



## Session 2: Governance Challenges, Institutional Building, and National Responses

# Trade negotiations between the European Union and African, Caribbean and Pacific countries

Emily Jones, Global Economic Governance Programme, University of Oxford

Presentation for SPIDER WEB Inaugural Workshop, Rio de Janeiro, February 2013

12<sup>th</sup> February 2013

*Please do not cite, as this presentation summarises work in progress*

### Summary

In this presentation I will aim to kick-start the discussion by drawing on the findings of an on-going project which studies the politics of recent trade negotiations between the European Union and African, Caribbean and Pacific countries.

Over the past decade, the European Union (EU) tried to secure six regional free trade agreements with seventy-six of the world's smallest developing countries in Africa, the Caribbean and Pacific (ACP). Yet, despite vast resource asymmetries, the EU was, for the main, unable to realise its objectives. Scrutiny of these highly asymmetric negotiations reveals that the pattern of outcomes can be attributed to three factors: variations in the degree of vulnerability of ACP governments to various forms of coercive pressure from the EU; the strategic and tactical decisions of ACP governments; and different political responses of ACP governments to the EU's Economic Partnership Agreement (EPA) proposals.

The analysis raises several pertinent questions about government capacity in small developing countries, which are particularly applicable to international economic negotiations. Notably, it suggests that, even given the manifold constraints they face, such countries can exercise a degree of resistance and blocking power on the international stage that is often underestimated. Moreover, while technocratic capacity assisted ACP governments to exert influence in the EPA negotiations, it was the decisions and actions of politicians that decisively shaped outcomes. Probing the underlying political economy in ACP countries suggests that in addition to lobbying by economic interest groups, information and ideas about 'national interests', held by politicians and the wider public, were central in the decision to cooperate or resist the EU's proposals.

### The EPA Puzzle

From the mid-1990s onwards, the EU set out to radically alter its trade relations with ACP countries, seeking to move from a system of unilateral trade preferences, to a series of six regional free trade agreements (see Table 1 for the membership of each region). In 2002, when the EPA negotiations were formally launched, it was clear that the EU was seeking very ambitious agreements, including extensive provisions on trade in goods and services, as well as investment, intellectual property, competition, government procurement, and environmental and social standards.

The majority of ACP countries were critical of the EU's proposals from the outset, and negotiations were fraught. What is fascinating is that, after ten years of intense negotiations, the EU failed to see its interests met. Negotiations with the Caribbean states progressed relatively smoothly, with agreement reached in all but a few areas by mid-2007, but negotiations with the African regional blocs and the Pacific were acrimonious. The EU used a variety of tactics to try and pressure and

persuade African and Pacific countries to agree to its proposals. In 2007, it attempted to use the expiry of the WTO waiver to propel the ACP countries into agreement, arguing that, under the terms of the waiver, it was legally compelled to withdraw unilateral preferences at the end of the year, even if negotiations on a replacement trade regime had not been concluded.

Table 1: ACP Negotiating Configurations

Geographic Region	Name of Negotiating Group	of ACP Members
Caribbean	CARIFORUM	Antigua/Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Kitts/Nevis, St Lucia, St Vincent/Grenadines, Suriname, Trinidad/Tobago (15)
West Africa	ECOWAS	Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo (16)
Central Africa	CEMAC	Cameroon, Chad, Central African Republic, Congo, DR Congo, Eq. Guinea, Gabon, Sao Tome and Principe (8)
Eastern and Southern Africa	ESA	Djibouti, Eritrea, Ethiopia, Malawi, Sudan, Madagascar, Mauritius, Seychelles, Zimbabwe, Zambia, Comoros, Kenya, Rwanda, Burundi, Tanzania, Uganda (16)
Southern Africa	SADC	Angola, South Africa, Namibia, Botswana, Lesotho, Mozambique, Swaziland (7)
Pacific	PACP	Cook Islands, Fed. Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu (14)

The EU's attempt at coercion largely backfired. Although agreement was reached on a 'full' EPA with the fifteen Caribbean countries, negotiations for regional EPAs broke down across Africa and the Pacific. Forty of the sixty-one African and Pacific countries opted out of an EPA with the EU, while twenty-one initialled 'interim' EPAs on a bilateral or sub-regional basis.<sup>i</sup> These were partial in scope, covering trade in goods only, and were intended to avoid trade disruption while negotiations towards 'full EPAs' continued at a regional level.

