

Reinventing Pacific-EU relations: with or without the ACP?

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Key messages

The Pacific Islands are examining their future relationship with the ACP Group and with the European Union (EU) beyond 2020 when the Cotonou Agreement will come to an end. In recent years the region is experiencing unprecedented global attention which has increased its bargaining power. While there are more options on the table, the region still attaches great importance to the ACP Group. But it would like the ACP Group to do less and create more value added in a limited number of areas that are common to all Pacific countries and the other ACP regions. From a Pacific perspective these are: tackling climate change, the sustainable development and management of natural resources and renewable energies. Based on consultations in the Pacific this paper presents Pacific perceptions on the role of the ACP Group and the EU as well as some first scenarios for Pacific-EU cooperation post 2020. The paper also proposes essential steps for a qualitative reflection process that ultimately should result in the concrete implementation of "feasible" scenarios for the future.

1. Milestones in the reflection process

Both the EU and the ACP have started reflections on the future of the ACP Group and the future of the Cotonou ACP-EU Partnership Post 2020.

The ACP Group has been quite pro-active in the past three years launching several initiatives both at the political and technical levels. An Ambassadorial Working Group on future perspectives was established in November 2010. Several consultations have been held with various actors and stakeholders, mainly at the level of the ACP and EU institutions in Brussels. With the support of the UNDP, the ACP Secretariat published a study by Prof. Myriam Van Reisen in 2012 on Future Perspectives of the ACP Group which was mainly based on consultations with Brussels based ACP actors.

In December 2012 the 7th ACP Heads of State and Government Meeting in Equatorial Guinea adopted the Sipopo declaration on the future of the ACP Group. The ACP-EU Joint Parliamentary Assembly also organised regular sessions on the future of the ACP-EU cooperation in its six monthly meetings, In the past two years.

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In March 2013 an ACP Eminent Persons Group (EPG) was launched to reflect on the future of the ACP Group. The Group which is led by former President of Nigeria, Chief Olusegun Obasanjo, consists of 14 men and women, including Fiji's former Foreign Affairs Minister, Kaliopate Tavola and former Samoan Financial Secretary, Kolone Vaai on behalf of the Pacific region. The EPG is currently hosting a series of 6 regional talks in Africa, the Caribbean and the Pacific to gather views on the future outlooks of the ACP Group and its relations with the European Union. A first meeting took place in Samoa (17-19 October) and will be followed by consultations in the Caribbean and the 4 African sub-regions. The results of these meetings will be submitted to an ACP Heads of State meeting that is scheduled for the end of 2014.

In Europe reflections on the future of the ACP-EU Partnership have also started. An informal Commission-European External Action Service (EEAS) Working Group was established in 2011 to gradually start internal EU reflections on the future of ACP-EU relations Post Cotonou. A formal EU inter-service Group comprising the line Directorates General of the Commission and the EEAS has also started its reflections on 18 October.

Also, at the level of some EU member states and the European Parliament, initial thinking on the future of the ACP-EU partnership has started. The negotiations for a possible third revision of Cotonou in 2015 should formally start in February 2014. Although no major revisions are expected, this could be the 'warming up' for a debate that will gain momentum after the elections for the European Parliament (May 2014), the nomination of the new EU Commission (November 2014) and the appointment of a new High Representative of the Union for Foreign Affairs & Security Policy.

As a non-partisan foundation, working since 1986, on ACP-EU issues, the European Centre for Development Policy Management (ECDPM) is playing a lead role in this reflection process through policy oriented research and the facilitation of dialogue. The Centre undertook a number of studies and papers including a series of country consultations², mainly in Africa. While quite some work has been undertaken on the future of the ACP and of the ACP-EU Partnership in Brussels circles (EU institutions, ACP Secretariat, ACP Ambassadors, ...), there is a need now to bring the debate to the various ACP regions and countries. In this context the ACP consultations in the ACP sub-regions, involving the ACP Eminent Persons Group, can contribute to shed some light on the concerns and expectations in the various ACP countries and regions.

2. Purpose and structure of this paper

This paper aims to make a contribution to the debates on the future of the ACP group and the future of the ACP-EU and Pacific-EU cooperation.

- **First**, this paper will provide a short overview of emerging views in the ACP and in the EU on the future of the ACP Group and the Cotonou Agreement. This overview is largely based on papers and reports of official players and think tanks as well as meetings involving policy makers and experts.
- **Secondly**, we report on the outcomes of a number of ECDPM consultations that we have undertaken, under 'Chatham house rule' with interviewees from key institutions in the Pacific and the EU on the basis of a set of guiding questions (see Box). These views are complemented with some of the outcomes of the Pacific ACP consultation in Samoa of 17-19 October 2013.
- **Thirdly**, in conclusion we focus on a number of process elements that could contribute to ensuring a sound and realistic reflection process.

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BOX: Guiding questions for consultations**1) On the future of the ACP Group**

- What interests do political and economic Pacific actors have to keep the ACP as a Group and to safeguard a privileged relationship with the EU?
- Where can the ACP as a Group, still make a difference for the Pacific, promote and coordinate collective action among the African, Caribbean and Pacific countries and use bargaining power in the EU and at the global level?

