oriented trade structures, once the import revenue is not guaranteed, it is very likely that the domestic situation will be turbulent. Not only has the foundation of the Cotonou Agreement been shaken, it has undermined the objectives of the agreement, but also it has been detrimental to the world’s peace and stability.

Thirdly, the outcomes of the past few years showed that the goal of creating equal trade partnership between the two sides is not realized, and ACP counties’ productivity in some industries have not yet witnessed much improvement with the domestic market being occupied by imported goods.

Based on the above-mentioned bilateral economic and trade issues between the EU and the ACP countries, the EU needs to make in-depth considerations in this regard and make corresponding adjustments when formulating new agreements to replace the Cotonou Agreement.

As far as we know, the Sustainable Development Goals adopted by the United Nations in 2015 is a series of new development goals. It will continue to guide the global development work from 2015 to 2030 after the expiration of the Millennium Development Goals. The Sustainable Development Goals will guide the development of global development policies and funding from 2015 to 2030. Among the 17 Sustainable Development Goals, the primary goal is to eliminate all forms of poverty in all parts of the world. This is consistent with the EU’s goal of assisting ACP countries. In addition, there are “good health and well-being”, “quality education”, “gender equality”, “industrial innovation and infrastructure”, “reduced inequalities” and “sustainable cities and communities” goals, which are consistent with the original intentions of the Cotonou Agreement. At the same period, in 2016, EU developed a global strategy through the publication of the document *Shared Vision, Common Action: A Stronger Europe* and a series of policies and documents, setting strategic priorities in security and defense, building resilience and taking an integrated approach, strengthening and internal and external nexus, updating existing strategies or preparing new ones, as well as public diplomacy. These five strategic priorities reveal EU as a responsible global actor and partner that is responsive to dealing with regional and global challenges, as well as a steadfast supporter of global values and pragmatic cooperation. Therefore, with the expiration of the Cotonou Agreement, the EU should formulate a new framework to better enhance the bilateral relationship between the EU and the ACP counties, taking into account the current international situation and EU’s own development needs. When the EU is developing a new framework, it should first consider the following two issues: Issue 1: A Post-Cotonou Framework for EU–ACP Relations; Issue 2: Delivering EU Development Goals.

Before going through the detailed solutions to the two issues, Spain would like to make clear of the fundamental goal of building the framework of EU-ACP relations. It is not purely about offering financial aids and economic assistance to these undeveloped countries, but more about providing the necessary capital, tools and even values to help ACP countries cultivate the abilities to realize national and regional modernization, prosperity and integration in a sustainable way with the hope that ACP countries could become an equal partner for EU, as well as for other countries and regional entities in the world. Upholding the fundamental goal, Spain proposes two solutions to addressing Issue 1 and Issue 2 respectively.

**Proposed Solution to Issue 1**

For the new framework, Spain finds that it is important to frame partnership with regional autochthonous structures, and expand cooperation from economy to other sectors, which are essential elements for sustainable and all-around development for ACP countries in the long run. The following five fields should be the priority of economic and development cooperation in the next phase, which coincide with some of the UN Sustainable Development Goals and fits EU’s image as a responsible developed entity on the world stage.

1. Economic and trade cooperation

In the next phase, the most urgent task is to deal with the challenges and obstacles that have been found in economy and trade between EU and ACP countries. Most of these problems can be addressed though cooperation and negotiations between the two sides. Therefore, it is suggested to build a multilateral cooperation mechanism. Communication should be enhanced on a regular basis among EU and ACP regional organizations, such as the Caribbean Forum of ACP States, the East Africa Community and Southern Africa Development Community. High level summits and economic and trade forums could be held on annul basis to dealing with most recent issues and setting development goals for the next year. Regional organizations are the most ideal cooperation partners because those organizations possess better knowledge about the local markets and have more influence on individual countries in that region, therefore, the cooperation with autochthonous structures will be more efficient and effective.