'Interim' EPAs proved to be extremely controversial. Many of these countries argued that they had been coerced into making hasty concessions that were inimical to their interests and which would prejudice the outcome of on-going regional negotiations. While twelve countries processed to sign the 'interim' EPAs, nine continued to withhold their signature. Although negotiations towards 'full' regional EPAs resumed in 2008, progress was extremely slow, as the EU proved intransigent, and African and Pacific countries were unwilling to capitulate on key issues.

By September 2012, after a decade of formal negotiations, it was clear that the EU had failed abysmally in its bid to agree six broad and deep free trade agreements with ACP countries (Table 2). ACP countries delayed signature and implementation of the 'interim' EPAs.<sup>ii</sup> Regional negotiations continued, but there was little prospect of agreeing a 'full' EPA with any African or Pacific region,<sup>iii</sup> and even in the Caribbean, ratification and implementation of the regional EPA progressed extremely slowly.

Table 2: EPA Outcomes (September 2012)

Name of Regional Grouping	Caribbean	Africa				Pacific
	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	5 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	15 of 15	0 of 8	0 of 16	4 of 16	0 of 7	1 of 14

### Accounting for EPA Outcomes

The scholarly literature on asymmetric trade negotiations is relatively scarce. A review of the wider international trade and negotiations literatures suggests three broad analytical lenses for explaining EPA outcomes:

- The first focuses at the international level, and places emphasis on the structural power relationship between the countries at the negotiating table, and the *ability of large states to coerce small states*
- The second also focuses on the international level, but places emphasis on the *negotiating strategy and tactics*, suggesting that even in highly asymmetric negotiations, small states can use negotiating strategies and tactics to influence outcomes
- The third focuses on the domestic level, and it suggests that likelihood of a preferential trade agreement being reached between two states depends on the balance of forces within the domestic arena, particularly the extent and influence of *protectionist economic interest groups*.

Applying each lens in turn enables us to probe different aspects of the EPA negotiations, and each offers some insights on state capacity:

#### (1) Trade and Aid Dependence

In the EPA context, the first lens leads us to ask the question ‘to what extent can EPA outcomes be reduced to an account of coercive power?’ Looking at the negotiations in this way leads us to reflect on the extent to which external structural relations constrain (or enable) the governments of small developing countries.

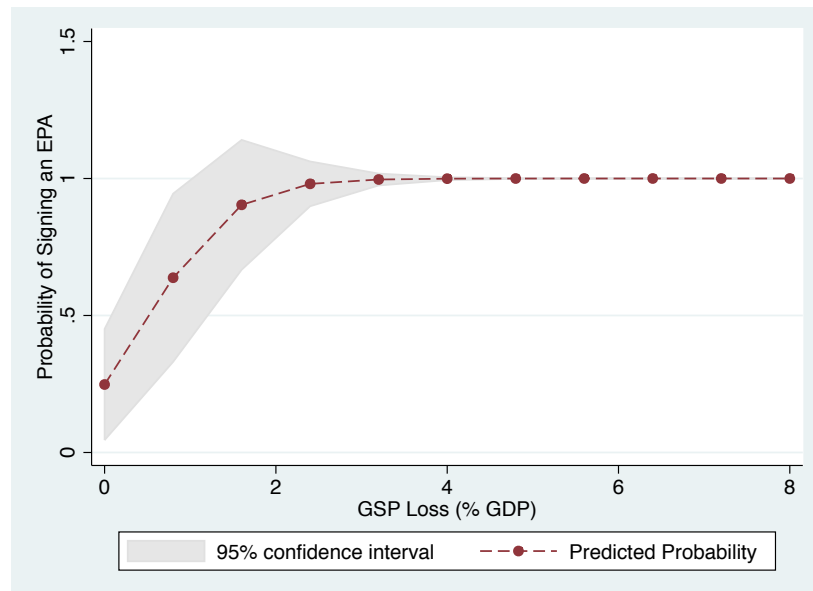
The traditional scholarly view of trade negotiations does not incorporate coercive power. Governments are assumed to walk away from any agreement that, in their view, leaves their country worse off. However, as Hirschman (1945) pointed out, if the small country is economically dependent on the large country, it may be vulnerable to coercive pressure and, crucially, this can lead a small country to enter an agreement that leaves it *worse off*. In a situation of economic dependence, if the large country is able to credibly threaten economic sanctions if the small country does not enter the agreement (through the removal of trade preferences or aid for instance), and if the costs associated with the sanctions are greater than those associated with entering the agreement, then the small country can be placed in the position of having to choose between a bad option (entering an agreement that leaves it worse off than before) or an even worse option (costly economic sanctions).<sup>iv</sup>