2) On the future of the ACP-EU and Pacific-EU relations

- What has been gained by the Pacific region from the Cotonou relationship (in economic, political and aid terms)?
- How can the ACP-EU partnership evolve from a donor-recipient relationship into a strategic partnership based on real common interests?
- What are possible policy frameworks that can ensure similar types of gains for the Pacific region as the ACP-EU framework?
- What are the real political and economic interests of the EU to safeguard a privileged relationship with the ACP, and with the Pacific in particular?
- In an increasingly multi-polar world what kind of areas should the EU prioritise in the relationship with the Pacific region?
- What is the perceived value added of the EU in the Pacific?
- How to design possible alternatives to the Cotonou Agreement Post 2020 that could be relevant for future EU-Pacific relations?
- To what extent is the current Pacific Strategy of the EU a useful framework for the future? Is there an interest within the region to make it an effective and genuine joint strategy?

The perspectives generated through these interviews on the future of the ACP, and of the EU-ACP and EU-Pacific Partnership are by no means fully representative. However they provide a snapshot of ideas indicating some emerging trends and possible options for the future that could inform further discussions.

3. Emerging views in the ACP and the EU on the future of the ACP Group and the Cotonou Partnership

Both the ACP Group and the EU do not feel that this exercise is 'business as usual'. There is a broad awareness over the internal and external pressures on the ACP Group and the EU-ACP partnership. All parties concerned seem to be convinced that change is required to reinvigorate both the Group and its historical relations with the EU.

Emerging views in the ACP

From the various ACP policy documents, analyses, presentations, meetings and discussions in Brussels, an emerging consensus can be identified regarding the design of an ACP strategy:

1. Stagnation or status quo is not an option. The ACP has made considerable efforts in the past years to reflect on its future at expert, Ambassadorial, Ministerial and Heads of State level. Additional investments were also made in strengthening the ACP identity by selecting an ACP anthem and flag. Beyond these formal expressions of ACP identity **more needs to be done** in the

coming years to convince both the ACP and EU constituencies of the continued relevance of the ACP Group and of the ACP-EU Partnership.

2. The ACP Group has repeatedly expressed the wish to **build a stronger political partnership** with the EU beyond the donor- recipient aid-based relationship of the past 38 years. The ACP is under increasing pressure to show concrete examples of its political relevance as a Group and in its dealings with the EU.
3. Beyond the EU, the ACP Group has a clear interest to broaden its partnerships with other major players at global level. Relations with the **emerging economies (BRICS)** and **South-South** relations therefore could provide promising opportunities if the ACP Group proves able to profile itself as a relevant economic and political player.
4. The ACP Group aims to become a more prominent player in the **multilateral fora** on a set of key global challenges such as climate change, sustainable development, natural resources and renewable energies.
5. There is an increasing awareness that the credibility of the ACP Group as an international player hinges on its mandate and its ability to **finance its own institutions and initiatives**. Institutions that claim relevance in this globalised world should enjoy ownership and funding from their member states.

Convincing arguments for the ACP Group need to be found on all the above mentioned issues if the ACP group wants to keep up a special relationship with the EU beyond 2020 and prove its relevance at global level.

Emerging views in the EU

The EU house has many rooms and the Lisbon Treaty (2009) has further expanded the building with additional floors. It is too early yet to have a consolidated perspective on how the EU and its member states view the future relationship with the ACP beyond 2020, as the formal discussions in Europe did not really start yet. However, from informal discussions it is possible to identify some first trends:

1. There is wide recognition that individual ACP countries in Africa, the Caribbean and the Pacific are doing increasingly well in recent years in economic terms. Clearly this is generating interest in Europe to strengthen the relations with many of the countries bilaterally. The EU also seems to have a clear preference for **regionalised relations** by focusing on homogenous geographic regions such as Africa (as a whole), the Caribbean (possibly in a association with Latin American) and the Pacific (possibly in association with Asia). Yet, there are major doubts about the “value added” and the desirability to maintain a privileged partnership with the ACP as a Group of 80 countries.
2. In line with this regional approach the EU seems to be inclined to favour **regional strategies or (sub) regional trade agreements**. This is reflected in the negotiations for Economic Partnership Agreements (EPAs) in 6 ACP sub-regions and in the Joint Africa EU-Strategy (JAES 2007), the Joint Caribbean-EU Strategy (JCEUS 2012) and the unilateral EU strategy with the Pacific (2012). Increasingly the EU also has developed its own regional strategies for parts of Africa (Sahel and Horn, soon also Golf of Guinea and Great Lakes).
3. In the EU Brussels’ institutions and the EU Embassies in various ACP countries there is a predominant perception that the **ACP Group is not sufficiently beneficial to an EU aspiring to stronger global leadership**.
4. The Lisbon Treaty did not reserve a special place for the ACP in the newly created European External Action Service beyond a small one-person desk in the pan-African unit. Also the

Commission (DG DEVCO) has **no longer a specific ACP institutional focus, which** are signs on the wall that the EU does not any longer consider the ACP as a relevant group in the future.

