CAN THE EUROPEAN UNION SAVE AFRICA? THE POLITICAL ECONOMY OF EU EXTERNAL RELATIONS: A CASE STUDY OF SENEGAL AND MALI

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Abstract

The purpose of this thesis is to analyse and to find out the limitations of the European Union's external economic relations towards the sub-Saharan African region, by focusing on two cases, namely Senegal and Mali. To find out the limitations of the EU policy, the thesis provides an overview of the main political, social and economic indicators and assesses how the EU as an external actor contributed to them since 2002. The results show that the existing unfavourable conditions in these countries are further exacerbated by the institutional incoherence and flawed decision-making procedure, the ideological clash between development aims and individual interests, and the puzzle between bilateral versus multilateral policy agenda. Finally the thesis offers some policy implications of the new international political economy of development for further consideration.

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Introduction

Despite the continued exposure to European influence since the decolonization period in terms of both trade and development, in the 1960s-1980s, the sub-Saharan African region attained negative growth and ever since then "their economic development in terms of per capita growth has been marginal" (Flint 49). This phenomenon was accompanied by trade liberalization, privatization, the liberalization of capital account transactions, investment promotion, the abolition of domestic monopolies together with a philosophy of state minimalism (Nixson 322.) from the part of the EU and of course, gradually growing aid inflows, which approximately took a stunning sum of 78, 362 billion euros from the third European Development Fund until the latest one,[1] however, it had limited effect on the region and continues to do so. While African economies try to cope with the demands of the world market and growing international competition, cyclically, almost every four or five years, the general Western perceptions about the future of African development change. In the past years a positive economic attitude coupled with an average investor confidence is observed, which is largely attributable to domestically-led growth rather than the outcome of external assistance as it turned out from the special issue of the Economist of March, 2013 or before that, the 2012 IMF Report. The latter predicted that sub-Saharan Africa would be the world's fastest growing region in 2013 and 2014 whereas the former praises the gradually improving social indicators such as reducing HIV prevalence but improving school enrolment and wider mobile and internet coverage coupled with better business opportunities. Parallel to these highly favourable voices, others claim that dependency on Europe is gradually falling, as the overall trade of Africa shifts towards non-European

[1] This sum was calculated from the data provided by the EC DEVCO and embraces the following large programs: Lomé I-IV; Stabex and Sysmin and the Cotonou Agreement (EC Devco, 2012). However, the amount of allocated money to the ACP region in the framework of the 1st EDF until the 3rd EDF as well as any quantitative information of the Yaoundé I-II has not been found.

countries (Minto, 2012). Based on this observation, the widespread European donors' fatigue and the financial crisis seem to have a slightly less bad effect on the sub-Saharan African region.

Although Africa has never been the top trading partner of the EU, its rise is undoubtedly remarkable. Whereas Africa's economy enjoys an unprecedented success according to the Economist, the European Union suffers from a general political dilemma, a problematic economic situation and it does not seem to tighten economic relations with its prospering neighbourhood. Apart from trade relations, the nature of development has also significantly changed. Parallel to what has been claimed by Rodrik et al in 2004, namely that "development is largely determined by poor countries themselves and outsiders can play only a limited role" (137) there is a widespread perception that the Western world lost its authority over Africa (Johnson 1; Warner 1), which now is in the hands of its own people. Still, among other actors, the EU still has a substantial influence over the continent's affairs.

In the academic debate different theories have been developed to better understand the reasons for the relative lack of success of EU trade and development efforts. The mainstream debate identifies several internal weaknesses that can hinder the mutually favourable trade relations as well as the effective allocation of development money to less developed regions. So far, these factors altogether have not been measured; neither have solutions been found to explain the EU's policy limitations in some of the poorest sub-Saharan African countries. Moreover, the Union's trade and aid efforts towards two countries have not been traced in a comparative manner, however, the past ten years' political and economic events have paved two very different ways for them, in which the EU played a substantial role. On one hand, Senegal is labelled as an outstanding country in terms of democratization, therefore the EU engages in trade relations with it, whatever unequal it might be, whereas the recent political turmoil in Mali triggers even more sums of EU aid and a modest and largely unsuccessful military engagement.

The overall purpose of this thesis is to find out how the European Union as an external actor can contribute to the development of the sub-Saharan African region but specifically, to

Senegal and Mali. More precisely, this thesis would like to cast light on what the effective policy tools of the EU are towards a lower-middle income, developmental country and for a low income, fragile or failed state, which might prove to be essential for future EU projects in countries within these two criteria. The hypothesis is that the policy measures resulting from the flawed internal decision-making, the unsettled institutional characteristics and the puzzle between endorsing a bilateral or a multilateral agenda do not result in positive outcomes when intervening in the two countries' economic, political and social indicators. Another interesting observation is provided, namely that losses resulting either from the unfavourable trade negotiations, the absence of trade or the effective military presence of the EU in the case of internal political turmoil are generally counterbalanced by large sums of EU development money. The thesis also sheds light on the detrimental effects of the structural/transformational nature of EU aid and trade relations towards the region, which is also, to my knowledge, an under-researched topic.

Conceptualizing the term, foreign economic policy or economic diplomacy of the EU refers to the action of how it conducts its international economic relations (Bayne and Woolcock 1.) or to put it in another way, the process of international decision-making. Undoubtedly, this has been and still is the strongest tool of the EU. This policy is shaped by state and non-state actors as well (2). According to Odell, economic policy specifically refers to "production, movement or exchange of goods, services, investments (including official development assistance) money, information and their regulation" (Odell 11 in Woolcock and Nixson 4). This interpretation regards development policy as an integrant part of EU economic diplomacy. In the last few decades, these two policies became strongly connected, and various concerted efforts from the EU's part had been taken, however, according to the Lisbon Treaty, the current modifications of development policy are a part of a wider policy plan i.e. the 'External Action' (Woolcock 162). Therefore the priorities point toward an emphasis on EU's foreign policy for which, among other policies, development policy will only be an instrument. One might see that these priority shifts are far from being cleared, as now the EU seems to struggle with establishing a clear and coherent institutional arrangement. This thesis also regards trade and development policy[2] as being equally important policies of the EU as well as the most prominent parts of the EU's foreign policy agenda. Although generally, the EU's economic diplomacy is a world-wide phenomenon, this thesis reduces its focus to the assessment of EU-sub-Saharan African relations.

The first chapter aims to examine EU external economic policy from two angles. First, through the relevant provisions of EU treaties and strategy papers the thesis traces how the EU interprets its own performance in the region. Secondly by using other scholarly researches, press releases and several articles, the chapter further extends the limitations acknowledged by the EU with new aspects. Regarding the theoretical contribution, the thesis makes an attempt to conceptualize the diverse set of policy-making by not only using primary sources in the form of statistical data and EU policy papers, but to present two types of mainstream approaches. First, theories are used to trace the internal policy-making and problems arising from the institutional arrangement of the EU especially regarding its relations with the ACP region. The aim of this section is to present the most influential policy initiatives of the EU by analysing the main sources in which the EU's approach towards its main 'partner'[3] the ACP region can be conceptualized. The second chapter contains a broader macroeconomic analysis of the sub-Saharan African region, regarding three aspects: early colonial settlement, its repercussions to the macro situation and some intra-trade aspects along with a short introduction of the cases.

After having theoretically conceptualized the subject and identified those measures that hinder EU policy-making, a comparative empirical analysis of the EU intervention in Senegal and Mali's economic, social and political indicators is provided in the following chapter. For this

[2] Although humanitarian aid does not belong to the scope of DG development, from 2010, Kristalina Georgieva was appointed as the first Commissioner for international cooperation, humanitarian aid and crisis response, who conducts her tasks in close cooperation with Andris Pielbags, Development Commissioner. Thus, the conceptualization of this thesis also expands on the humanitarian activity that the EU undertakes.

[3] Due to the shortness of this thesis, the evolving nature of the EU-ACP relations, from preferential agreements to partnership agreements cannot be elaborated in details, however, this section touches upon the contradictions of Economic Partnerships, which presupposes an equal, balanced position, based on common objectives. Still, the relationship is based on power asymmetries, since the ACP group does not have the means to impose 'appropriate measures' as defined in Article 96 (Slocum-Bradley and Bradley 35).

reason, the thesis relies on analysing documents and texts of these two countries, nevertheless the larger part of this chapter will be devoted to quantitative methods, such as statistical analyses from various sources.

The case study analysis is built on a controlled comparative method, combined with process tracing, which explains two macro phenomena. Process tracing is essential in the sense that it helps to identify the comparison by helping "whether differences other than those in the main variables might account for the differences in outcomes" (George and Bennett 81), which is the way this thesis intends to measure the EU's contribution to the existing favourable or unfavourable indicators of the countries. By creating numerous observations within these two cases, process tracing is undertaken in order to measure the outcomes of different policy tools of the European Union in the two countries. These observations are then linked to constitute an explanation of these cases. Also, by using the theoretical concepts, these case studies serve as an empirical demonstration of the EU's flawed trade and development policy in general and also, to contribute to the development of the current EU trade and development policy theory. Case selection justification is further elaborated in the course of this thesis. The overall aim is to assess to what extent the independent variables of the EU trade and development policy contributed to the economic and social development of Senegal and Mali. The consequences of these policy measures along with a set of alternative policy implications are used in the final conclusion to answer the research question. The policy considerations are based on the main theoretical arguments of the new political economy of development.

Chapter 1. Limitations of the EU external economic relations

1.1: The institutionalization of EU trade and development policy

This chapter intends to demonstrate the evolution of EU external economic policy by two means. First of all, this chapter traces the EU's own perception and assessment of its performance, then it extends these limitations with new understandings, remarks and interpretations of various authors.

The current provisions regarding the 'common commercial policy' of the EU and 'cooperation with third countries and humanitarian aid' are laid down in the Lisbon Treaty, from Articles 206 to 214 under Part 5 of 'The External Action of the European Union'. Article 212 states that "the Union shall carry out economic, financial and technical cooperation measures, including assistance, in particular financial assistance, with (…) developing countries". Moreover, "The EU is committed to pursuing a trade policy that not only boosts economic growth and creates jobs in Europe, but which actively helps countries and people around the world to use trade as a tool for development" (EU Trade, 2009). Also, the EU's trade policy is specialised to meet the developmental needs and situations of its trading partners through its 'Aid for Trade' (AfT) initiative, which enables the developing countries to establish the infrastructure necessary for trade. According to the EU, these conditions can significantly contribute to the attainment of the Millennium Development Goals (MDGs).

Trade also has a significant place in the current EU2020 Strategy. The Strategy contains that the EU trade policy should support the poorest economies by providing favourable unilateral trade preferences. The Strategy also claims that the EU conducts a differentiated approach depending on the level of development of its trading partners from the developing world. Moreover, the Strategy further confirms the EU's effort to connect trade initiatives with poverty eradication (Trade, Growth and World Affairs 5). The EU's vision through its trade policy aims at the integration of developing countries into the global economy by helping poverty eradication and maintaining better working conditions, for which one major instrument of the EU is the Economic Partnership Agreements (EPAs)[4] with African, Caribbean and Pacific countries (ACP). According to the EU, EPAs promote development, foster regional integration, establish a level playing field between the two regions, open up the EU market for ACP countries, but they only gradually open up ACP markets, help reduce poverty and promote sustainable development as well as to improve economic governance (EC, 2010).