Scrutiny of the EPA negotiations shows that ACP governments were placed under enormous coercive pressure. There are numerous examples of heads of state and ministers speaking out against the EU’s use of pressure tactics, and interviews with negotiators underscore this finding. At the end of 2007 for instance, a declaration of ACP Trade Minister stated that ‘Ministers *deplore the enormous pressure* that has been brought to bear on the ACP States by the European Commission to initial the interim trade arrangement’ [emphasis added].<sup>v</sup> The EU applied coercive pressure directly, by ending Cotonou trade preferences,<sup>vi</sup> and indirectly, by limiting the availability of alternative options for accessing the EU market for ACP countries that were not classified as ‘least developed’.<sup>vii</sup> In addition, there is some limited evidence of veiled aid threats and many ACP countries appear to have been negotiating out of fear that aid might be withdrawn.

A simple regression model was used to explore the extent to which the likelihood of signing an EPA was (positively) correlated with dependence on the EU for trade preferences and aid.<sup>viii</sup> The model is a good fit, and the results suggest a strong and statistically significant correlation between the cost of losing trade preferences and the likelihood that an ACP states signed the EPA (Figure 1). In other words, the EU’s decision to withdraw trade preferences (and block access to alternative options) was

a very powerful instrument of coercion. Interestingly, the results do not reveal a clear systematic relationship between dependence on the EU for aid, and the decision to sign an EPA.

**Figure 1: The Impact of Losing Trade Preferences on the Probability of Signing an EPA**



Why then, if trade preferences were such a powerful source of coercive pressure, did fewer than half the ACP countries sign EPAs? Even in the face of the threat, many ACP states faced relatively low exit costs, and for three reasons: First, about half of the ACP countries (those classified as least developed) had access to the alternative Everything But Arms scheme, which greatly reduced the costs of exiting from the EPA negotiations. Second, Cotonou preferences were only valuable for a limited number of sub-sectors including bananas, beef, rum, fish and horticulture, and not all ACP countries exported them in substantial quantities. Third, over the past 10 years, the importance of the EU as an export destination has declined markedly.

### **What are the lessons for state capacity?**

First, the EPA negotiations serve as a reminder that coercive pressure is an integral part of international economic negotiations for small developing countries. In particular, governments are highly sensitive to losses in the export sector (possibly because firms in preference-dependent export sectors tend to be large, well-organised, and politically connected). Second, and arguably most importantly, the degree to which a small country is vulnerable to coercive pressure depends on the depth of its dependence on its negotiating partner. Crucially, this is, to some extent, in the hands of small state governments. As Hirschman (1945) noted, if a small country pursues a policy centred on the diversification of external relations, it will be much less vulnerable to coercive pressure and will, therefore, have greater policy autonomy.<sup>ix</sup> This suggests that greater attention should be paid to the politics of external economic relations. For instance, there are strong political grounds for export market diversification, just as there are strong economic grounds for export product diversification. The rise of emerging economies provides a new opportunity for small developing countries.

### **(2) Negotiating Strategy and Tactics**

The second lens leads us to ask ‘to what extent were EPA outcomes shaped by the negotiating strategies and tactics of ACP governments?’ This leads us to the broader issue of whether small developing countries stand any chance of influencing the outcomes of highly asymmetric negotiations, a question that has received little scholarly attention.<sup>x</sup>

The EPA negotiations suggest that small developing countries can influence negotiation outcomes, even in the context of extreme asymmetry. The results of the analysis of the EPA negotiating process are summarized in Table 3. The EU adopted a hard-line ‘distributive’ negotiating strategy.<sup>xi</sup> Its tactical moves included refusing to make substantive concessions or compromises; using ‘divide and rule’ tactics to undermine the ACP coalition; using delay tactics to amplify the coercive pressure states were under; making threats; and using a series of persuasion tactics aimed at convincing ACP governments of the merits of EPAs.