5. There seems to be a clear understanding among Europeans that **the ball is in the court of the ACP** in terms of determining their own future as a Group and in the partnership with the EU.

These emerging trends in the ACP and EU call for a deeper political economy analysis of the real interests at stake for a continued ACP role and for a renewed ACP-EU relationship post 2020.

4. What Future for Pacific-EU relations?

Based on a select number of interviews in the Pacific and Brussels we can provide at this stage a snapshot of our findings which could be complemented by the Samoa and other meetings:

Pacific: small but increasingly attractive for global players

The Pacific region of the ACP is experiencing unprecedented global attention. Both the emerging economies (BRICs) as well as the traditional global partners (USA, Japan, EU) are displaying renewed interest.

Australia and **New Zealand** remain the key partners of the ACP Pacific countries. Given their geographic proximity they are the closest partners both in terms of aid and trade. While New Zealand has been targeting specific Pacific countries and sectors, Australia is present all across the region in key economic and social sectors. Australia's economy has been slowing down recently and the costs of reallocating asylum seekers from South Asia has resulted in significant aid cuts for most of the Pacific countries³. These cuts in development cooperation are likely to continue in the next years under the new Liberal Government that has already announced a shift in its approach towards the Pacific. Furthermore Australia's aid agency AUSAID will be absorbed into the Department of Foreign Affairs and Trade (DFAT) as part of a major public service reform.

Progress to improve trade relations between Pacific countries and Australia and New Zealand under the Pacific Agreement on Closer Economic Relations (PACER) has also been slow at times. The overall impression is that the Pacific region is taking a strong interest in diversifying its partnerships beyond its closest neighbours.

The **Chinese** influence in the region has significantly increased during the last decade in terms of investment in the sectors of natural resources, fisheries and trade. Also Chinese immigration in the region is growing fast and has created major challenges for the Pacific region and its citizens in terms of governance, the "style of doing business" and the management of land and natural resources.

India and **Brazil** have stepped up their presence across the Pacific particularly in countries such as Vanuatu and Fiji. India opened an office at the level of the Pacific Islands Forum Secretariat in Suva.

South Korea and **Indonesia** are also expanding their relations with ACP Pacific Countries. An Indonesian Embassy was opened in Fiji, providing military cooperation to some Pacific countries and aid 'in-kind'.

Such support has been interpreted as an exchange for the recognition of Indonesian observer status in the Melanesian Spearhead Group (MSG).

Increasing **Russian** presence in the region aims to challenge European and US geostrategic, military and economic interests. So far, Russian influence has focused on gaining diplomatic support for the recognition of the independence of Abkhazia and South Ossetia for which Russia could get the support of Nauru and Tuvalu. Yet, this 'timid' Russian presence should however not be underestimated as visit by the Russian Minister of Foreign Affairs Sergey Lavrov, Russia clearly display Russian interest in the region. This

³ Except for Nauru that has seen a considerable increase in its aid budget in exchange of accepting asylum seekers and refugees camps.

diplomatic interest has been complemented with humanitarian aid to Nauru and several investment proposals to PNG. In addition Russia also agreed on developing a treaty for visa free travel to Fiji citizens and expressed an interest in cooperating in the areas of minerals, energy, tourism, education and medicine.

The **USA** announced in 2011 its intention to increase its presence in the region by rebalancing its economic, political, peace and security support in the Pacific. This was quickly translated into a progressive military presence in the Freely Associated States of Micronesia and security operations with other Pacific countries. In addition the USA also provides substantial aid for tackling the effects of climate change and in the sectors of energy, trade, health and education.

As a longstanding key partner in the region **Japan** is further intensifying its presence in the Pacific including through alliances with the USA and India.

Where does the EU fit in this global picture?

Against this background of multi-polarisation in the region, the EU issued, in 2012, the Joint Communication called 'Towards a renewed EU-Pacific development Partnership'.⁴

This Communication clearly states that the Pacific is becoming an "emerging foreign policy priority" for the EU because of its growing geostrategic importance as well as the vulnerability of its states to climate change. The Lisbon Treaty has strengthened the EU's ambitions to increase its global presence, the EU envisages consolidating its position as one of the key donors in the region after Australia and the USA. Also the "big three" EU member states (France, Germany, UK) as well as small EU member states such as Luxemburg, continue to develop interest in the Pacific region.

Key priorities for the EU-Pacific partnership include: climate change, trade, fisheries, regional integration as well as governance and human rights. In order to realise these ambitions the EU and the Pacific can count on the Cotonou Agreement and substantial funding from the European Development Fund amounting to some 750 million Euros under the 10th EDF (2008-2013)

Just over one year in the lifetime of the EU Communication on the Pacific, the ambitions for enhanced partnership do not seem to have materialised yet. In the area of trade it appears that EU-Pacific relations have reached a critical stage as EPA negotiations experience substantial problems and are stalled at this stage.