EU trade and development policy has changed significantly in the past ten years, from a hierarchical donor-recipient relationship aiming at pursuing a transformative agenda towards these countries to a partnership-based liaison based on structural adjustment. The EU Communication in 2002 only began to realize the overarching importance of the positive externalities of combining trade with development efforts, such as more effective economic and social governance, human capital development, or the establishment of core labour standards (6). The Communication also identifies the main problems of the developing world that are well-known today, such as "high trade barriers throughout the world, especially in agricultural and labour-intensive goods" or the high import tariffs (9-11). Here, the Communication sets out a broader, general vision of how successful trade can contribute to long-term development achievements, by "sound macroeconomic policies, improved education and health services, appropriate social safety nets, respect for core labour standards, improved infrastructure and access to the markets, particularly for population in rural areas and the effective enforcement of a regulatory framework that guarantees the proper functioning of the markets and prevents dominant business behaviour and corruption and appropriate environmental legislation" (ibid).

Also, a strong belief in WTO-related trading rules and an improved regulatory environment was expressed in this paper, however, it soon turned out that the sub-Saharan African countries

[4] Since their establishment in 2002, EPAs had replaced the existing agreements in the framework of the Cotonou Agreement between the EU and the ACP region. Their main aim can be summarized in four terms: partnership, regional integration, flexibility and link to WTO.

failed to meet these targets and were not able to benefit from the rules-based multilateral trading system due to the lack of domestic policy management, or infrastructural and other weaknesses (15). Therefore the main goals were improving market access, poverty reduction and sustainable development, compliance with WTO-rules, including intellectual property rights, a general focus on addressing macroeconomic and tax policies, and the improvement of the investment climate. All in all, the aims that the EU set out in 2002 were more general and transformative, embracing a broad instrument of trade and development combined with a stronger support for multilateral negotiation than issue-specific and tailored approach.

Between the time span of the two Communications, the EU also reconsidered its Africa Strategy. For this occasion, in 2007, the revised Strategy came into life, which stressed the importance of the partnership-based relationship, strengthening the domestic governance, and enhancing regional cooperation and civil society. In the rather ambitious Strategy, a new order of policy priorities was also set[5].

The Commission' Communication in 2012, due to global economic shifts of power, and based on the Africa Strategy of 2007, changed those priorities of ten years earlier. While some parts of the world managed to find their development path, sub-Saharan African countries still struggled on their way, despite the fact that the EU has been the main trading partner in the past decade for most of the ACP states (2). This latest version stresses the positive externality of trade openness, especially the effect of FDI, the necessity of trade in development, the lack of success in addressing broad issues like lowering tariffs, and awareness of the fact the economies of developing countries are increasingly diverging. Although the overall achievement of the 2002 Communication was the opening up of the European market for the LDCs followed by the 'Everything but Arms' (EBA) programme,[6] which basically fully opens the market without

[5] Peace and security (1); democratic governance and human rights (2); trade and regional integration (3), and other key development issues (4). (5).

[6] However, under the EBA initiative, in order for such unlimited market access to translate into real economic gains for African LDCs, they must be in a position to competitively produce and supply goods on world export markets (UNCTAD Report, 2012)

imposing any tariff or quota (6). However, other achievements in this field have mainly delivered limited results. Due to the Aid for Trade (AfT) initiative,[7] more than a third of EU development aid now supports trade related needs, but only some 22% reaches LDCs. Also, although the EU emphasises that trade relations should be conducted with and enhanced regional integration in Latin-America (8), no signs of the same initiative in sub-Saharan Africa can be observed.

Due to the learning-by doing process of the Union, and the lessons learnt from the past decade, this Communication has focused more on specific preferences, by putting LDCs into a more sophisticated grouping based on their income, and also, signs of marginal program feasibility have appeared, such as the empowerment of small and medium-sized enterprises and the enhancement of small transactions. Nevertheless, the better targeted aid for trade still shows a general transformative approach and a lack of specificity on the EU's part. On the other hand, the investment side has been strengthened, but unfortunately it grants only investors from the EU more rights, and defends them against the possible drawbacks of a large-scale strategic investment. This step might be risky as it protects investors and supports them financially, but, on the other hand, it may even weaken the bargaining power of the (often rent-seeking) African governments. The feedback mechanism established by this Communication along with corporate social responsibility measures and monitoring schemes is undoubtedly a significant step forward. This time the Commission focused on making plans in case of natural disasters, internal conflicts and price volatility that harm trade relations with LDCs as well as addressing issues like domestic reforms and good governance. The EU continued to emphasize the importance of the multilateral agenda despite the fact that it does not always turn out to be beneficial for LDCs, let alone the general failure of the Doha Development Round.

All in all, compared to its predecessor, the Communication of 2012 is significantly well-elaborated and presents a more coherent agenda in order to establish a win-win situation between

[7] The Aid for Trade Agenda acts rather a complementary commitment to trade-related priorities in order to achieve developmental goals. It supports developing countries to adhere to the ever-changing rules of the global economic environment and help them reach the objectives of the Millennium Development Goals. The amount of AFT peaked in 2009, with 10,4 billion euros.

the EU and the LDCs. Perhaps one of its most effective policy implications is its focus on institutional changes and good governance (18), improved domestic policy and country-specific national poverty reduction strategies in line with trade and development efforts in the LDCs, as well as the commitment to double the LDCs' share in global exports by 2020. Obviously, despite the marginal, smaller-scale projects, structural changes remain high on the EU's agenda. Having provided a brief overview of how the EU evaluates its own achievements and priorities regarding these specific policies, a wide range of literature demonstrate other challenges that the EU foreign economic policy faces.

1.2: Three further interpretations of EU external economic policy constraints

Based on the literature provided by academics of political economy, in general, three main lines of argumentation of EU's trade and development policy can be observed, namely, institutional arrangement; institutional characteristics and the ideological clash between pursuing the bilateral or the multilateral agenda towards the ACP countries. The first line of argument mostly focuses on tracing the internal conflicts and the flawed nature of multilevel governance within the EU. While Meunier and Nicolaidis reflect on this aspect from a rather liberal intergovernmentalist point of view, claiming that legitimacy in one area (trade) might result in a spill-over to another (foreign policy) (2006), it seems that this is not always the case, as the 'learning-by-doing' process often results in a complex set of horizontal and vertical relations that might render decision-making even more bureaucratic and less appealing to member states. By observing the overall structure of *institutional arrangement*, the authors claim that the leverage of the Commission over international trade affairs is uncontested. The negotiating process, or the "Community Method" as Baldwin puts it (928), is two-fold according to the authors. The individual members firstly delegate their authority to conclude trade agreements, by acting collectively through the Council of Ministers. Secondly, the Council delegates it to the European Commission, which initiates the participation of the EU in international trade negotiations and conducts the negotiations in the name of the member states (909). The member states not only set the objectives and ratify the results at the end, but they can also intervene directly in the composition of final package (Woolcock 389). According to the author, this resembles the classic principal-agent problem, since the Commission has to be seen as a credible, trusted negotiator who represents solely the interests of the member states (ibid).

Nevertheless, two problems arise from this process. First, it results in a unequal power distribution between the Commission and the Parliament (Baldwin 929); and secondly, due to the "heterogeneity of interests" (Meunier and Nicolaidis 909) of the member state governments that are influenced by non-state actors and hold different convictions, the authors suggests that instead of unanimity, majority voting might deliver better results in international bilateral or multilateral trade negotiations (ibid). Also, Baldwin, from a practical consideration argues that weakening member state enthusiasm might prevent trade policy from getting access to further resources as most of the European governments have to take belt-tightening measures (930).

Moving away from the institutional arrangements towards the second line of interpretation namely the nature of decision-making, others, like Elgström and Pilegaard argue that it is the *institutional characteristics* such as the abrupt decision-making arrangement of the EU that prevents coherence (363). Moreover, they also claim that the Union is torn between different policy objectives such as those arising from its multilevel approach.[8] The authors claim that it is its historical "compartmentalization" that prevents effectively combining its policy fields. While the establishment of trade policy was to a certain extent a positive result of a concerted effort among member states, the evolution of development policy was more of a hasty process, based on France's active participation and lobbying. For this reason, the historical ties had been transformed as the ACP states enjoyed a privileged relationship with the EC, and later on the EU granted them special trade preferences and commodity protocols. Among others (Nixson 340; Young and Peterson 4) Elgström and Pilegaard claim that historical events contributed to the

[8] By 'multilevel', Woolcock understands the bilateral- region-to-region and multilateral matrix and therefore this this follows that.

fragmented EU policy-making. Beginning with the Lomé Conventions between 1975 and 2000, the authors demonstrate that these were equally touching upon aid and trade towards former colonies. Lomé, according to Nixson (340-343), was relatively successful, as a number of joint institutions were created and emphasis was put on the role of trade by different institutional legislations. Elgström and Pilegaard conclude that preferential market access and significant foreign assistance still had little impact on these countries. When due to the oil price shock in 1973-74, the sub-Saharan African economies were hit hard by the global economic instability (341) aid relationship changed over time towards a more orthodox donor-recipient relationship with the primary aim of delivering structural adjustments in these countries. This time period of 1980s-1990s therefore is characterized as "trade *as* development policy" by Young and Peterson (1). Nixson also labels the period as being hallmarked by pro-market and anti-government rhetoric with major Western donors expressing desire to substitute private capital flows for ODA (326) and adds that aid policy became subservient to the donor community's commercial interests.

Then, the EU introduced conditionality, soon followed by the Cotonou Agreement in June, 2000. This was mainly based on a compromise of the member states with diverging interests as well as between the different institutionalized sector interests within the EU (Elgstöm and Pilegaard 364) and its main priority was poverty reduction and eventual eradication within a stable macroeconomic framework. The EU has re-committed itself to the achievement of 0.7 per cent of GNI target in a form of a decentralized cooperation (Nixson 343). At this time DG Trade was undoubtedly given the most bargaining power, while DG Development was significantly weakened, thus resulting in internal incoherence and a source of disagreements. According to Flint, it resulted in a general disappointment as it was widely regarded as a turning point in the nature of the relationship between the two blocks due to the shift of priorities in EU's external relations, the incompatibility with the WTO regime and the development of a neoliberal consensus in aid agenda (Flint 12). Also, the idea of separating the ACP states into 6 sub-regions led to a weakened bargaining power of ACP countries (74).