The EU succeeded undermining the first, all-ACP stage of negotiations, with the result that EPA negotiations took place between the EU and six ACP regional groups. However, contrary to what we might expect, once negotiations moved to the regional level, the tide started to turn against the EU. The six ACP regions reacted to the EU’s hard-line approach in three broadly different ways. The Caribbean region agreed, from the outset, to negotiate all the issues proposed by the EU, and to use its relatively strong technical expertise to negotiate concessions at the margins of the EPA text. It secured some minor concessions in the fine-details of the text, and, after a heated intra-regional debate all fifteen countries signed a full EPA. In contrast, the Pacific and African regions held out for a very different EPA. Broadly speaking, regions with a clear offensive agenda and higher levels of technical expertise (PACP, SADC, ESA) tabled detailed counter-proposals, while other regions focused on blocking negotiations in areas of defensive interest (ECOWAS, CEMAC).

Although the EU refused to engage substantively with the counter-proposals, ACP countries were surprisingly successful at blocking key areas of negotiation. By the end of 2007, negotiations on many of the most controversial issues had been postponed (indefinitely, as it turned out) and the negotiating agenda had narrowed to trade in goods. Moreover, the countries with the greater technical capacity were able to secure meaningful, albeit relatively small, concessions in the fine detail of the texts.

Even when EPA texts had been concluded and initialled by the principal negotiators, many ACP governments proved to be adept at delaying signature, ratification and implementation. Again their strategies differed, and four broad responses can be identified: The first response was to openly confront the EU, protesting that the negotiations had been conducted under duress and refusing to sign until the contentious issues had been renegotiated (e.g. Namibia). The second response was to avoid open confrontation and used a series of delay tactics to postpone signature (e.g. EAC, Ghana). The third, common, response was to sign but then quietly postponed implementation (e.g. Cameroon). The fourth and final response was to comply fully, signing and implementing the EPA (e.g. PNG). As a result, many ACP countries had succeeded in obtaining, de facto, the continuation of unilateral preferential access into the EU market for several years after the expiry of the WTO waiver.

### **What are the lessons for state capacity?**

Several lessons emerge. The EPA negotiations clearly underscore the extremely challenging circumstances under which small developing countries often negotiate and the difficulty of small countries securing their offensive interests in an asymmetric negotiation. However, they also suggest that small developing countries can exercise a surprising degree of resistance or blocking power even in situations where exit is not a viable option. This includes removing issues from the negotiating table, securing defensive concessions in the details of the text, and stalling implementation.

Moreover, while technical expertise played a role in helping countries secure concessions in the detailed provisions, the political moves made outside the negotiating room were often the ‘game changer’. The regions that secured the most flexible EPA texts were those where political leaders decided to oppose the EU and were determined to hold out, and where there was a relatively high level of technical expertise. Interestingly, even West and Central Africa, which suffered from acute technical capacity constraints, were able to use political moves to influence outcomes. These findings suggest that greater attention needs to be paid to the ‘political leadership’ capacity of governments

when it comes to manoeuvring on the international stage, in addition to their technocratic or bureaucratic capacity.<sup>xii</sup>