Regarding **development cooperation**, the ongoing policy dialogue for the 11th EDF (2014-2020) and the formulation of Country Strategy and National Indicative Programmes seem to indicate that individual and regional envelopes will not experience a significant increase of aid. Indeed the EU has embarked upon a policy of differentiation that will see a change in the way it allocates aid.⁵ The EU has also argued that the stagnation of its aid volumes is mainly due to the economic crisis and the subsequent budget restrictions. It is in this context that the EU decided to close its Delegation in Vanuatu despite of having informed the authorities in Vanuatu only last year that it had the intention to upgrade the Delegation to an Embassy level with the nomination of an Ambassador.

This decision has not been welcomed by the national authorities, or by regional organisations in the country nor by some of the like-minded donors such as Australia, which deplored this decision by the EU.

5. Pacific perceptions on the benefits of ACP membership

The ACP is generally perceived as a positive grouping for the region in several respects:

⁴ EU (2012). 'Joint Commission-EEAS Communication to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions towards a renewed EU-Pacific development Partnership

⁵ See Keijzer et. al (2012) and Kratke (2013).

Bargaining power. Being part of the ACP has increased the presence and recognition of Pacific states in the EU and in the international arena.

The membership of the ACP Group, also made it possible for the Pacific to **raise global awareness** on the multiple challenges the Pacific is facing. This ACP membership was, for example, instrumental in gathering support in the UN on issues of major concern to the region such as climate change conventions, Rio 20+ and the Conferences of the Parties (COPs) on climate change. Other perceived indirect benefits of belonging to the ACP were the Small Island Developing States (SIDS) alliances in the UN and the WTO. Most SIDS countries are member of the ACP and this is believed to have created some degree of solidarity and common interest.

Enhanced South-South and intra-ACP cooperation. The ACP has also been instrumental in strengthening South-South cooperation and, in a modest way, also intra-ACP cooperation in areas of common ACP concern such as tourism and climate change. There is an overall feeling that more could have been done and that the Pacific did not get many resources out of the intra-ACP envelopes.

For the Pacific Group, sub-regional and alternative South-South Groupings such as the g7+ (a Grouping of Post conflict countries led by Timor Leste), the SIDS and the Non-Aligned Movement are seen as potentially important platforms of countries involving several Pacific and ACP states.

Regular exchanges with the African and Caribbean counterparts have proven useful to address issues of common concern (e.g. vulnerability) at the level of the ACP Ambassadors in Brussels and in the various ACP regions.

Substantial aid through ACP. The most important perceived advantage of ACP membership is the access to significant financial aid resources that the Pacific was able to mobilise for the individual states and the region as a whole.

These achievements would not have been possible without the ACP Group and without the ACP-EU partnership.

In conclusion: there is a clear awareness that the Pacific, as a small region, would not have been able to achieve the same impact if it would have been standing alone. Being part of the ACP Group has provided the Pacific states with a voice in Europe and in the global arena in areas of crucial concern and interest to the region.

6. Pacific perceptions on the role of the EU and the Cotonou Partnership

Perceived value added EU...

Pacific actors involved in this short consultation pointed to a number of areas where the EU is still perceived as a player with a real **value added**:

Important donor of development resources. The European development cooperation resources provided by the EU through the European Development Fund makes an important contribution to development in the region. The EU allocates significant amounts of aid which have progressively increased and in some countries (Vanuatu) even doubled since 2000 under Cotonou. Under the 10th EDF (2008-2013), the EU provided a total of €400 million as bilateral assistance to the 15 Pacific ACP states (including Timor-Leste) and some €350 million through regional envelopes and other channels (e.g. call for proposals for only ACP countries, programmes managed by ACP secretariat) The Pacific is also eligible to aid under several other non-ACP budget lines such as the Climate Change Alliance, Environment or the European

Instrument for Democracy and Human Rights. The European Investment Bank also provides low interests credits, mainly targeting the private sector.

The EU was among the first development partners to use sector and general budget support in the region and is still the most consistent one in doing so. The EU is currently providing budget support to Tonga, Solomon Islands and Vanuatu and it seems to be committed to increasing the use of this modality in the Pacific. Although the impact of budget support in terms of poverty reduction has not always been tangible, it was acknowledged that this modality has contributed to the strengthening of government systems and state building processes. This has been quite noticeable in the field of Public Finance Management Systems, institutional development, human and technical capacity building, policy planning and accountability. Additionally, the EU's Budget support through the EDF has provided incentives to other donors in the region to use the same modality and to step up coordination efforts on budget support⁶.

Promoter and model for regional cooperation. The EU's global interest in supporting regional integration processes seems to have contributed to creating more regional awareness and cooperation in the Pacific region. ACP-EU cooperation under the Cotonou Agreement was felt to be a trigger in this respect. The Pacific also has a good track record of delivery on the EDF regional programmes.

Climate change, bio-diversity and environment. The EU is perceived as a global leader in this area. The special partnership with the ACP Group which comprises many small and vulnerable states in terms of climate change has helped to put the Pacific on the map in international fora. Without the ACP-EU cooperation, the Pacific would most probably have attracted less global attention.