In line with the Cotonou Agreement, another instrument of the EU had ambiguous effect on the SSA region, namely the 'Everything but Arms' (EBA), which was established in 2001. The initiative's main aim is to grant duty and quota-free access to all exports (except arms) from the LDCs without any quantitative restrictions. However, three commodities, banana, rice and sugar were initially not on the list and it is still questionable whether the quota-free access will ever apply as the EU excluded them on the basis that it leads to discrimination among developing countries as well as protecting its own domestic market. Flint argues that in none of these cases (banana, sugar and rice) was there imminent threat that LDC commodities inundate the EU market and thus, it had detrimental consequences on domestic market affairs as well as other exporter regions (69-73). Therefore the perception of EBA throughout the years has been mixed due to the EU's statements of boosting LDC production, while the strict regulations and domestic lobbying within the EU only hampered the effective utilization of this initiative. So far, the EU further extended its safeguard clause on the full market opening by another six years, by 2015 (European Commission, 2013), which makes it unlikely for the net sugar exporter LDCs to genuinely benefit from this initiative. No surprise that Prof. U. Joy Ogwu, the Director-General of the Nigerian Institute of International Affairs said the following in 2005:

The EU trade policy towards Africa is not based on equal terms, characterized as it is, by double standards, protectionism and exploitation. While the EU, under its Common Agricultural Policy still subsidizes its farmers and products, it causes farmers in Africa to suffer low prices, lost market shares and unfair competition, while imposing high tariffs on the export products from Africa. (…) The EU trade policy in Africa has precipitated the underdevelopment of the region, because equal rules for unequal partners constitute inequality.

The professor also expressed his concerns about the unfeasibility of European regional integration model, the absence of African stakeholders in negotiations and the plethora of conditionalities of aid as well as the lack of consistency (6).

The Economic Partnership Agreements (EPAs), as the other successors of the Cotonou agreement, meant a significant change from non-reciprocal trade preferences to reciprocal trade agreements with regulatory policies, however they could not come into force entirely until today, only different interim agreements were signed based on the trade on certain goods. The EPAs, however broad policy fields they were embracing, for the abovementioned reason, were significantly weakened. Moreover, (Slocum-Bradley and Bradley 42; Lorenz 24) also demonstrate how the self-confidence along with the growing bargaining power resulting from the overlapping memberships in regional organizations of the ACP states was growing at that time, leading to an even larger resentment towards EPAs, which they demonstrated in the WTO Ministerial Conference in Mexico. Not surprising, the ACP countries put limited priority on EPAs as they were satisfied with the preferential trade agreement in the framework of the EBA they received.[9] Since there is very little coherence between the EPAs and regional integration, others nevertheless managed to have real free trade agreements, therefore the overall unity of the region has been largely eroded (Slocum-Bradley and Bradley 40) and continues to do so as the EU currently pushes seven African countries to complete them (EurActiv.com 1). On the other side of the coin, EU members were either not interested in the EPA negotiations, leaving this at the hand of the DG Trade. These examples clearly demonstrate the inability of the EU to connect trade and poverty alleviation despite the simultaneous decline in the price of primary commodities. All in all, the EU is still regarded as a horizontally incoherent organization with a securitized development policy and a constantly challenged internal decision-making system (Slocum-Bradley and Bradley 46) trapped in a complex web of interactions with its former colonies.

Last but not least, the third factor is largely discussed among representatives of political economy of the Union, which is the internal struggle over pursuing the *bilateral or the multilateral agenda*, labelled by Young and Peterson, as 'development *in* trade policy' (3). Although the

[9] This argument is further empirically asserted while analysing the two case studies, Senegal and Mali.

"pooling of representation" (Meunier and Nicolaidis 909) gives the EU an unprecedented mandate and an uncontested leverage in global economic affairs, the EU is torn between following WTO regulations or to continue granting the developing world preferential trade agreements. Therefore abiding by global trade rules, established by the WTO, impedes the EU's efforts to promote preferential trade agreements. For this reason, there seems to be a widespread belief that "a greater political focus on developing countries' needs has coincided with policy developments contrary to their interests" (Young and Peterson 2) due to the pushing of the multilateral agenda. Also, Meunidier and Nicolaidis argue that "in the face of multilateral constraint, its (i.e. *the EU's*) only remaining power seems to lie with determining the speed of transfer of adjustment costs among its trading partners" (917). Despite the general disappointment followed by the endorsement of the WTO-based multilateral agenda, there are positive voices. According to Woolcock, "bilateral trade agreements will remain a central feature of the trading system for some time to come" (399), especially due to the lack of success in the Doha Development Agenda, the main channel aiming at addressing global development problems on a multilateral level. But as there are no economic interests at stake for the EU regarding following or not the WTO agenda, a reorientation of the EU's political interests to a multilateral agenda is, as Flint argues, is more like an internal urge rather than the enforcement of outside powers (18).

1.3: Conclusions

The broader literature review provided here was trying to capture the dichotomy of how the EU evaluates itself, its performance, and how others perceive the EU to have performed and what was the overall impact on the developing world. This rather complex initiative, which involves the cooperation of DG Trade, DG Development and Cooperation, ECHO and recently the EEAS, is undoubtedly praiseworthy, however, these transformative aspirations towards the SSA region have mainly resulted in unsuccessful policy outcomes. It is obviously a welcoming fact that while pursuing an unique development agenda, the European Commission became well aware of the shortcomings of prioritizing one policy while neglecting another, and for this reason, it aims to evaluate its decisions and create new funds for various tasks. Although the main arguments are strongly diverging regarding the general success of these policy fields of the EU, it is largely uncontested that an institutionalized framework for cooperation has obviously been a great step ahead for the European Union.

Among these arguments, one more might be in common, namely that the priorities between EU trade and development policy have always been shifting according to the institutional and treaty changes within the EU, as well as to the outcomes of the previously pursued agenda/domestic responses to external events. The resulting contradictions in the EU's trade policies "undermine any claim it may make to be a champion of development" (Young and Peterson, 2013) especially for the case that initially a large part of DG Development's responsibility was taken away and was given to DG Trade, and recently, development issues are planned to be subordinated to the basket of multi-faceted tasks of the EEAS. Another argument, provided by Baldwin might serve as conclusion, namely "when trade policy is used for purposes other than economic objectives, EU trade politics become less easy to manage, and it may become harder to get things done" (928), which reflects the same rationale behind what was said by Dieter Frisch, former Director of the DG Development: "if development comes out of isolation and on an equal footing with other dimensions of foreign relations, it would be positive, but if it is eaten up, it would be a disaster" (Varrenti 5 cites Friends of Europe, 2008).

Chapter 2. General outlook of the sub-Saharan African region and its challenges

After having provided a strongly EU-centred approach coupled with the general perceptions of the ACP countries, this chapter aims to further narrow the geographical space into the sub-Saharan African region (SSA) by presenting briefly the colonial legacy and its repercussions on the current economic order in the region. Secondly, international trade data with the EU from the past ten years is provided. This is followed by the current intra-regional macroeconomic situation. Then, this chapter introduces two case studies on which the above-mentioned limitations of EU trade and development policy can be empirically observed. By assessing the main historical, economic, political, social and external trade features of this region and more specifically, of Senegal and Mali, a clearer picture emerges of how the EU as one of the most influential global external actors has performed in the last ten years as well as how it might contribute better to their development in the future.

When talking about African economic development, the colonial legacy as such is a topic that certainly cannot be avoided as it still has long-term consequences on the general development path of the continent. For a brief explanation, Austin's and Acemoglu et al's articles provide the best conceptualization. Austin, following the line of Acemoglu's argument who measured the likelihood of good institutions developing in former colonies based on either extractive or settler colonial arrangement, elaborates this idea by characterising "settler" (based on extensive mining) and "peasant" (promoting largely agriculture production) colonies, which largely affected the extent of institutionalization especially in the case of sub-Saharan Africa (1). Acemoglu et al. conclude that countries with strong early institutions continue to maintain higher levels of GDP per capita today, which leads to better institutions that respect property rights, the rule of law, and are more likely to have higher GDP figures (1370). Austin takes it further by asking whether this distinction has contributed to a better understanding of the slightly various development parts of former French colonies and what the advantages or disadvantages were of being put into one group or another. Subramanian et al. seem to contradict this argument, stating that the inherent institutional weaknesses can be escaped by, among other measures, enhancing manufacturing export (123). The general conclusion regarding this question is, that based on their historical experiences African economies have to learn and to adapt to the global market competition while guarding their integrity and cultural heritage (Mailafia 13).

Either having substantially negative or neutral colonial experiences based on the success of early institutions, the countries of Africa, albeit not to the same extent, remained a substantial actor in Europe's trade relations even after decolonization. According to EU 2012 statistics, the ACP region is the 6th largest trading partner of the EU, accounting for more than 5,3% of trade in goods, which is a relatively downgraded position from having been the fourth largest trading partner back in 2002.[10] The current overall imports between the regions is slightly higher (99,2 billion) than the exports (86,7%), resulting in 185,8 billion euros. Although the import-export relationship is not only relatively balanced between the EU and the ACP states, but gradually increasing as well (EU Bilateral Trade 2) still, the overall trade turnover, which was approximately 171 million euros is dwarfed by the EU's global trade balance of 3275,537 million euros in 2011 (ibid). As for the ACP countries, compared to their overall trade balance in 2011 (646 million euros) the 147,272 million euros turnover exclusively with the Union allows making the claim that the EU still plays a more influential role for the African continent than vice versa, however this is gradually eroding according to the IMF forecast in 2012 (Appendix 1).

On a general basis, the EU imports agricultural products and crude minerals from ACP states while it exports manufacturing products especially machinery and primary products. EU imports from developing countries are still concentrated on a limited range of products that are

[10]In 2002, trade between both regions amounted to 58,3 billion € (ACP-EU Trade Relations Key Facts 2002) compared to the 1828 billion overall trade sum (Eurostat Pocketbook 2002-2007), therefore its trade with the African continent accounted for approx. 3,2% of its overall trade and being its 4th largest trading partner.

derived mainly from the exploitation of natural resources or from low value added products that use mainly unskilled labour in the production chain. For this reason, some non-oil and commodity-exporting African countries have also done well over the past decade and have even expanded services. Nevertheless, these activities, however, provide limited prospects for productivity growth (EC Communication, 2002, 9). Also, a weak bargaining position when seeking to attract appropriate investment (ibid) is prevalent among ACP countries. Not surprisingly, many ACP states have become increasingly dependent on a few export products, particularly primary commodities (ibid).

As was argued before, while trade policy is likely to have more impact on economic growth than development policy, still, an overall assessment of the extent of development flows is needed. As trade power of the EU in the regions is likely to function as a tool of using either carrots or sticks, based on its various conditionalities, subsidies, incentives and sanctions, contrary to this, in theory development policy should be based solely on non-profit maximizing considerations. From the Doha Ministerial Conference in 2001 to 2006, the European Commission allocated a total of around € 5.3 billion to trade-related assistance. This means an average of approximately € 880 million annually, making the EU the largest development donor (Making Trade Work for Development, 2008). Between 2004 and 2011, 28% of total EU Overseas Development Assistance (ODA) went to Africa (Financing for Development, 2012, 59). Europe's role and the percentage of the allocated money to Africa out of the overall sum of ODA since then has only increased, given the fact that 43% (25.3 billion euros) of EU ODA was targeted to Africa already in 2011 (ibid), out of which a sum of 571 million is given to the West African region under the 10th European Development Fund (Appendix 2).

Parallel to the gradual increase of development funds targeting the SSA region, in the past years the ACP countries faced aid sanctions and suspension not only in trade policy but in the field of development as well because their failed to comply with EU conditionalities attached to the financial help. From the other point of view, the EU has also been slow in developing systematic strategies for poverty reduction and people-oriented development. Therefore in this case, development might be regarded as a two-level game that equally requires the developing states' effective contribution to the best allocation of the money as the well-conceived plan of the donor community. This trade and development data between the EU and SSA region supports the abovementioned argument, namely that the more trade relations erode and the amount of trade gradually decreases between the two regions, the more the development assistance increases towards the SSA region.

