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# 17 Limits to soft power in the Economic Partnership Agreements

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**Peg Murray-Evans**

University of York

When I began researching the Economic Partnership Agreements (EPAs) as a PhD student, I wanted to explore the drivers and impact of the EU's attempts to export its model of economic and regulatory integration to other regions around the world. The EPAs were conceived as a series of preferential trade agreements between the EU and the group of African, Caribbean and Pacific (ACP) countries, designed to replace unilateral preferences provided under the longstanding Lomé Convention. More than this, the idea was that these negotiations would help to foster liberalisation of trade in goods and services and cooperation on a range of regulatory issues both between the EU and the ACP and within ACP regions themselves.

At the time, academic research was exploring the emergence of the EU as an important actor on the global stage and the rise of 'interregionalism' as a key phenomenon in international politics (Söderbaum et al. 2005, Bretherton and Vogler 1999, Telò 2007, Aggarwal and Fogarty 2004). Scholarship on the EPAs themselves had focused on the material asymmetry of these negotiations and had largely taken for granted the ability of the EU to impose its prospectus for region-based trade and regulatory integration on the much smaller and economically weaker ACP countries (Hurt 2003, Goodison and Stoneman 2004, Farrell 2005, Goodison 2007, Stoneman and Thompson 2007, Brewster et al. 2008).

It was clear from the very beginning of the negotiations in 2001, however, that the leverage associated with the EU's market power was highly uneven as a result of divergent levels of dependence on existing Lomé preferences amongst ACP countries. Furthermore, as the negotiations came to their first pressure point around the expiry of a WTO waiver at the end of 2007, it became clear that the decisions of ACP countries were not a straightforward reflection of the economic levers associated with the process (Murray-Evans 2015, Nyaga Munyi 2016). I therefore became particularly interested

in the role that ideas played in shaping the dynamics of the asymmetrical power relationship between the EU and the ACP countries.

In particular, aside from the uneven reach of the EU's market power, I wanted to understand why the EU's recourse to normative persuasion – or soft power – seemed only to have a limited impact on the outcome of the EPA negotiations. That is, many ACP countries did not seem to be persuaded by the EU's arguments that the EPAs were both a legal necessity and a boon to their development prospects. This was a puzzle in the context of the EU's own identity construction as a 'normative power' (Manners 2002) and the considerable negotiating resources that had been devoted to persuading the ACP countries of the merits of the EU's proposed model of inter- and intra-regional economic integration.

### **Limits to EU soft power**

In Murray-Evans (2019) I argue that the reasons for the limited reach of the EU's normative persuasion can be found both in the way that the EPAs were themselves conceived and promoted, and in the way they were perceived and contested by those on the ground in ACP countries and regions.

The EPAs in the global trade system

First, the process of designing the EPA prospectus – which led to the Cotonou Agreement in 2000 – was itself significantly constrained. In some respects, these constraints were helpful to the EU. For example, the culmination of the Uruguay Round in 1994 had signalled the fuller integration of developing countries into the multilateral trade system. This broader context lent legitimacy to the EU's desire to use the EPA negotiations to encourage ACP countries to adopt trade policies that would see them become more integrated into the global economy. Indeed, the incompatibility between the Lomé Convention and WTO rules on special and differential treatment for developing countries, alongside the strengthening of multilateral dispute settlement mechanisms, was the principle justification for recasting the EU–ACP relationship on the basis of reciprocity.

However, the form of the EU's EPA prospectus was equally constrained by the idiosyncrasies of multilateral rules. The technical details are somewhat complex (Heron 2013, Gammage 2017, Murray-Evans 2019), but the upshot was that there was no single trade mechanism through which the EU could preserve preferential market access for the ACP as a group while also offering differential and more favourable treatment for the poorest developing countries (something for which there was a strong consensus in

Europe). Instead, the EU set out to negotiate reciprocal EPAs with the ACP countries while at the same time offering unilateral duty and quota free market access to all least developed countries (LDCs) under the separate Everything But Arms arrangement. This had the result of generating divisions between LDC and non-LDC ACP countries and exacerbating the unevenness of the EU's leverage in the EPA negotiations.

The EU's use of WTO rules as a principle justification for the pursuit of the EPAs, furthermore, generated tensions in its normative case for the agreements as the negotiations progressed. Beyond its arguments about the legal necessity of transforming the EU-ACP relationship, the EU made a strong normative case that 'comprehensive' EPAs – incorporating the liberalisation of trade in goods and services as well as cooperation on regulatory issues – would support ACP development efforts. Yet it was clear that much more limited goods-only agreements would be enough to meet the requirements of WTO compatibility. In this context, the EU's attempts to conclude EPAs that included the controversial 'Singapore issues' – investment, competition, public procurement and trade facilitation – appeared inconsistent with its claim that WTO rules were the primary driver of the negotiations. This was particularly the case once three of these four issues had been cast out of the Doha Round negotiations in the face of developing country opposition in 2004.

Amidst high pressure tactics that were used to try to persuade ACP countries to agree comprehensive EPAs in time for the expiry of a WTO waiver at the end of 2007, the EU's normative arguments about the development benefits of the EPAs fell flat. This unravelling of the EU's legitimating narrative allowed those ACP countries and NGOs that objected the EU's approach to the negotiations to portray the latter as self-interested and coercive. On top of this, they pointed to the hypocrisy of the EU's insistence on WTO compatibility for the EPAs while it appeared simultaneously to be using the negotiations to try to bypass negotiating blockages in the multilateral system itself.