Renewable energy. All Pacific islands are committed to step up efforts to make themselves less dependent on traditional energy by investing in renewable sources of energy. This appears to be a key priority of the European Commission and the current Development Commissioner Andris Piebalgs (formerly Commissioner for Energy) as can also be noticed from the most recent EU priority setting in the 11th EDF programming exercise.

Sustainable Tourism. The EU was the first donor to support the tourism sector in the Pacific and for quite some time it was the only one. The added value of the EU in tourism is appreciated as EU programmes have served to promote eco-tourism and the protection of the cultural, natural and social heritages of the Pacific countries at global level. The EU's support in tourism also contributed to increasing the opportunities for capacity development such as trainings for local businesses men and tour operators. It also helped to access to European markets and therefore has had an important and noticeable impact in countries such as Fiji, Vanuatu, Tonga and Samoa.

Higher education and human resource development. Education programmes such as Erasmus Mundus have created a modest alternative for a limited number of Pacific students to study at European Universities of international reputation beyond Australia and New Zealand. Under Horizon 2020 ACP-based universities can be collaborative partners of universities in the EU and can gain access to substantial EU research funding but also the exchange of knowledge (and potentially technology) that is a bi-product of such initiatives.

... but also Pacific criticism over the EU

In a number of ways the ACP–EU relationship has also created some disenchantment in the region:

⁶ In the case of Tonga and Solomon Islands, donors, among them WB, EU and AusAID, pool budget support under the same coordination matrix.

Perception of unequal partnership. For obvious reasons of history, size and proximity, the EU has a much stronger interest in Africa than in the Pacific. This strong EU focus on Africa has frustrated Pacific ACP countries who sometimes felt “marginalised”. It appears to be difficult for the EU to fully understand or invest in understanding the complexities of Pacific (and Caribbean) islands states.

Although EU-ACP relations are based on principles of reciprocity and equal partnership, the overall impression is that relations are unequal and conditioned to the EU’s interests, rather than based on real partnership.

A case in point is the EPA negotiations that have been dragging on for more than 10 years.

Given the limited progress on EPA negotiations with the Pacific region as a Group, the EU initiated bilateral negotiations with Papua New Guinea (PNG) on the export of processed tuna. This resulted in an interim EPA (IEPA) with different types of trade advantages for PNG, compared to those offered in the EPA negotiations to the rest of the Pacific ACP countries. This negotiation took place with a lot of discretion and it took time for both sides to finally recognise the existence of IEPAs. The EU quickly declared that these IEPAs are exceptions and that it would not be possible for other Pacific ACP countries to sign similar agreements. For several Pacific countries this was a clear signal that the amount of asymmetry to be gained, ultimately depends on the bargaining power of the individual state.

Another example was the publication of the Draft Report for a Comprehensive EU Fishery Strategy in the Pacific Region’ which confirmed the suspicions of Pacific countries that the key interest of the EU in the Pacific is access to fish. The draft calls not to grant any Pacific ACP country with a derogation of rules of origin under EPA negotiations, unless there are a reciprocal benefits to the EU fishing industry such as allowing EU vessels to fish in Pacific waters. The perception exists that the EU has tried to use a trade agreement on goods and services (EPA) to put pressure on Pacific countries and the Western Central Pacific Fisheries Commission to obtain advantageous measures that can further European commercial interests.

Delays were also caused by limited institutional and human capacity on the sides, of regional organisations and the EU field offices. EU **standardized approaches** do not always work for isolated Pacific islands states which face different challenges and more structural constraints in terms of **capacity development and capacity mobilization**. This was and still is particularly felt with the longstanding EPA negotiations process and the simultaneous PACER trade negotiations with Australia, requiring major investments of the region in terms of negotiating and coordination capacities. The capacity cost for the Pacific region has been huge, while so far these investments have not resulted in concrete economic and trade impacts.

Another type of criticism relates to the **complex EDF rules and procedures and the conditions** for accessing EU aid.

The capacity levels and the bureaucratic culture in the Pacific are different and not adapted to deal with EU rules. EU aid management has major difficulties in relying on national government systems in the Pacific. The NAO system proves to be difficult to manage since the Pacific islands have small administrations with limited staff that need to deal with a multitude of donors as well. Resources in the region are stretched to the limits and absorption capacities are further worsened by the limited physical capacity and representation of the EU in the Pacific. In this context it was suggested that regional organisations such as the Pacific Islands Forum Secretariat (PIFS) could assist in managing the bilateral funds of the smaller islands states with the weakest capacities.

‘Aid not trade’ Overall the value of the partnership with the EU is largely aid driven. EPAs have been presented to the Pacific as a tool for development. However, the overall impact of trade with the EU in the

development of Pacific countries is considered as negligible, possibly with the exception of fisheries and timber. Moreover, as mentioned before there is an enormous capacity cost for the region to access an EU market that only represents a small share of the total exports in exchange for trade advantages that Pacific countries are not able to exploit efficiently. A good example of these limited returns is the Sugar Protocol. The Sugar Protocol and other trade preferential treatments enabled Fiji to benefit from higher sugar prices on the EU Market than Fiji could get on the world sugar market. However, Fiji could not benefit as much as expected, as it was not able to produce sufficient sugar exports to Europe in order to benefit from the higher prices.