The third issue that deserves attention is the intra-trade connection of the SSA region. Again, approaching this from a colonial and more deterministic perspective, Mailafia claims that as the post-independence paradigm of state and civil society failed to live up to its promises, Africans have to "make their own choices and assume responsibility for their own destiny" (254). Austin follows this line of argument, claiming that "whatever went well in the peasant economies was mainly the responsibility of Africans, through their economic rationality and entrepreneurship" (1). As the continent is "blessed with abundant natural resources and a young, energetic and increasingly educated population "(Economist 1b), it has everything to step on a long-term development path. Also, developing countries can achieve relatively high welfare gains through lowering trade barriers amongst themselves, stimulating regional trade and building prosperity through intra-continent trade and investment. Elumelu and Oppenheimer support this idea by arguing that intra-African trade transforms the region gradually as the general business environment becomes more and more favourable (3), however, more soft issues still need to be tackled in order to realize a truly favourable business environment in many ways such as securing work permits, labour mobility and integration in neighbouring countries (6). Others also add that African countries should diversify their external relations and create alternative trade and diplomatic ties with the emerging Asian countries (Mailafia 254), which is a well-delivered prophecy, considering the fact that China's economic presence in the region is now prevalent.

Apart from listing those features that contribute to a brighter future regarding the economic development of the continent and especially the West African region, there are still those seriously hindering features that endanger the real prospects of improved economic performance. The list provided by the IMF Report of 2012 includes insecurity and socio-political risks in the area coupled with the impact of the recent drought in the Sahel countries, which can be a source of uncertainty for the macroeconomic environment. What is more, inadequate infrastructure and services or a lack of adequate skills but also worrying political features are listed as the largest hindering factors. Moreover, theoretically good measures like trade with the Western world might amplify these negative features. According to the EU Commission, trade can also be a root of conflict when conducted within a context of unfair rules, deep social inequalities and corrupt governance, and without sufficient attention paid to adjustment costs, export dependence, price volatility or illegal trafficking (2010).

2.1: Case selection and relevance of the research

To be able to test the hypothesis, which is the limited success of the EU trade and development policy measures while intervening in the broader sub-Saharan African region's economic and social development, analysing the EU's relations towards Senegal and Mali seem to provide a convincing argument. These two countries, being both members of the geographical context of sub-Saharan Africa are significantly determined by their trade affiliation in terms of comparative advantages of export products. They both belong to the group of Least Developed Countries (LDCs) whom the Western world is likely to treat as a homogenous group despite their variability in country size, population, income and other measures (Flint 48). Also, sharing the same economic structures and being members of the West African Economic and Monetary Union (WAEMU), and having the European Union as their largest trading partner their development path should, theoretically in an essential case be more or less the same. Moreover, they share the same historical experiences of the 20th century, having been both a French colony[11] under the common name of Mali Federation, which was soon followed by a breakup in 1960.

Nevertheless, they have been treated differently during this period, as Acemoglu et al. argue that based on their settler mortality rates, Senegal is now expected to have better current institutions and political arrangement than Mali. These two countries after their breaking away followed rather different developmental paths, which can partly be captured by their current prognosis of reaching the Millennium Development Goals by 2015 or their different ranking in the Ibrahim Index of African governance 'sustainable economic opportunity' section. Therefore 'the institutional factor' has always played a significant role in their economic development. Besides, neither of these two countries are listed among the fastest growing African states or as Shaw would put it, the "lion kings" (841), still; Senegal has better chances to keep up with the frontrunners in the future while the current situation in Mali fails to give hope for the same. Apparently, they both occupy a rather marginal role in the EU's foreign economic policy however, they are not granted the same trade and development incentives (EU Country Strategy Papers 2007-2013). While the EU favours Senegal with more and deeper trade relations and more significant political 'orientation', Mali has mostly been granted development assistance and recently by a rather controversial state-building effort under the auspices of France. As a result of the gradually divergent path of developing countries like Senegal and stagnating, war-torn countries like Mali as argued by Shawn (2012) or Haan et al. 8, the EU is engaging in business more and more eagerly with Senegal, being the "beacon of democracy and stability in the region" (Ashton, 2012) whereas relations with Mali, due to the on-going conflict, have been restricted to a very limited French intervention coupled with a substantial amount of development and humanitarian assistance. The following chapter elaborates on the nature of these relationships.

[11] According to Acemoglu et al. and Austin, French colonies were treated differently compared to their British counterparts, which resulted in largely different development paths (2010).

Chapter 3. Comparative research on EU-Senegal and EU-Mali trade and aid relations

This chapter, after having briefly provided Senegal's and Mali's positions in the world economy, contains essential elements of EU external economic policy as well as its current implications through its EPA instrument with these two countries. This chapter also presents several empirical examples of how ill-conceived the EU sustainable development and trade strategy has been in the past ten years towards a lower-middle income country with the prospect for a sustainable development path and towards one of the poorest countries on Earth. By observing and comparing the characteristics of EU policies regarding these two cases, an assessment is provided at the end of the chapter.

3.1: Colonial past and current macroeconomic prospects in Senegal and Mali

Senegal has always been considered as a mixed exporter country abundant in phosphate, fisheries and groundnuts. According to Austin, from Senegal to Cameroon thousands of tonnes of groundnuts and palm oil have been transferred for sale to Europe throughout history (2010). Based on the abovementioned conceptualization of the colonial past, Senegal was labelled as a "peasant" colony and as the administrative and commercial centre of French West Africa it had a large resident European population. Generally, 'friendly colonies' like Senegal were enhanced by a forced industrialization to certain extent, mechanised transport and investment in infrastructure. Contrary to that, the colonial footprint very much determined Mali's economic development, probably to a larger extent than in the case of Senegal. Whereas the former was considered a 'peasant economy' and the promotion of agricultural exports was, and still is, higher, Mali was an appropriate example of a more extractive colonial heritage, resulting in a set-up of early exploitative institutions, as argued by Acemoglu et al. (2010).[12] After their independence, this tendency was then exacerbated by the Union's trade and development approach towards these countries. Also, France as a historic player and a current bilateral partner significantly affected and still affects trade and aid relations for both of the countries, regardless of its individual commitment to joint EU efforts.

In particular, looking at its general growth indicators over the past ten years, in 2004 Senegal was categorized as relatively impoverished, but far from being hopeless according to the World Bank Country Classification. The African Economic Outlook of 2006 supports this idea, arguing that measured against the West African Economic and Monetary Union (WAEMU) convergence criteria, Senegal's performances are traditionally the best in the sub-region (p. 473). The IMF reports until 2008 have mainly been sceptical about the country's development path and stressed the importance of structural reforms to achieve external competitiveness. Nevertheless, from 2012, Senegal is a part of the lower middle income group, and has only reached the threshold of minimum per capita income (IMF Regional Economic Outlook 2012), having close connections to the EU market. However, the Outlook, by providing the example of Senegal, claims that "the global slowdown in 2012 is expected to curtail growth, especially in countries most exposed to the advanced economies and notably to Europe" (ibid). The country was also threatened by the prospect of slower growth in this year due to the 2011 drought in the Sahel. Although GDP growth rate is around 4% to 6,7%; GDP per capita is still strikingly low (1127 dollars in 2011). Senegal's GDP has more than doubled between 2000 and 2011 (from 6,858 to 14,495 dollars) as the real GDP growth rates further supports in Appendix 3.

Senegal's debt was 33,1% of annual GDP in 2004 but due to the rapid economic growth, it grown from 40,6% in 2011[13] to 56% of annual GDP of 2012. Albeit according to the IMF

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[12] The authors provide data about Mali (2940) and Senegal (approx.165) settler mortality rates (2001 p. 1398) and claim that those colonies with higher rates are substantially poorer today than those where Europeans could settle down.

[13] The external debt doubled (from 4725 million dollars in 2002 to 7259 million dollars in 2011 IMF Regional Outlook 2012).

Regional Economic Outlook of 2012, its fiscal deficit is well above sustainable levels, nevertheless, fiscal tightening is needed. Partly, the external debt can be attributed to the doubled government consumption in the past few years, followed by the same amount of private consumption.

On the other hand, Mali is a country in member of West-Africa's low income group according to the Economic Report on Africa in 2012. The country was ranked as 182nd out of 186 countries according to the 2013 Human Development Report, and for a long time it has been constantly among the world's ten poorest nations. Mali, unlike its neighbour Senegal, is widely characterised by having a "poor geography", namely a distance from markets, inherently high transport costs and challenging health and agricultural problems (Dollar and Kraay, 2002 p. 132). However, Mali's annual GDP growth is bigger than Senegal's, whose growth seems limited but more sustainable. In 2010, Mali managed to almost triple its annual GDP growth since 2004. Its growth was mainly attributable to the boom in the primary and tertiary sectors. However, this growth and the country's economic diversification remain highly constrained and vulnerable to external shocks such as world market price fluctuations or domestic food security issues. Although the financial crisis in 2008 had no direct detrimental effect on Mali, the country was still exposed to its negative consequences as there was a general decline in almost every indicator from 2008. According to the IMF Regional Economic Outlook, a recovery from the 2011 drought is the reason of its GDP growth in 2012, although this number was driven back due to the internal political turmoil (Appendix 4).

3.2: A stable democracy in Senegal and an unfavourable political environment in Mali

Senegal's political environment very much seems to follow the political arrangement established in the colonial period. The latest Senegalese elections, according to the EU, meant "a victory for democracy in Africa and a model for others to follow" (Fessy, 2012). Although corruption is widespread in the country, coupled with a general disappointment in the political leaders, a "Senegalese spring" was unlikely, though many have been speaking of one. Interestingly, Senegal remains the only country in West Africa never to have suffered a military coup or a full-blown civil war reaching the heart of the country (BBC News Africa, 2013/a). Its political arrangement is characterised by a multiparty system and civilian rule. Looking at the results of the latest Ibrahim index, Senegal's overall score is 16 out of 52, and its HDI ranking is 24, a slightly better position than the overall average country ranking. Exceptionally, the rule of law is significantly higher than the continent average (Ibrahim Index 2012, p. 20). Based on this six-year change, the political tension and uncertainty in 2011, it shows a tendency of downward mobility based on its governance indicators, however, the recent elections changed this perception. The latest Freedom House Survey seems to support the initial optimism, demonstrating that the country moved from Partly Free to Free "owing to free and fair presidential and parliamentary elections that resulted in a peaceful rotation of power, as well as nascent efforts by the president to increase government accountability and transparency" (2013, p.3). As these results show, the country's leadership has the approval and trust of the international community, which is undeniably an essential condition to a sustainable development path.