**Table 3: Tactical Moves During the Second Period (2003-2007)**

Actor and Strategy	Examples of Tactics
<b>EU:</b>	
<b>Highly Distributive:</b> Persuade ACP governments to alter perception of their interests; pressure them to capitulate; make minimal compromises /concessions	<b>Moves:</b> Table template texts on ‘take it or leave it basis’; High-level diplomacy to emphasise benefits of EPA and costs of exit; Shape public debate in ACP (newspaper adverts, training journalists); Mobilise pro-EPA interest groups in ACP countries; Explicit and veiled threats on trade preferences and aid; ‘Divide and rule’ tactics <b>Countermoves:</b> Rebut / refuse ACP requests in negotiating room; push to move to text-based discussions where distinct technical advantage; Delay responses in order to increase deadline pressure; Shape public debate in EU countries (press releases, public speeches); Make small last-minute concessions to clinch deal with wavering countries (e.g. sugar quotas, rules of origin)
<b>ACP Coalition Strategy:</b>	
<b>Exert Political Pressure on EU:</b> Direct appeals to EU politicians; ferment opposition within EU	<b>Moves:</b> High-level joint meetings to collectively press for concessions; Form alliances with stakeholders in EU (e.g. European Parliament, NGOs); Collective lobbying of EU member states; <b>Countermoves:</b> Use ministerial declarations to expose EU strategy to wider public
<b>ACP Regional Strategies:</b>	
<b>Modifications at the Margin (CARIFORUM):</b> Seek modified EPA: Agree to EU approach, seek concessions in fine details of text	<b>Moves:</b> Table detailed technical proposals to modify text at margins; <b>Countermoves:</b> Make detailed counter-proposals on aspects of texts; move negotiations to political level when thwarted at technical level; make last-minute concessions to EU to clinch deal and preserve regional unity
<b>Counterproposals (PACP, SADC, ESA)</b> Primarily offensive: Seek very different EPA: table alternative EPA framework; table alternative texts.	<b>Moves:</b> Attempt to size negotiating agenda by proposing full alternative EPA framework and texts (PACP) <b>Countermoves:</b> Table alternative proposals on major aspects (SADC, ESA); Refuse to negotiate in some areas; Refuse text-based discussions until framework agreed (SADC); Move negotiations to political level when thwarted at technical level; Politicians hold out and threaten exit rather than capitulate
<b>Blocking (ECOWAS, CEMAC)</b> Primarily defensive: Block issues that don’t reflect interests, seek commitments in few areas of offensive interest (e.g. supply-side)	<b>Moves:</b> Table proposal for area of major offensive interest <b>Countermoves:</b> Politicians hold out on key issues, even if conceded at technical level; Refuse to negotiate issues (ECOWAS); Refuse to move to text-based discussions before framework agreed (ECOWAS); Delay technical negotiations and push for extension (ECOWAS); Politicians hold out and threaten exit rather than capitulate

### (3) Domestic Political Economy

The third and final lens leads us to explore why ACP governments adopted different responses to the EU’s EPA proposals. In particular, it is striking that the Caribbean governments opted to cooperate and actively sought a full EPA, albeit with modifications at the margins, while African and Pacific governments opted to resist major aspects of the EU’s proposals. Exploring the underlying domestic political economy of the EPA negotiations (albeit in a relatively superficial way given the number of countries involved) speaks to wider debates over extent to which governments do not enter free trade agreements because they are captured by protectionist economic interest groups (the prevailing argument in the scholarly literature).<sup>xiii</sup>

#### Lobbying

A systematic analysis of domestic lobbying in the seventeen ACP countries that played decisive roles in the negotiating regions, suggests that it is extremely hard to attribute the decision to cooperate or resist to the pattern of lobbying. In the Caribbean there was some pro-EPA lobbying, but it does not appear to have been sufficient to account for the region’s embrace of the EPA, particularly its

decision to make substantial new commitments in areas like intellectual property and government procurement. Pro-EPA lobbying tended to be for the continuation of existing preferences (e.g. rum and sugar) or for specific new commitments (e.g. tourism). Notably, after the full EPA was signed, private sector actors (e.g. in services) expressed concern that they would not be able to make use of the additional market access. Moreover, there was a relatively strong civil society lobby against the EPA.

Similarly, across Africa and the Pacific, it is hard to make a credible argument that lobbying is the main explanation for resistance. With the exception of Nigeria, there are few domestic manufacturers to lobby against import liberalisation (in Nigeria lobbying by manufactures does appear to have been decisive in the government's decision to oppose the EPA). Although domestic food crop farmers had an interest in opposing liberalisation, with the exception of West Africa they did not mobilise on a sustained basis (which is to be expected given their small size and geographic dispersion - they face more severe collective action constraints). There was a sustained civil society movement against EPAs, which appears to have been important in some countries (e.g. Ghana) but there were many countries that resisted the EPA even in the absence of sustained anti-EPA lobbying (e.g. much of Central Africa). Moreover, in many countries there was strong pro-EPA lobbying from the exporters (worried about losing trade preferences) and donors (interestingly, there is some evidence that governments that capitulated in the face of EU pressure tended to have close links with large exporters (e.g. PNG and Cameroon) or were under particularly high levels of diplomatic pressure (e.g. Fiji, Cote d'Ivoire, and Zimbabwe).