Value driven agenda. The EU often presents itself as a “driver” of soft values like human rights, democracy and good governance. In the Pacific region, however, the EU is perceived to promote a governance agenda that is more tailored to African realities rather than sensitive to Pacific realities.

In conclusion, despite signs of appreciation for the role of the EU in the region, at times the partnership is perceived as “unbalanced” and “donor” and “aid” driven. Standard EU approaches do not always take account of the specific Pacific local context. Weak human capacities in the Pacific have to deal with overly high and at times unrealistic EU expectations (as the EPA negotiations seems to have demonstrated). The decreasing political representation of the EU in the region also seems to have created dissatisfaction in the Pacific region.

7. What are the EU’s interests in the Pacific?

In spite of the EU Pacific Strategy of 2012 the Pacific region does not figure high on the foreign policy priority list of the EU.

From the consultations and some of the recent EU policy dialogues on the programming of the 11th EDF it is possible to identify some key areas of EU interests in the Pacific⁷:

Fisheries. The recent pressure from the EU in using EPAs negotiations in exchange for fishing access to the Pacific fisheries sector indicates a clear EU interest. Tuna fish from the Pacific represents 50% of total EU consumption and fisheries is likely to continue to play an important part in the future EU-Pacific relations.

Sustainable management of natural resources and environment. Natural and mineral resources (gas, oil, gold, timber, ...) abound in many parts of the Pacific. In countries such as the Solomon Islands, PNG, Vanuatu, Tonga, Fiji, Federated States of Micronesia there is an enormous, largely unexplored, potential of seabed resources. Deep-sea mining is becoming a top issue in many Pacific states. The lack of infrastructure and the high transaction costs for foreign companies explain in part the limited exploitation of those natural resources so far. It can be expected that there will be increased competition for these natural resources, involving as well European firms in the nearby future. A sound management of natural and “blue ocean” resource management is perceived as essential in the fight against poverty and in building resilience against economic shocks. The importance that the EU attaches to these sectors is underscored by the fact that more than 40% of all EU regional funding since Lome IV (2008-2013) has been earmarked to these areas.

Climate change and renewable energy. The 2012 EU Communication calls for a concentration of EU cooperation in one sector in the majority of the smaller islands and in two or three sectors in the case of larger island countries’ (Fiji, PNG, Solomon Islands). The EU programming documents for the 11th EDF

⁷ For a wider discussion and independent analysis of the current programming process see, Herrero et al. 2013.

seem to push climate change⁸ and renewable energies as key sectors. These priorities seem to be in line with the Pacific agendas as well as with the priorities of individual EU member states who are active in the Pacific such as Germany (climate) and Italy (energy). Addressing climate change is key to building resilience in the Pacific region to natural disasters.

Trade, Tourism and other services. Although European tourists only represent 6% of the total number of visitors to the region, Pacific markets may still be relevant and attractive to Europe. Linked to these sectors is also the potential for preserving cultural heritage. The experience of some European member states in this field could be useful for the Pacific in view of protecting its attractive but vulnerable cultural heritage.

Political and diplomatic capital in a multipolar world. The 2012 EU Joint Communication clearly states that one of the main objectives of EU-Cooperation is “to define with Pacific countries a positive agenda of issues of common interest in global fora.”

Against a background of increasing Chinese and Russian influence in the Pacific region the EU is well advised to continue its engagement with the region. The Pacific ACP counts for 15 sovereign votes in the UN and other multilateral fora. Moreover, many Pacific states are also represented at the level of the EU in Brussels, through several national Embassies, which provides an important diplomatic capital. Reduced EU ties, also in terms of aid volumes could lead to a decrease of influence over the Pacific countries in international negotiations.

Security is a more controversial topic, conditioned by the diversity of interests by ACP Pacific member states. While Melanesian countries would welcome the EU playing a role in terms of civil protection mainly in emergency cases of natural disasters and security in the trade and immigration front (mainly Chinese immigrants), Polynesian and Micronesian countries may have different views, given their relations with the US military presence in its associated states. Security also needs to be carefully analysed from a EU perspective and its relations with China, India and the USA. The USA has indicated that it would be helpful if Europe could also play a stronger military role in the region. So far only EU states with OCTs in the Pacific, such as France, still take an interest in strengthening their geopolitical influence and military presence in the region.

Last but not least, **poverty reduction and social and economic development** objectives are also areas of EU interests as clearly mentioned in the 2012 Communication. There is a feeling however in the EU, that the impact of Europe’s aid efforts has been quite low, mainly due to absorption and implementation capacities.

In conclusion: the EU interests in the Pacific seem to be spelled out along the following lines:

- In countries with a lack of substantial natural resources, fisheries are the single most important key sector.
- In the larger more diversified countries with rich reserves of natural resources such as PNG, Solomon Islands and Fiji, the EU favours multi-sectoral approaches and links between climate change, fisheries and natural resources.
- In line with other major players the EU also increasingly becomes aware that more than ever Pacific numbers could count in international diplomacy.