On the contrary, Mali has enjoyed political stability since the National Conference in 1991 and four successive presidential elections (ADF Appraisal Report 1). The country, like Senegal, used to be labelled a model African democracy. In fact, Mali occupied a more favourable place back in 2006, being 53rd in overall ranking while Senegal was 59th which indicated their similar political arrangements until 2012. Since then according to the Ibrahim Index, Senegal went through a modest improvement, while the political institutions slightly deteriorated in Mali. In early 2012, the political turmoil rapidly escalated as the country was harassed by a Tuareg rebellion, whose activity, by imposing Islamic law upon those areas under control, resulted in hundreds of thousands of 'internally displaced person' (IDPs) within the country, as well as tens of thousands of refugees in neighbouring Mauritania (74,100), Burkina Faso (49,975) and Niger (50,000) totalling 174 053 people in January, 2013 (unhcr.org).

The Northern parts of Mali came under the rule of the Tuareg who was focusing on Western targets and gained significant financial support by kidnapping for ransom. Therefore their activity was partly financed by France, as the country, along with Italy turned out to be willing to pay for its hostages (Conference, 2013; bbc.co.uk, 1b). The coup d'état deposed the elected president and the citizens in areas under Tuareg control were deprived of their fundamental rights. France recently decided to intervene not only for security considerations as Mali could become a safe haven for Islamist camps,[14] but to protect its various business interests along with its more than three thousand expatriates in the country (Hallinan, 2013). In addition, the interim minister's, Dicounda Traore letter to Monsieur Hollande, as well as the UN Security Council Resolution 2085, have provided the legitimacy to the French intervention. The "restoration of the country's territorial integrity and authority" was therefore just another reason among others. Currently 4000 French troops are deployed in the country, with little prospect of withdrawing soon. In accordance with France, the EU also launched a training mission (EUTM) with the aim of training Malian police forces (The European Union and the Sahel 2).

Unlikely the GDP forecasts, the Freedom House survey closely followed the repercussions of the internal political situation by giving Mali one of the greatest single-year declines in the history of Freedom in the World, downgrading from 'Free' to 'Not Free' (Freedom in the World 2013). An interesting comparison to Senegal's latest political situation was made by a Malian politician, Mahamadou Camara, claiming that "While Senegal moves forward, we've just made a 20-year jump backwards (…) we are almost jealous of our Senegalese brothers" (Fessy 1). Therefore, it seems that the two countries shared the same political freedom in the 2000s albeit neither of them had the most transparent political leaders (Abdoulaye Wade for

[14] The most influential actors in Mali terrain are currently the Ansar Dine, Movement for Unity and Jihad in West Africa (Mujao); al-Qaeda in the Islamic Maghreb (AQIM); the Signed-in-Blood Battalion and the Islamic Movement for Azawad (IMA) (BBC News Africa, 2013/b) although the EU is mainly concerned with the al-Qaeda affiliation as it was stated in the 'Strategy for Security and Development in the Sahel' (EEAS, 2013).

Senegal and Amadou Toumani Touré for Mali). Senegal again was able to hold a free and fair election last year, while Mali suffers from internal tensions and has to wait until 7th of July, 2013, to have its next elections followed by the watchful eyes of the international community, especially the EU.

3.3: Different social indicators in the two countries

Taking a glance at Senegal's social indicators, one might observe the gradually increasing economically active population. From 2002 to 2011, it increased by 2 million people, meaning that the working age population is made up of more than 5 million people (African Statistical Yearbook, 2012, 31). Also, the ratios of life expectancy, adult illiteracy and school enrolment, along with health indicators are gradually improving. Senegal' one-third of woman employment is considered much better than the one-fourth average across the SSA region. (191).

On the contrary, Mali's social indicators show a fragile growth as the country became less and less exposed to food security risks during the 2000s (Mali Implementation Report 2009). Nevertheless, Mali's recent economic performance had little effect on poverty reduction and meeting income inequality in the country (ibid). Thus, the prospect of fulfilling the Millennium Development Goals criteria remains unlikely. Moreover, because of the high number of the population in poverty, the degrading natural habitat, coupled with prevalent and hardly improving corruption according to the Transparency International Corruption Perception Index (CPI),[15] the country has very limited chances for structural improvement. Relatively positive signs can only be observed in the field of education, health and access to drinking water, but child mortality remains a pressing issue.

3.4: Global trade relations of Senegal and Mali

[15] Since 2007 (2.8 118th/180) and 2008 (3.1 96th/180) which improvement is mainly due to the government efforts to tackle corruption.

Senegal's main agricultural exports are groundnuts, millet, cassava, rice and maize but still, the country mainly relies on its groundnuts production as a single cash crop. The country is characterised by increased agricultural and food production in the past ten years. Besides, its mining production mostly consists of phosphate and sea salt iodizers. The country is still in the middle of the overall industrialization and its growth performance level is well ahead of Mali, which belongs to the lower scale in both terms (Economic Report of Africa 2011, 46). While the latter's industry is labelled as infant, Senegal is characterised by falling behind and it is strongly dependent on the export of manufactured petroleum products (52). As its sectoral dispersion demonstrates, the diversification only slightly changed between 2002 and 2011 (Africa Statistical Yearbook 2012). Senegal has just begun to shift to the detriment of agricultural and industrial development to a more sophisticated one, based on the promotion of the third, services sector, which dominates approximately 60% of the share of GDP. The most lucrative features of Senegal's economic activity are wholesale-retail trade, restaurants and hotels; manufacturing; transport and communications and public administration. Senegal's economic performance is modestly growing, but still it is rather far away from its North-African counterparts as it needs to improve in terms of industry and manufacturing. According to the African Economic Outlook, Senegal's trade deficit has more than tripled as a percentage of GDP since the end of the 1990s, a progression that points to the weak fabric of the local economy, due to its poor diversification. The sectors that drive Senegalese exports (groundnuts and fisheries) are becoming exhausted and/or are not supported by dynamic international demand. They are thus confronted with highly unfavourable world prices (476).

The external trade of Senegal mainly targets five countries, out of them, three EU members. Mali absorbs most of its exports, accounting for 7% of Senegal's overall exports in 2002, while this amount has grown over 15% by 2011. As for the EU member states, Spain, Italy and France, the amount of exports have sharply declined despite the growing size of Senegal's exports in the past ten years (Appendix 5). Based on the data, three tendencies can be observed.

Firstly, the relative interests of Europe have gradually been declining in the past ten years. Secondly, the growing amounts of intra-trade among the neighbouring countries and within the geographical region became more and more substantial. Thirdly, trade with other parts of the world, especially in this case, tightening commercial relations with India in terms of Senegalese phosphate production has gradually increased.

Burying European-African relations is, however, rather premature as first of all, the financial changes and European Bank decisions still significantly determine the ACP economies. Also, both Senegal's and Mali's currency, the CFA Franc is pegged to the euro through a fixed-parity system. Despite the weakening commercial relations, EU-Senegal trade still deserves attention as the EU's economic presence is the most important feature in Senegal's trade balance, accounting for 41,2% of the country's overall imports and 14,9% of its exports ahead of Mali, Nigeria, China or India. The EU-Senegal trade relations used to be some 4 times larger than those of EU-Mali, but this amount has grown in 2011 to an extent that is almost 10 times bigger than EU-Mali imports. The main imports of the EU from Senegal in 2011 were food and live animals (225 million euros), crude material, excluding oil (61 million euros) and animal and vegetable oils (12 millions) (EU Bilateral Trade with Senegal 2013,6). Machinery and transport equipment accounts for 10 million euros while EU imports in terms of primary products had increased. The EU exports mineral fuels, lubricants, machinery and transport equipment, food, live animals and chemicals. Trade between them is far from being balanced as the EU exports significantly more to Senegal than it actually imports.[16] While the EU does not make more business with Senegal, it still doubled its imports, from 1421 million euros to 2330 million between 2007, which can mainly be attributed to the growing overall EU imports. Belgian and Italian micro-finance interests are also substantial in the country.

Senegal's fishing industry constitutes the country's biggest export product. Between the country and the EU this is undeniably the biggest source of conflict, as well as a significant

[16] In 2011, the EU imported 0,3-0,4 billion euros' worth in goods but it exported 1,6-2,7 billion euros' worth in goods to Senegal.

hallmark of the limitations of EU trade and development policy since 2000. From an EU point of view, the common fisheries policy is just another complex set of various EU institutions. Three main areas are involved according to Carbone. Bilateral fisheries agreements are managed by the EU's Common Fisheries Policy, the trade and fisheries resources part is conducted by DG Trade, while the aid to the fisheries sector in ACP states is managed by the DG Development (2009, 337). Also, member states, the Council and the EP also have their say. This subdivision strategy reflects the incoherence and diverging interests in policy-making processes and policy actors. Apart from this factor, another one is widely discussed in the academic literature as it also applies to the fisheries relations of the EU and the country, namely the controversy between the EU's commercial interests and development considerations. According to Bretherton and Vogler, the EU wants to emphasise sustainability towards the Third World and its own economic growth at the same time. One substantial field, where empirical evidence supports the theories about EU policy incoherence is the significant correlation between the domestic decline in fisheries and the growing migration in Senegal, or as the authors would put it "the external impact on its internal priorities and policies" (406).

What were the impacts of EU fisheries policy on the ACP states? Apart from prioritizing the concept of sustainable development through its 'Policy Coherence for Development' initiative, which highlights the poverty reduction factor in developing countries, the dialogue, the partnership and ownership, the Europeans after having nearly abolished their own stocks, managed to make agreements allowing them to fish off the African coast and now 40% of fish resources consumed by EU member states are sourced beyond EU borders, resulting in serious excessive hunting of fish and marine resources (Bretherton and Vogler 408). Albeit ACP–EU relations on fishing are currently governed by 'bilateral' agreements between the Commission and individual ACP states (Slocum-Bradley and Bradley 44), the EU's failure to implement consistent standards and rules, as well as its dictation of how remuneration is to be spent, is characteristic of poor governance (ibid).

Senegal being rich in a variety of resources relies heavily on fish as a source of livelihood and food (Carbone 334). The first fisheries agreement with Senegal was established in 1997 as the country proved to be unable to exploit 90-95% of its exclusive marine coastal zone (331). The Commission had firstly begun to negotiate fisheries access agreements and one of its first partners was Senegal (Slocum-Bradley and Bradley 87). The agreements in general can take two forms, reciprocal or compensatory out of which the latter was conducted with the country. Nevertheless, after a while, the strong presence of EU fishing boats led local fishing companies being unable to compete. For years, the exact amount of catches went vastly underreported, and thus the domestic workers were not fully paid for their work (44). Labourers from ACP countries lost their jobs in the local fishing industries and have thus been forced to migrate - often without legal documentation - to look for other work (45). As a result of this, after 15 years' of cooperation, Senegal's fishing sector begun to experience a deep crisis: stocks have been depleted, the domestic sector has been disrupted, and supplies to canning factories were jeopardized (87-88). Soon, a compromise was born, in the form of 16 million euros to Senegal, in annual royalties. Nevertheless, compensatory payments proved to be unlikely to reach those who really needed them, therefore the idea of sustainable development soon turned out to be only ideational and inadequate as well. The Senegalese government cancelled the negotiations with the Commission in 2002 in order to protect its domestic industry from EU vessels, and the actual agreement expired in 2006.