2. Healthcare and Medication

Being healthy is a basic human right for all people. Unfortunately, it is still not realized in some ACP countries. Despites years of efforts and improvement, the medical condition in ACP countries is still not satisfying, lacking far behind other countries. AIDS, as well as some infectious diseases, are threating the regular daily life of people in ACP countries. These countries need more hospitals, treatment centers, equipment, medicines and professional medical personnel. Therefore, more financial assistance and technical and personnel support should be provided to improve the diseases prevention ability and medical care services. More cooperation with NGOs and professional organizations is expected.

3. Education and Professional Training:

Education for the youth provides an asset for the future, therefore the preliminary-level of education should be provided at its widest range in all the countries. Besides basic education, the youth should have access to go outside and communicate with their peers in in the world, which will provide them an opportunity to have a better understanding of the world and probably would encourage them to think about how to make contributions to their own country. The Erasmus Program of EU could play a role in facilitating this exchange process. Training is also of great importance. Professional training for unskilled people could help them gain competence for a job, increase employment rate and gradually create a better environment for running business in general.

4. Institutional support:

Good governance, decision transparency and efficiency are keys to the national development and regional integration. After decades of development, EU has found ways to achieve these goals and is willing to share its experiences, therefore, it is suggested that a multi-level communication mechanism should be built, providing access to officials in ACP countries and regional organizations to visit EU institutes and attend trainings in various fields. It is a way to enhance communication between EU and ACP counties, sharing and learning experiences in national governance and regional integration.

5. Infrastructure Construction:

The connectivity is one of the prerequisite for regional development and prosperity, and it has been the weakness of most ACP countries. Therefore, more support should be given in infrastructure construction to facilitate the transportation of goods and encourage the communication among people, which are crucial for the sustainable development in trade, economy, tourism and other sectors.

**Proposed Solution to Issue 2:**

Spain holds that ODA and trade are equally important. However, the adoption of both methods is faced with challenges. As one of the main sources of international financial assistance, ODA does play important role in the development of ACP countries. However, Spain thinks that the efficiency and transparency of the capital allocation and usage should be improved and a more influential guiding and supervision mechanism should be built. As for trade, it usually serves as a driving force for growth in all countries, ACP countries are no exception, but the economic and business environment, the quality of labor forces, and the legal and institutional framework construction is not satisfying enough in some of the ACP countries currently, therefore, Spain proposed that improvement are required to ensure that trade can really serve as an effective driving force for achieving development outcomes.

Spain supports the “budgetisation” of the European Development Fund as a mechanism for ensuring geographic and policy consistency. Besides, contribution based on GNI or other appropriate portion may increase the voluntary contribution of each member states. Also, budgetisation might help combine the EU-ACP relation framework development with the EU global development strategy, then increase the overall control and the effectiveness of the aid.

Spain believe that prioritization is necessary for an effective and efficient cooperation framework, and the priorities should coincide with the long-term development goals both for EU and for ACP countries under the guidance of UN sustainable development goals. As for the priorities, Spain finds economic and trade, medical care, education and professional training and institutional support should be taken into consideration. EU is experienced in these fields, and already possesses effective tools and policies that could be adopted. For example, the Erasmus Program plays important role in encouraging youth exchanges, culture and character building, as well as values spreading. Under the new EU-ACP relation framework, youth in ACP countries should be encouraged to apply for Erasmus Program to communicate with youth in EU member states. Besides, EU also has excellent professionals in training in various fields, such as business, governance, medication and more, which will be of help for ACP countries and regional organizations. Hence, Spain proposes the combined adoption of existing tools and frameworks in above fields with the new Cotonou Agreement so as to promote the development of EU-ACP relations.

1. Main states or regional organizations consisted by ACP countries are: East Africa Community (EAC), Common Market for Eastern and Southern Africa (COMESA), Southern Africa Development Community (SADC), Economic Community of west Africa States (ECOWAS), Economic Community of Central Africa States (ECCAS), The Caribbean Forum of ACP States (CARIFORUM), The Pacific Islands Forum (PIF) [↑](#footnote-ref-1)