⁸ Climate Change should rather be considered as a cross cutting issue as it is not only linked to the effects of global warming but also to the effects of over-exploitation of natural resources (environmental sustainability).

8. What scenarios are there for the future beyond 2020?

The apparent limited interest of the EU in the Pacific region (that is mainly focused on fisheries) on the one hand, and the perceived limited added value of the EU on the other hand by Pacific actors, should not lead to unbalanced and hastily drawn conclusions that the EU is not interested in the Pacific and that it will withdraw from the region.

In terms of the geography, size and make-up of the economies, the Pacific region continues to emphasise that it is very “unique and diverse” and that it could well become more attractive to the EU. Any revamp of the ACP-EU Partnership should take account of the Pacific specificity.

Several scenarios have been identified in “Brussels circles” and among ACP and Pacific actors on the future of the ACP and the ACP-EU partnership. Some of the options tend to be more realistic than others.

In relation to the **future of the ACP Group**, scenarios range from opening the ACP Group to all LDCs and small and vulnerable economies worldwide to enlarging the ACP with the countries of North Africa (“Africa as a whole”), to establishing new partnerships with the new global players to the option of keeping an ACP Group as an “umbrella” for regional (Africa, Caribbean, Pacific) and/or sub-regional groupings with a view to address issues of common concern and interest to all ACP regional groups of countries.

In relation to the future of **ACP-EU** and **Pacific-EU cooperation Post 2020** the following scenarios were mentioned:

1. Status quo of current ACP-EU relations

The Pacific ACP group has benefitted, mainly in terms of aid, from its association with Africa and the Caribbean through successive Lome Conventions and the Cotonou Agreement. It is widely acknowledged that the Pacific without the ACP group would never have been able to receive the same levels of aid, trade and market access. Disassociating the Pacific from its longstanding African and Caribbean partners could lead to the marginalisation of the Pacific in the ranking of EU priority regions at the global level. However, in the current context it seems quite unlikely that the EU will grant the same privileged status to the ACP Group after 2020 to which it has been used to since 1975. The Pacific ACP countries and the region seem to be realistic enough to admit that “business as usual” will not work in a Post- 2020 context as was clearly coming out in the Pacific consultation in Samoa.

2. EU Agreement with an Asia-Pacific Group of countries

ACP leading officials tend to believe that the Group has been able to create certain dynamics and an identity amongst the countries of Africa, the Caribbean and the Pacific. This group of officials perceives the relationship with Africa and the Caribbean as “more close” than with Asia. On the side of the EU the Pacific geographic unit has now been integrated in the Asia desk within DEVCO. An Asia-Pacific association could be disadvantageous for the Pacific as the small Pacific islands would have to operate in a group of countries of a very different size (some of them BRICS), with much larger populations and very different levels of economic development. For many Pacific countries this will not lead to more coherence but rather to conflicting interests. Therefore, the option of the Pacific being linked with the Asia region, which is sometimes informally raised in EU circles, does not seem to create a lot of excitement in the Pacific region.

3. A separate EU-Pacific agreement

Another scenario that could be considered is a bilateral **EU-Pacific agreement**. Given the limited bargaining power of Pacific ACP states vis-à-vis the EU and the major capacity and institutional challenges

involved, this could become an unbalanced partnership and overly ambitious. However, if the partnership would be able to focus on a select number of key areas of common interest it could work and become more balanced. In that context, one could think of a shift from an aid and trade centred agreement (Lome, Cotonou) to a natural resource driven focus (land and sea-bed), including related issues such as fisheries, forests, climate change and energy. An essential question to be addressed is whether such a separate EU-Pacific agreement would be just a paper strategy or a legally binding one like Cotonou. The planned establishment of a Pacific bureau in Brussels may help to strengthen the Pacific identity in Brussels and to better position the region in the partnership with the various EU institutions and member states.

4. Regional agreements between the EU and Africa, the Caribbean and the Pacific with an overarching ACP-EU framework

Another option would be to keep the ACP Group as a common platform to address issues of common concern to Africa, the Caribbean and the Pacific. From the perspective of the Pacific, climate change, renewable energy and the sustainable development and management of natural resources were identified as key priorities. Climate change is the topic “par excellence” around which common interest could be built in all three ACP regions. In addition there are the challenges regarding natural resources that should also attract the interest of Africa and the Caribbean. Another area for collective ACP Group action currently being explored is the agro-food sector where the ACP could still play a key role (possibly through the Centre for Agricultural and Rural Cooperation CTA) in tackling the increasingly complex area of non-tariff measures and SPS.⁹ Beyond agro-food there are other priority areas where common ACP action could be further explored in the fisheries, extractive sectors and tourism. An ACP Group that manages to clearly define its value added for all three ACP regions in a limited number of areas of common interest is likely to “survive” beyond 2020, all be it with a more restricted mandate and role.