Various NGOs, having returned from their fieldworks in Senegal have also supported the general perception of the detrimental effects of these negotiations on the Senegalese economy. They also warned the EU to reconsider its EPA as it seriously hinders the recovery from the food crisis (ActionAid, 2008). These reports, based on these NGOs' field experiences further undermined the EU's credibility. In 2012 the new Senegalese government entirely cancelled the licences of foreign ships. Therefore the market access restrictions would apply to key exports towards the EU, which is highly unfair given the fact that LDC exports constitute only a fraction of the overall exports targeting the EU (Bretherton and Vogler 78). Another example, depicting the actual gravity is the term "senegalisation of boats" established this time, meaning the "the increasing numbers of boats flying the Senegalese flag, but which are primarily financed and run by Europeans" (ActionAid 9). Undoubtedly, developing the Senegalese fishing industry would be a better step ahead of development in terms of keeping this asset in domestic hands, and parallel, meeting food security demands. As pronounced many times, the Senegalese economy should also focus on targeting the African market, especially the neighbouring countries with no coastal sides. The commitment of the new President to avoid further depletion of fish stocks by foreign vessels and the promise for a more hard-line policy in the near future along with the public and political resentment towards renewing the fisheries agreements either in Mauritania and in Morocco (Pala 1) certainly shows the commitment to reverse the detrimental consequences of the EU policy.

Regarding Mali's economic diversification and external trade relations, a slightly different picture emerges than is the case for Senegal. The country's economy is characterized by even poorer diversification along with high dependence on commodity exports. The performance of the economy is mainly due to the primary and tertiary sectors. These two sectors recorded growth rates of 13,2% and 4,9%, while the secondary sector suffered from a -4,6% decline due to the depleting gold reserves (Mali Implementation Report 2009,10).

Besides exporting phosphate, kaolin salt and limestone, Mali's undeniably most lucrative business is gold mining. Its production enjoyed a boom, peaking in 2006, which made Mali the third largest gold producer after South Africa and Ghana (Williams 1). It contributed 15% to its overall GDP and accounted for 70% of its exports. It has also resulted in a substantial amount of mainly European FDI at that time. By law, the government holds 20% of ownership in all mines in the country. Nevertheless, from 2008 parallel to the Ibrahim Index governance ranking decline, a general reduction in gold mining has also been taking place. Since the coup, some mines have entirely suspended their production on the Northern side of the country. Thus, it is obvious that this sector is subject to both world market price fluctuations and domestic political imbalances (Appendix 6).

Besides gold mining, Mali's other main export products are cotton, livestock and cereals. In this case, the Common Agricultural Policy (CAP) forces the Union to contravene its sustainable development considerations and dispose of surplus agricultural products on world markets through the use of subsidies, which has had a long term adverse effect on agricultural production and food security in developing countries (Bretherton and Vogler p. 82). With regard to Mali, as a member of the 'Cotton 4 countries', it becomes visible through cotton-production measures. This is to a large part due to the subsidised European cotton producers, a phenomenon which drives down the world market prices. For this reason, a general decline has been taking place affecting a large layer of society who depends heavily on growing cotton. Decline in cotton production contributes significantly to the substantial shrinking in agriculture (from 19,5% growth rate in 2002 to -1,4% in 2011). NGOs, like Fairtrade claim that if the minimum price beyond the minimal costs is guaranteed, this extra money has proven to be to boost school enrolment for children and they were also able to build a health clinic (Doyle 1) and realize other marginal projects. Moreover, it is argued that a fair trade supply chain should be built between the EU and sub-Saharan Africa in order to encourage this process. On the other hand, European Commission officials make similar points - saying the subsidies help farmers in Greece and Spain, who are relatively poor by European standards. Doyle rightfully makes the claim that these countries are undoubtedly not as poor as Cotton 4 countries. Fortunately, the detrimental EU policy is likely to change as the elimination of export subsidies on cotton for Senegal and Mali as well as a reduction of European domestic support, is planned to take place this year. However, the consequences of this policy step will only be visible in the long-term.

Having gold, cotton and livestock as its main export product, Mali's major export destinations are Switzerland (however, the exports fell to a third in the past ten years) and South Africa, which experienced more than sixty-two times bigger Mali's exports in 2011 than it received back in 2002. Exports with Senegal, the Ivory Coast and China have also revived, which further hinders the prospect of successful EU intervention in the field of economic development in the country. Mali also produces several out-of-season exotic fruits and vegetables for which there is considerable demand in Europe and the Middle East (in particular mangos, green beans, etc.). However, it is not the only country that offers such products, and to be able to export, it has to meet the regulatory and trade requirements of international markets (IMF Report, 2010).

While Mali's exports increased by 6.2% in 2008 (Appendix 7), its imports rose by 11.5%. Mali's main import products are petroleum, building materials, chemicals, machinery and food. Its main import partners are France, Senegal, the Ivory Coast, Togo and Benin, China and South Korea. Mali seems to be more embedded in the regional intra-trade than Senegal, who is more likely to produce outside of the continent. Mali's overall trade indicators show an imbalance since it imports more than it actually exports. Mali's industrialization and growth performance is significantly even less elevated than Senegal's, while their share of industry is roughly the same. Manufacturing (2,5-3%) is still very below the benchmark of 25% of GDP according to the Economic Report on Africa 2012. Whereas Senegal began to diversify its economy, shifting the priorities to its manufacturing and services sector, which is obviously a favourable step towards rapid growth, Mali did not go through any export diversification since 1991 (EC), it continues excessive gold mining and at the same time relies heavily on its agricultural sector and the donor community's assistance (Appendix 8).

According to the statistical data issued by the European Commission, the EU exports to Mali but imports insignificantly little. While the EU imported 45 million euros' worth from Mali in 2011, mainly in the forms of food, live animals, crude materials and machinery, it exported in the amount of 697 million. Therefore trade between the country and the EU is highly imbalanced. Mali occupies the bottom ranking, being the 156th trade partner of the EU in terms of imports, while for exports the country occupies the 97th place among the EU's trade partners.

Mali imported the most from EU in 2010 (14% of its overall GDP), but exported mainly to South Korea and China. All in all, the EU27 was Mali's main trading partner in 2010, accounting for 22,6% of its overall trade.

3.5: Immigration policy: an unfavourable spill-over

Senegal, along with Mali, is a transit country to the EU. This is typically a policy field, where EU policies along with the member states' own actions can have a huge impact on SSA countries' economic development. Interestingly, the problems of the widespread low-skill immigration from Senegal to Europe are one of the trickle-down effects of the unfavourable fishing agreements between the country and the EU. Immigration is partly attributable to the overexploitation of fish that encourages illegal border-cross, argued by ActionAid (2008). Another reason why immigration from Senegal is so substantial is the 'brain-drain factor', i.e. high-skilled workers are mainly that layer of the society the most willing to leave the country. Together these two factors are labelled by Haan et al. as the "diversification of migrants" (103; Economic Report on Africa 2012). For this reason, the Senegalese economy is largely dependent on remittances from immigrants from Europe as it significantly boosts GDP. According to the World Development Report of 2013, from 1995, the remittances accounted for 3% of the annual GDP, but by 2010 this number surpassed 10%. Regarding the emigration corridors, the first is Gambia, while the second is France, followed by Italy.[17] "Over 2008–2010, recorded remittances exceeded both ODA and FDI inflows in nine LDCs" among them, in Senegal (53), which clearly calls for the reconsideration of this issue. The immigration problem also significantly affects the European counterparts. This phenomenon resulted in diplomatic tensions with Spain in 2006 and also caused dissatisfaction in France. Due to the horrific numbers of dead Senegalese migrants while trying to reach Europe, in order to keep them home or assist in their return, France and in

[17] The UNCTAD LDCs Report of 2013 provides an excessively detailed chapter on LDC remittances and their implications on domestic growth.

the past few years Italy as well established a plethora of local development initiatives and other entrepreneurship facilitation programmes such as the general Partnership Framework Document.

Tackling with the immigration phenomena between Mali and the EU is probably not as significant as in the case of Senegal. Malians tend to emigrate to Cote D'Ivoire, France and Nigeria, however, unlike in the case of Senegal, the number of skilled emigrants is almost negligible. Malian intra-region migration flow also significantly targets Senegalese plantation fields. Mali's remittances accounted for almost 20% of its annual growth rate between 2002 and 2011 (LDCs Report, 2012). Contrary to the Senegalese phenomenon, not as many Malians tend to emigrate to the EU due to the country's land-locked geographic position, the impoverishment of people and the non-existence of an emigration corridor which is possessed by Senegal. However, a significant drop in the remittances coming from the EU was attributable to the deterioration of the European labour market during the financial crisis in 2008-2009, which had negative impacts on the well-being in Mali (Mali Implementation Report, 2009). Despite the relatively small number of migrants to Europe, the Migration Information and Management Centre (CIGEM) was established in 2008 by the EU in Bamako in order to 'handle the problem'.

3.6: The insufficient amount of EU investment relations with regard to Senegal and Mali

Yet another economic policy field should be mentioned, namely the amount of investments mainly from Europe to these countries, which not only can boost the domestic economy, but it can also contribute to further development spillovers. According to the IMF regional economic outlook of 2012, the amount of investments in Senegal stagnated at 30% of its GDP between 2004 and 2012. Surprisingly, the cost of doing investment/business is the second highest in Senegal after Nigeria argued by the Economic report on Africa 2011. According to the 'Doing Business' Report, out of 183 countries, Mali has generally better results than Senegal regarding the investor-friendly environment. Senegal's sustainable debt position and a stable macroeconomic environment has succeeded in relatively increasing investor confidence, which resulted in the doubled amount of FDI in less than five years, corresponding to the previous data of the stagnation compared to the overall GDP. The IMF Report of 2008 argues that this FDI can be attributable to a small number of multinationals in the areas of infrastructure, services, and natural resources. The Report also claims that structural improvements along with a more diversified FDI would boost the business environment in the near future. The country is characterised by slow and money-consuming business administration process and also, based on the deep European relations, this specific field, especially the infrastructural investments are extremely vulnerable to the side effects of the European financial crisis

So far, no data has been found about the exact amount of European member state investment into Senegal, as this information strictly belongs to state competence or in many cases, treated as confidential. However, by looking at the amount of FDI coming to the country, one might conclude that EU member states (except for France, to substantial extent) are still not willing to set up business in the country. Nevertheless, this would probably be a significant area where the EU could use its normative power to enhance cutting the red tape, which is likely to boost the European investment mood in the future.

Regarding its investment opportunities and its effect on European stakeholders, Mali has a better investment environment in terms of costs and time of setting-up a business than Senegal, according to the Economist Intelligence Unit in 2011. Mali's gold sector has attracted a substantial amount of European investment in the past ten years despite its unfavourable geographical position, high tariffs and poor infrastructure. In order to attract major international companies to invest in new opportunities, a new investment guide was issued by the government (Williams, 2004). Thanks to it, between 2008 and 2010, Mali moved up 9 places, from 162nd to 153rd (ADF Report 2011, 12), however, this ranking will definitely deteriorate due to the internal political turmoil coupled with the Tuareg intervention in some strategically important gold mining areas.

3.7: EPAs and Senegal and Mali– why not sign it?