### EPAs versus ACP regionalism

Aside from the contradictions that emerged within the EU's legal and normative case for the EPAs, there is a fundamental disconnect between the EU's understandings of the relationship between trade, regionalism, and development and those of its ACP interlocutors. These problems go beyond often-cited issues of ACP technical and institutional negotiating capacity and reflect a deeper mismatch between the EU's vision of regional economic and regulatory integration and the way that regionalism is institutionalised, practiced and imagined in other parts of the world.

Focusing on African regionalism in particular, overlapping regional institutions are a well-known feature of the continent's established pattern of economic governance.

During the EPA negotiations, the EU tended to see these as an obstacle to the realisation of its preferred vision of economic and regulatory integration. Indeed, EU policymakers and negotiators saw the EPAs as an opportunity to provide African actors with an incentive to 'rationalise' their regional economic structures. This view, however, failed to take account of the variety of purposes and understandings that are attached to Africa's overlapping regional formations by national elites. For example, regions may be seen not just as means of fostering integrated and efficient markets but, amongst other things, as sites for generating political solidarity, for fostering integration along functional lines and for accessing financial resources from donors. Furthermore, while these approaches to regionalism may be in some respects a function of the narrow interests of elites, they also reflect principled disagreement amongst African policymakers about the extent to which market-oriented forms of regionalism are the most appropriate in the African context.

The pattern of overlapping regionalisms in Africa was therefore much more entrenched than the EU's EPA negotiating strategy – which offered only a small amount of time for these to be resolved into mutually exclusive configurations – had allowed. On top of this, the regions in question not only lacked the technical and institutional capacity to engage in negotiations with the EU as unitary actors, but on a more fundamental level lacked the political will to grant supranational authority to a body that would be capable of doing so. Equally, political commitment to the vision of 'deep' regional economic and regulatory integration that the EU sought to promote through the EPAs was at best uneven in Africa, where states were still struggling to agree on and implement their own agendas for the reduction of barriers to trade in goods.

This unevenness was borne out in the response to the EPAs by individual African states. These responses were themselves shaped by both the specificities of national and regional circumstances and the different ways in which policy elites interpreted the choice set on offer in the negotiations. Some African states – for example Mauritius – were more positively disposed towards the EU's arguments about the mutually beneficial nature of deep regional and interregional trade and regulatory liberalisation. Others – such as Botswana, Swaziland and Lesotho – viewed the EPAs as an opportunity to lessen their dependence on a dominant regional economic actor, South Africa (see Murray-Evans 2015). More, however, were deeply suspicious of the EU's agenda for deep liberalisation, viewing it as driven by European self-interest and as potentially inimical to state-driven development strategies.

In other words, whether ACP states were receptive to the EU's normative case for the EPAs came down to both their position within existing regional political and economic landscapes and embedded ideas about the relationship between trade, regulation and

development. The EU's ability to influence the latter proved limited in the context of mistrust about its motives, which was partly engendered by perceptions that the EU's approach to the negotiations had been coercive and unsympathetic, for reasons outlined above.

## **Lessons from negotiating the EPAs**

Based on the apparent limits to the EU's soft power in the case of the EPA negotiations, the following lessons could be tentatively drawn. The first is that the global institutional landscape in which the EU operates matters. This is because it provides constraints and opportunities for EU external action and the projection of soft power. Invoking outside institutional imperatives – such as WTO rules on special and differential treatment – can be a useful way of legitimating EU external policies by lending a sense that the proposed action is externally constrained or mandated. However, as in the case of the EPAs, such strategies for projecting EU power may become a hostage to fortune. This might be because the trajectory of EU policy diverges from that of the wider institutional environment. Likewise, it might be because calling on external legal imperatives in too dogmatic a fashion gives rise to perceptions of insincerity or coercion, thus undermining other normative claims about the benefits of the proposed policy or set of actions.

Furthermore, the institutional environment in which the EU operates is complex and multifaceted. In the area of trade, distinctive regional orders exist alongside the broader multilateral trade regime and are constituted and sustained by their own logics and the ideas and purposes that local policymakers ascribe to them. A good understanding of these dynamics is vital for the projection of EU soft power, as is a set of realistic expectations about what can be achieved in the context of these constraints. In the case of the EPAs, the expectation that African regions could be 'rationalised' to form viable negotiating blocs in relatively short order was not credible, nor was the idea that African negotiators who had vociferously opposed agreement on a series of regulatory issues in the WTO would be willing to accept the same in the context of the EPAs.

The EU was heavily criticised for certain aspects of its approach to the EPA negotiations. In particular its forceful attempts to secure comprehensive trade agreements in the early part of the negotiations, as well as its heavy-handed approach to existing regions, generated suspicion of the process amongst ACP interlocutors and served to undermine claims about the normative drivers of the EPA project. As much as these criticisms seem justified, my research also stresses that EU power – whether we are talking in material or discursive terms – is a good deal more constrained than is sometimes acknowledged. Navigating these constraints – whether in the form of multilateral rules and processes, institutional structures in counterpart regions and states, or the opposing ideas and

purposes of negotiating partners – is a considerable challenge, even for an actor that likes to think of itself as a leading market and normative power. The construction of narratives that seek to support and legitimise the EU’s external action is clearly a key part of the region’s soft power, but doing this in the context of a complex and shifting global institutional landscape is by no means a straightforward task.

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## **About the author**

Dr Peg Murray-Evans is a Lecturer in the Department of Politics at the University of York. Her work addresses the relationship between ideas, institutions and power in the global political economy, with a particular focus on the Global South. She recently published a monograph titled *Power in North-South Trade Negotiations: Making the European Union's Economic Partnership Agreements* with Routledge. Her research has also appeared in *European Journal of International Relations*, *New Political Economy* and *Third World Quarterly*.