Moving from policy intentions to practice

The identification of broad areas of common interests is just the first step in a longer process leading up to 2020. The key challenge will be to move from policy to practice. First, it is crucial to specify in more detail the broadly identified areas of common interest among the Pacific states. A second step would consist of matching the areas of interest to the Pacific with the strategic interests of the other ACP sub-regions so as to find common ground to be covered by the ACP Group. Third, in order to be taken seriously as relevant and credible partners, the Pacific and the ACP Group should also be able to raise their voice in global governance with coherent and commonly agreed positions. Fourth, credibility of the Pacific ACP countries and the ACP Group will also be enhanced if they can develop other incentives beyond aid as the sole binding factor. Political interest in the ACP and ownership of the ACP Group would greatly be enhanced if ACP states would be willing to honour their financial commitments towards the Group.

For the Pacific, the ACP Group is no longer its sole and unique partner in pursuing Pacific interests. Based on the application of the subsidiarity principle, the Pacific would identify the best and most suitable institutional partner with whom it can best realise its ambitions. This will require a careful analysis of who is best equipped to deal with the priorities of the Pacific. For some Pacific-specific issues the national or regional organisations (PIFS) could be the best option. In other cases, inter-regional groupings such as the Small Islands Development States (SIDS) could be more effective and still for other inter-regional issues, the ACP Group could come into the picture as the best option.

Undertaking such an exercise as described above will require careful and in-depth political economy and “feasibility” analysis with the involvement of the key stakeholders. In the next phase of the reflection

⁹ Paul Goodison, 2013 (forthcoming)

process the Pacific could engage in this more in-depth analysis by systematically doing a reality and feasibility check.

9. Ensuring an effective process leading to a renewed ACP vision for the future

The coming years will be crucial for the ACP, the Pacific and the EU to redefine longstanding relations. The outcome of such a reflection will be largely influenced by the quality of the process that will be organised at various levels. A few key points could be considered for ensuring a good process.

ACP and Pacific in the driving seat. The ACP group and its Pacific members are **owners** of the ACP Group and should therefore be taking the lead role in the reflections on the future of the Group. This should be done in close cooperation with representative groups of stakeholders in their member states and regional representative groupings who should have a say in setting out what future they see beyond 2020 for the ACP-EU Partnership.

Realistic political economy assessments are needed. Any reflection process on both sides of the partnership should start from a realistic assessment of past, current and future ACP-EU cooperation beyond wishful thinking or unrealistic ambitions. Fundamental questions should not be avoided or replaced by a discussion on irrelevant or “non-issues”. It is therefore important to focus energies on the key substantial strategic questions. This means in the first place deepening the reflection on the value added of the ACP Group and exploring whether and why the ACP is “the best vehicle” to pursue the interests of its member states and populations. This debate should take place **before** discussing issues relating to form and structure. Substance should prevail over format.

Key questions that urgently need to be addressed include:

1. From intentions to implementation. Strong political declarations of the ACP Group (e.g. the Simpopo declaration) need to be translated **into concrete action and ultimately in convincing results that underline the relevance of the ACP**. Between now and 2020, evidence of coherent and joint ACP action in multilateral fora, intra-ACP cooperation, ACP autonomous funding etc. could produce the necessary ammunition and arguments to convince the EU that some type of cooperation with the ACP should be kept alive beyond 2020.

2. Bring the debate to the ACP regions. It seems crucial to move the debate **beyond the Brussels “bubble”** and subsequent vested interests. This implies that the economic, political and social actors in the various ACP countries and regions should be heard through innovative and participatory processes (stakeholder ownership).

3. Drop taboos. All efforts should be made on both the ACP and the EU side to stimulate open debate on the “real” issues that may have hampered progress on ACP-EU. An assessment of what has (not) worked and why? Where lies the niche area for the Group to profile itself against a patchwork of international organisations and development instruments? This requires an upfront approach, a healthy degree of critical introspection, pragmatism and realism on both the ACP and EU sides and a general willingness to look beyond the vested interests and the political correctness of the ACP-EU system.

4. There is no need for self-fulfilling prophecies nor for wishful thinking. There is no need for preaching to the choir, arguing about the relevance of the ACP Group to those who are already convinced.

It is important to convince others of the potential usefulness of an independent ACP on the basis of solid arguments.

10. Conclusions

This short analysis has clearly indicated that there are still common interests between the Pacific and the ACP and between the Pacific and the EU. There is however, need to clearly define these common interests beyond the declarations of intent and general statements. The ACP as a Group and the Pacific countries and region are confronted with major challenges in the coming years. There seems to be an increasing awareness that it is not in the interest of the ACP Group to deal with too many objectives. More than ever the slogan “Do less and choose better” seems to be at the order of the day. Pragmatism will be needed so as to present a realistic agenda of interests and priorities that are common to all ACP countries and regions and to drop those areas that can be better covered by other institutional partners of the Pacific. Last but not least, this exercise will require the necessary courage to take bold decisions for a restructuring of the ACP Secretariat and the overall governance structure of the ACP Group.

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