Nevertheless, probably the issue of the Economic Partnership Agreement (EPA) is the most influential policy field between the three actors and deserves attention, as Senegal has become one of the strongest voices in Sub-Saharan Africa against EPAs (IMF Report on Senegal, 2008). Not surprisingly, since both Senegal and Mali in the framework of the Cotonou agreement and the 'Everything But Arms' (EBA) initiative have been granted preferential trading schemes by the EU with 'non-reciprocity' since 2001. However, later on, trade preferences under the Agreement become incompatible with the rules of the WTO. For this reason the EPAs were established, but President Wade expressed his discontent to them during the EU-Africa summit in Lisbon in December 2007, which was followed by a protest march in Dakar and the establishment of an anti-EPA coalition, led by the first vice-president of the Senegalese National Assembly, aimed at centralizing further protest marches in Brussels (40). Senegal refused to sign the agreement for various reasons. First, as it is generally applied to most LDCs, Senegalese exports to the EU today also face low average duties, while their imports from Europe are heavily taxed. Senegal applies significant protection to its European imports, which means that an EPA would result in improved access to foreign markets only for the European Union (9). Also, regarding the field of agriculture, being at the heart of the Senegalese economy, domestic farmers would face a huge competition against subsidized European farmers and loss of government revenues from asymmetrical tariff liberalization. The EPA according to the Report ignores Senegal's specific interests and development objectives. The Report further argues that tariff elimination on European imports would lead to revenue losses of about 1.5 per cent of GDP per year (45). Besides, full and immediate trade liberalization under an EPA would constitute a relatively large fiscal shock for Senegal (ibid).

Nevertheless, the EU is in a much stronger bargaining position, which raises doubts about the use of the term 'partnership'. For these reasons it is unnecessary for Senegal to sign the EPAs since with this specific policy measure, the development effect of EU trade would undoubtedly vanish. As tariffs are gradually reduced, additional aid from the EU to compensate for the revenue loss could be used to increase investments in the most dynamic sectors of the economy, as well as facilitating the adjustment from less efficient to more efficient industries (49). The IMF at that time based on an extensive study, provided policy recommendations for the country, namely to protect its agricultural products, its industrial inputs, machinery and other related devices, as well as to protect petroleum and other mineral products, along with minimalizing revenue losses. Senegal therefore needs gradual multilateral trade liberalization with a close surveillance of the trends in the agriculture sector. Nevertheless, before labelling the EU the "evil of all", some positive effects of EPAs on Senegal can also be traced such as deepening regional integration; the possibility of more trade in services, more investment and more attention towards labour policies and better environmental rules.

Mali perhaps is not as exposed to the on-going negotiations as Senegal, as it is less connected to the European market. Nevertheless, the country took part in the protests against the agreements during 2008 as the provisions of the EPAs would possibly have a detrimental effect on the domestic economy of Mali as well. There are no available resources to effectively compensate even weaker states, like Mali, therefore tensions may arise between these 'two blocs' over the different treatment (Traidcraft 22). The EU's political dialogue with Mali is still characterized by Article 8 of the Cotonou Agreement, which allows the country to have free access to the European market. The Malian economy therefore is characterised by a weaker link to the Common market, a poor diversification, an exposure to global market fluctuations coupled with an "insufficiently developed financial system" (African Economic Outlook, 2006, 337) which, overall, seriously questions the credibility and sustainability of its 5-5,5% annual growth.

3.8: EU development aid in Senegal and Mali

EU development efforts are closely related to the successful establishment of EPAs in the country. The required aid, due to EPA-related revenue losses, varies according to the outcome of the EPA negotiations (IMF Country Report 2008, 47). According to the Country Strategy with Senegal for the period of 2008-2013, in the framework of the 10th EDF, 288 million euros are allocated for this period and another sum of 9,8 million is additionally mobilized. Interestingly, the fisheries sector received little attention in the development agenda, which demonstrates that in those cases where the EU's individual commercial interests overwrite its noble development efforts, little is offered for the developing world. Senegal depends heavily on foreign assistance, which in 2007 represented about 23% of overall government spending including both current expenditures and capital investments (Globaledge, 2012). The extent of Official Development Assistance has also almost doubled from 457 million to 931 million in US dollar in 2010. Last but not least, Senegal, as a part of the lower-middle income group might be deprived of additional development sums, as EU Development commissioner, Andris Pielbags has promised to re-direct aid from middle-income countries to address water and other humanitarian needs in even poorer regions (EurActiv.com).

Regarding the most marked issue between the EU and Mali, one can find a plethora of different initiatives and programmes throughout the past ten years. In the case of Mali, development purposes and direct humanitarian aid are closely intertwined due to the large extent of poverty in the country. The assistance in the framework of the 9th European Development Fund focused on "developing the road infrastructure, aid for decentralisation in the form of sectoral budget support and aid for the implementation of the CSLP (poverty reduction strategy) in the form of general budget support" (EuropeAid). A sum of 228.4 million euros was allocated to road infrastructure from the 8th and 9th EDF and efforts were concentrated on regional corridors" (EU-Mali Country Strategy Paper 2008-2013). However, according to the latest report of the European Court of Auditors, despite Mali being the third highest recipient of road-sector funds from the EDF (419.6 million euros) the infrastructure-building projects were highly unsuccessful given the incompatibility of the nation to maintain the proper state of the roads coupled with the European Commission's failure to hold the government accountable for the built roads (Guardian Development Network). The same applies to EU water and sanitation projects, which totals a sum of 29, 362 million euros in the country between 2001 and 2010 (Court of Auditors, 2012), however, due to the missing technical support this money largely is spent in vain (ibid). The EC's total allocation foreseen for Mali under the 10th EDF funding[18] amounts to 583 million euros, a sum significantly larger than for Senegal. The main aim of this allocated amount of money is economic development, better integration into the world economy and poverty reduction. In the country, about 80% of the development projects costs' are covered by external donors (Mali Implementation Report 2009, 15). Coordination of this amount of money and real aid effectiveness is highly questionable in this case, let alone difficulties of mobilization and effective allocation, factors which are highlighted by the Mali government (46). A 'Framework Arrangement on Greater Harmonization' in accordance with the Paris Declaration of aid effectiveness has been issued with the participation of several member states such as Germany, Belgium, Denmark, Spain, France, Sweden and the EU itself. Based on this, it is obvious that member states act individually, regardless of the joint actions undertaken by the EU, when it comes to development assistance. Their commitment to Mali is no exception, for example, Senegal, who is the 7th recipient of French ODA, receiving 120 million euros whereas Mali is only the 13th receiving 89 million euros between 2007 and 2008 (French Strategy, 2011).

The allocation of development money to Mali has also been a victim to the domestic political turmoil as in March 2012 the EU froze the amount allocated that year. It was only resumed in February, 2013 when some 250 million euros were set aside for meeting humanitarian needs (EC Press Release, 2013). According to the European Commission Humanitarian Department (ECHO) in 2012-2013, it has so far allocated 157 million euros to assist victims of the conflict in Mali and in neighbouring countries (Aid in Action - Mali). In order to mobilize the international community, France and the EU will also host a donors' conference for additional

[18] The 10th EDF is in effect for the period of 2008-2013.

development commitments in Brussels in May, 2013, and they will possibly decide whether to increase the existing amount.

Mali is also the part of the 'Strategy for Security and Development in the Sahel' Initiative since 2011, and in this framework, the country is granted an additional 50 million of EU aid (EEAS, 2013). However, the EEAS in its latest strategy expressed its concerns over the hardships of the humanitarian and development assistance due to the deteriorating security environment, which has serious consequences for the population in need (EEAS Strategy for Security and Development in the Sahel, 2013). As if it was not for the pumping of development money into the country, it is also allocated by several EU institutions from different funds in a highly decentralized and bureaucratic system, which might result in actually benefitting less the citizens of Mali in need.

As can be seen, EU-Mali relations apart from trading in natural resources to a very limited extent, largely remain on the level of development assistance and humanitarian aid. Direct intervention from France used to be considered highly unlikely, still, the EU responded to recent events, albeit, not quickly enough. The mission is widely considered more failure than a clear-cut success, as the participants of the Conference on the EU's success in Mali, have broadly agreed, due on the lack of consideration when intervening, which will eventually result in prolonged French 'company'.

Chapter 4: Comparative summary and further policy implications

Based on the literature review, the thesis identified the main internal problems of EU trade and aid policymaking and clustered them into three groups, namely, institutional incoherence; institutional characteristics and the internal clash between pursuing either the multilateral or the bilateral agenda towards the SSA region. Then, the thesis measured the effects of EU external economic diplomacy on two cases from the region. The empirical observation of Senegal and Mali demonstrated the overall flawed approach of the EU, due to the weakening trade relations, the endorsement of the multilateral trade agenda, the replacement of effective policy measures and better coordination with relatively huge sums of bilateral development money. As was also demonstrated, the policy aim behind EU development transfers to these countries' governments is to achieve a structural adjustment, however, it has only delivered modest success. Regarding the case studies, several conclusions can be derived in connection with EU trade and development policy. Along with the conclusions, various theories are also provided by development economists in this chapter as a sort of alternative policy agenda.

These two cases are the most appropriate in the sense that they both represent two development paths for which the EU assistance and trade relations did not adapt to and engage in dialogue with the countries' own domestic demands. The first case represents a lower-middle income, democratic country with a slow and steady development prospect, where the Union hinders its key economic activity by overestimating Senegal's trade capabilities and trying to squeeze it into the multilateral trading agenda while gradually reducing the transferred aid. With this step, the EU contravenes its original commitment, namely its sustainable development considerations. Also, Senegal-EU trade is characterised by a rather exploitative relationship especially in the case of fisheries, which constantly clashes with the EU's development initiatives. Interestingly, while here the EU's fisheries policy hindered its efforts to promote sustainable development, in Mali's case, it is the ACP, especially the cotton issue that hampers further bilateral progress. One possible policy recommendation is provided by Subramanian et al. namely that ceasing agricultural subsidies and protectionism in the Western world helps alleviating poverty in poor countries with primary commodities (140). Moreover, financial aid and opening wealthy countries' economies can only deliver limited growth to the poorest countries according to them (ibid). For this reason, the authors find the key to sustained economic growth in a policy mix of improving institutions and focusing on more exports of manufactured goods "consistent with the comparative advantages" (Stiglitz 232). Many development economists commonly agree that there is a positive association between trade volumes and growth (Falvey et al, 2012; Rodrik and Rosenzweig, 2009;). Supporting the country to reduce the high costs of trading as well as assisting in diversifying the commodity dependence are yet another policy option that the EU could consider implementing in Senegal.

Moreover, with regard to migration the EU contravenes its liberal democratic commitment to uphold civil liberties and human rights with the help of its strict migration control. Stopping migration by "throwing money at the problem" (Hollis 84) will not be effective, based on previous North-African examples. And again, the "EU economic and financial strategies have now lost credibility with Europeans themselves, let alone with their neighbours" (94). Whereas remittances rarely sustain long-term economic growth according to the mainstream literature, still, a more favourable immigration policy will soon be badly needed in order to maintain the socio-economic structures in the rapidly ageing Union. Besides, "creating business opportunities for domestic investors including the poor, through institutional innovation that are tailored to local political and institutional realities" proposed by Rodrik et al. (2005, 146) might be an effective way to keep at home both high- and low-skilled workers in the future.