### Information and Ideas

What other factors appear to have been important? First, *technocratic assessments* of the costs associated with the EPA. Impact assessments showed that many ACP governments would lose substantial amounts of revenue as the result of reduced tariffs, a major concern for severely budget-constrained and often aid-dependent governments. In other issue areas (e.g. services investment, competition, government procurement) there were few studies, few ACP countries had national or regional policies and regulatory frameworks in place, and they had little technical expertise, so there were no precise assessments of the implications of the EU's proposals. Moreover, the EU did not put forward strong evidence-based arguments and there was increasingly vocal criticism of the EU's approach in international circles (the decline of the Washington Consensus). In effect, there was relatively strong evidence that the costs associated with the EPA were likely to be relatively high, and the benefits were unclear.

Second, perceptions of *geostrategic interests* appear to have been crucial, and there was a striking difference between the Caribbean and the Africa and Pacific. The political leadership in the Caribbean saw an FTA with the US as inevitable, and expected the EU to be an easier negotiating partner, so wanted to negotiate a full EPA in order to set a favourable precedent for future negotiations. In contrast, African countries showed a growing interest in relations with China and other emerging economies and did not want to undermine these by deepening preferential relations with the EU, while South Africa had particular interest in extending regional hegemony.

Third, *development strategies* played a role. While many ACP governments do not appear to have had a strong development strategy, where they did, this had a major impact. This is particularly clear in the Caribbean, where the political elite in leading countries (e.g. Barbados and Jamaica) had a development vision premised on 'globalisation' and they welcomed the EPA as embodying 'modern' economic policies. In stark contrast several African governments appear to have placed greater value on policy-making autonomy, with some arguing that the EPA was inimical to the pursuit of national or regional policies (e.g. Namibia), while many others argued that the EPA failed to address their main development constraints (lack of competitiveness).

### What are the lessons for state capacity?

The domestic political economy the EPA negotiations highlights several wider issues. It serves as a reminder that the private sector is often weak and unorganised in least developed countries, so there is relatively little lobbying on trade policy, particularly from those producing for the domestic or regional market.<sup>xiv</sup> Moreover, civil society is increasingly present as a lobby group. Although there are instances where governments are ‘captured’ by particular lobby groups, on the whole, governments do appear to have substantial autonomy vis a vis their domestic constituents, and the latitude to set policy direction in trade negotiations. (Indeed it is plausible that the increasingly complex technical language of trade agreements leads governments to have particularly high levels of autonomy). Aside from lobbying several factors appear to shape government responses: technical impact assessments (especially of revenue impacts) and wider policy discussions; perceptions of geostrategic interests; and perceptions of desirable development trajectories.

### Conclusion

We often assume that the governments of the smallest developing countries in the global economy have minimal autonomy or scope for agency, because they face a myriad of external and domestic constraints. While not denying the presence of severe constraints, the recent EPA negotiations are an invitation to pause and reflect on the nature of these constraints.

The EPA negotiations are a reminder that economic dependence enables large states to exert coercive pressure during trade negotiations. While this is not news to developing country policymakers, it is a factor that continues to be neglected in the scholarly literature. However, and crucially, the EPA negotiations suggest that, even for the smallest developing countries, structural dependence does not fully determine outcomes. These countries have some room for manoeuvre, even during highly asymmetric international trade negotiations:

- First, the policy decisions of small developing country governments, particularly over the medium term, influence the depth of their dependence, and this affects the costs of exiting from a given negotiation.
- Second, small developing countries are able to manoeuvre during negotiations in ways that decisively shape negotiating texts. While it is hard for them to secure concessions from large states that reflect their offensive agenda, small developing countries are able to exercise a surprising degree of ‘blocking power’. Moreover, even after agreements are concluded, they can manoeuvre to evade implementation. In this, while technocratic expertise proves important for securing detailed legal concessions, it is the actions of politicians that appear to be vital.
- Third, the governments of small developing countries appear to have a substantial degree of autonomy and latitude for setting policy direction and determining negotiating objectives vis a vis domestic lobby groups. While lobbying clearly shapes government positions (and export sectors and donors appear to be particularly prominent lobbyists) in many countries, information and ideas about ‘national interests’, held by politicians and the wider public, were central in the decision to cooperate or resist the EU’s proposals.

---

### Endnotes

<sup>i</sup> Under international treaty law, initialing an agreement demonstrates that the text is authentic and definitive, and ready for signature, but an initialed text does not itself impose any obligations on the parties. The parties to an agreement are only under an obligation to implement its terms once it has entered into force, which takes place upon (or after) ratification. On signature (but not on initialing), a country enters into an obligation not to



defeat its object and purpose prior to its entry into force. See Lorand Bartels, "Note on 'The Legal Status of the Initialled EPAs and Legal Constraints on Re-negotiation'," (Brussels, Belgium: Commonwealth Secretariat, 2008).

<sup>ii</sup> See European Commission, "EPA State of Play: Updated 03 January 2012," ed. European Union Trade (Brussels, Belgium 2012).

<sup>iii</sup> See Melissa Julian, "EPA Update," *Trade Negotiations Insights*, October 2010.

<sup>iv</sup> Albert O Hirschman, *National Power and the Structure of Foreign Trade* (California, USA: University of California Press, 1945).

<sup>v</sup> ACP Council Of Ministers, "Declaration at its 86th Session Expressing Serious Concern on the Status of the Negotiations of the Economic Partnership Agreements," in *ACP Council Of Ministers* (Brussels, Belgium 2007).

<sup>vi</sup> The EU argued that it was compelled to do because of a WTO ruling that Cotonou preferences were not WTO compatible, and although members had granted the EU and ACP countries a waiver, this expired at the end of 2007. While it is the case that the waiver expired, there is a strong case to be made that the EU's decision to end preferences had a clear element of choice, and was not the result of legal compulsion.

<sup>vii</sup> 'Least developed' ACP countries had a good alternative option for accessing the EU market under the EU's Everything But Arms preferences. The EU took steps to close off alternative options from other ACP countries (including access to the GSP Plus scheme of preferences, and refusing to countenance applying for an extension of the WTO waiver) placing them under particularly high levels of pressure.

<sup>viii</sup> A series of logistical regressions were run. The model had a binary dependent variable  $EPAOUTCOME_i$  (is the outcome of the EPA negotiations for ACP country  $i$ , coded 1 if a country signed an EPA and 0 if it didn't). Key independent variables were:  $GSPLOSS_i$ , which measured, as a percentage of GDP, the expected loss that ACP state  $i$  would have incurred if it had decided not to enter an EPA and was obliged to export under a GSP scheme;  $EUAID_i$  which measured the extent to which ACP state  $i$  is dependent on official development assistance (ODA) from the EU;  $EXPORTCIB_i$ , which measured the exports from ACP country  $i$  destined for China, India, or Brazil, as a percentage of their total exports. Alternative measures for EU aid were also used, to isolate aid that came directly from the European Commission. Control variables included size of the economy, distance from the EU and growth rates. Variables were the 3-year averages for the period 2005-7.

<sup>ix</sup> Hirschman, *National Power and the Structure of Foreign Trade*.

<sup>x</sup> Jones (2013) draws together the literature on small states in international trade negotiations Emily Jones, *Negotiating Against the Odds: A Guide for Trade Negotiators from Developing Countries* (London, UK: Palgrave Macmillan, 2013).

<sup>xi</sup> For an explanation of 'distributive' as opposed to a 'integrative' negotiating strategy, see John S. Odell, *Negotiating the World Economy* (Ithaca, New York, USA: Cornell University Press, 2000). pp31-38

<sup>xii</sup> This echoes the findings of recent work by Adrian Leftwich. See for instance Adrian Leftwich, "Beyond Institutions: Rethinking the Role of Leaders, Elites and Coalitions in the Institutional Formation of Developmental States and Strategies" (paper presented at the Forum for Development Studies, 2010).

<sup>xiii</sup> See for instance Richard E. Baldwin, "Multilateralising Regionalism: Spaghetti Bowls as Building Blocs on the Path to Global Free Trade," *World Economy* 29, no. 11 (2006); Gene M. Grossman and Elhanan Helpman, "The Politics of Free-Trade Agreements," *The American Economic Review* 85, no. 4 (1995).

<sup>xiv</sup> See 'Chukwuma Charles Soludo and Osita Ogbu, "The Politics of Trade Policy in Africa," in *The Politics of Trade and Industrial Policy in Africa*, ed. Chukwuma Charles Soludo, Osita Ogbu, and Ha-Joon Chang (Trenton, New Jersey, USA: Africa World Press, 2004). They note that in many African countries the indigenous business class is very weak and poorly organised and it is conspicuous for its absence in lobbying government on trade and industrial policy. See also Emily Jones, Carolyn Deere-Birkbeck, and Ngaire Woods, *Manoeuvring at the Margins: Constraints Faced by Small States in International Trade Negotiations* (London, UK: Commonwealth Secretariat, 2010).