In the second case, The European Union's relations towards Mali are less likely to cover economic issues than in the case of Senegal, especially due to the recent events and the EU's military engagement in Malian domestic affairs. Mali-EU relations mainly consist of pumping development aid into the country but restrict military engagement to the lowest possible level. The 'soft power' or development aims of the EU are clear, however, they are followed by a failed state-building process due to the complexity of the country's political arrangements and ethnic fractionalization,[19] the general reluctance of the member states with no interests in the country,[20] and as a consequence of that, even more generous development money and a prioritization of EU agenda. It seems that the EU wants to avoid showing actions related to the use of hard power, however, by acting like this the organisation might lose its credibility, according to NATO head Anders Fogh Rasmussen (Rettmann 1).

Several well-known mainstream development theorists widely agree upon the lack of correlation between aid and economic growth (Easterly, 2009; Moyo, 2009; Birdsall, Robrik and Subramanian, 2005; Burnside and Dollar, 2000) as aid is not given only for developmental purposes; it may serve the strategic or commercial interests of donors (Burnside and Dollar 849) as was well demonstrated in the case of the French intervention to Mali. According to Easterly, aid has recently been inappropriately broadened by including reconstruction of war-torn countries, nevertheless, he claims, if state-building needs to be done, then aid and military engagement should go effectively hand in hand (433). The author further claims that increasing transformative aid in the case of a failed state is unlikely to work, however, marginal interventions in certain sectors have largely produced highly positive and beneficial results (406-413). Contrary to theory, empirical evidence demonstrates that the EU permanently increases its aid flows particularly in Mali to large-scale humanitarian and development projects. Whereas Easterly argues that the lack of learning of the donor community is the factor that undermines real

[19] "Dominique de Villepin, former prime minister of France recently wrote in the Journal du Dimanche: 'These wars [like Mali] have never built a solid and democratic state. On the contrary, they favour separatism, failed states and the iron law of armed militias'" (Hallinan, 2013).

[20] For example, German foreign policy towards Mali is characterised by a combination of "maximum military prudence coupled with a frequent use of its check book" (Hettyey 7). (translation by me)

efficiency, the EU, being a champion of 'learning by doing' is apparently incapable of deriving the necessary consequences regarding its development policy.

An overlapping policy issue among the EU and the two countries is the lack of success in implementing international trade agreements. According to Shaw, it clearly demonstrated the beginning of a global rebalancing (847). Hollis claims that the EU agenda, by creating trade imbalances through its free trade agreements; by favouring the flow of manufactured goods, but not agricultural products and also by discouraging any labour mobility has pathetically failed in North Africa (2012). In particular, complying with WTO demands and fostering integration into the world trade system seems unrealistic, given that both Senegal and Mali are far from being ready for mutual market liberalization. LDCs like Mali already enjoy free access to EU markets under the 'Everything but Arms' initiative. For them a free trade agreement would mean opening their own markets to European goods and services. They obviously have no incentives to sign. Medium-income countries like Senegal, on the other hand, experienced restrictions in market access to the European Union at the end of 2007 without an agreement and were extensively pressurized to negotiate at least a temporary replacement (Johnson, 2008). From a development point of view, it probably would be more welcomed to continue granting these countries favourable market access without extensively emphasising reciprocity and integration.

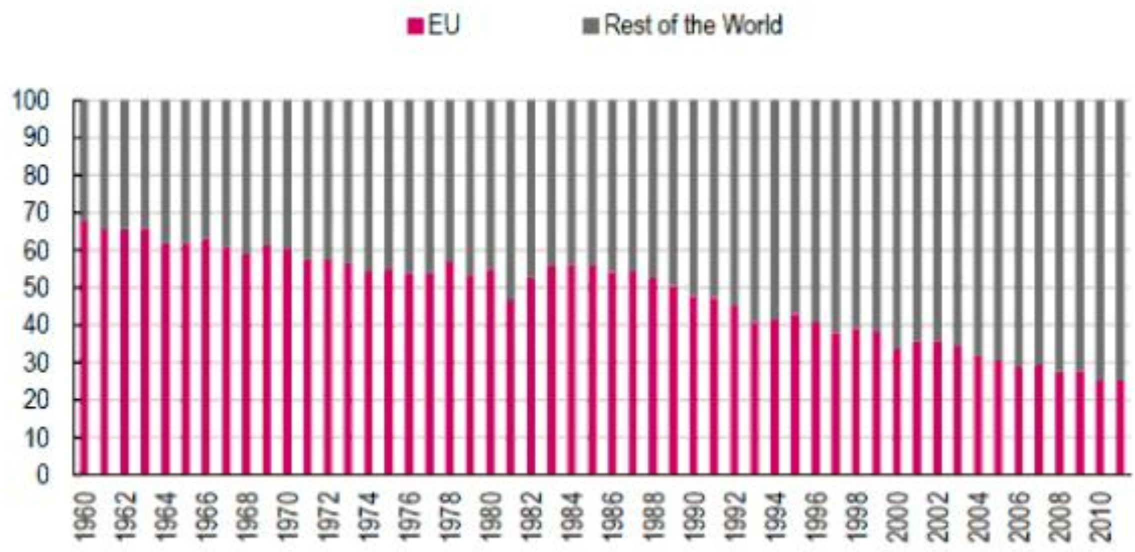
In the mainstream development literature, special emphasis is given to the issue of institutions, governance and politics as it proved to be essential in the last decades' empirical observations. Subramanian et al. even goes further to argue that breaking away from a country's institutional legacy is possible (2010, 166). Aid obviously can change the institutional arrangement of a country and vice versa as well as it can seriously distort the existing positive initiatives (Rodrik et al. 143). It has also been demonstrated than good policy environment fosters aid efficiency (Burnside and Dollar, 2000), however, bad institutions can become even worse by receiving large sums of aid as it fuels corruption (Easterly 385). Therefore the European Union should build an even stricter monitoring mechanism of how the forthcoming sum of 4,3 billion euros in the form of a 'recovery project' is spent in Mali (BBC News Africa/c). Nevertheless, the empirical finding of de Groot, namely the positive influence of neighbouring countries in the spillovers of institutional change might give a reason to observe more positively Mali's future. The author argues, that "higher levels of freedom in neighbouring countries may lead to an increasing probability of improvement" (418) in governance. Therefore, in theory, Senegal's flourishing democratization is likely to have a triggering effect on Mali as well. Although among the key points of development agenda of the EU, the improvement of institutions has always been prevalent, even more emphasis should be put on that.

The last issue that the EU could address, and which undoubtedly has positive externalities is the promoting of regionalism and domestic-driven development as it has been to a large part the determinant of growth in the sub-Saharan African region parallel to the limited performance of Western development efforts (Rodrik 4; Easterly 440). According to the Zambian-born international economist, Dambisa Moyo, the entrepreneurial development path, the interregional and international trade, the promotion of self-development and domestic banking are the next decades' ultimate development considerations (2009). According to Shaw, Africa's non-state and civil society should be strengthened in order not to adapt to the traditional club diplomacy and be significantly affected by the global financial crisis (843). These changes are already taking place, parallel to the gradual decrease of European commercial interests in the region and more precisely in these too countries as well. Even these poorly diversified, infant economies began to realize the possibilities of trading with Asia. As Senegal explores the Indian market, a great share of Mali's economy is occupied by Chinese and South Korean stakeholders. Although China's investment is growing quickly, it is not yet comparable with that of the West, however, there is a fair chance that it will soon surpass the amount of European trade and investment. If the EU wants to keep its comparative advantage in the region then it should engage more because "China offers less aid but more loans and business opportunities" to the continent (Spears 1).

To sum up, these two countries provide a good example of the classic premises of the new political economy of development. According to this theory, lower-middle income countries would benefit from more trade and investment while low income fragile/failed states should be encouraged to develop proper health care and infrastructure within their borders (Dollar and Kraay 132). Besides, the EU has a lot to consider both in terms of trade agreements and its approach to existing political systems in the SSA region. Based on the empirical evidence from the case studies, these might be the appropriate policy aims of the EU in the future.

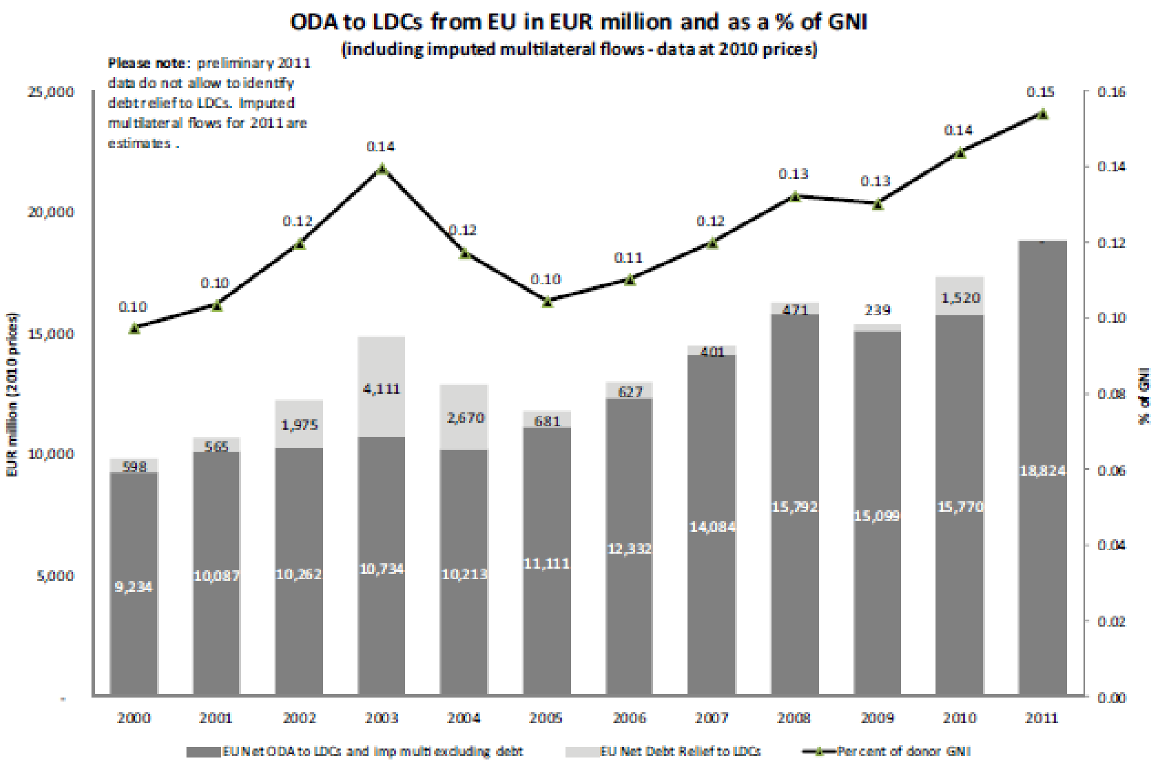
The European Union as an external actor's policy steps should be guided by not a transformative, structural consideration but rather by a marginal aim of transformation, focusing on mainly institution-building and trade issues in these countries, according to their needs. As Nixson argues, "economic development is the outcome of many factors, both domestic and global which interact in a complex way that is still not fully understood. (…) The bilateral aid programmes of EU member states will continue to be of importance, alongside the multilateral aid and trade programmes of the EU itself." (349-350). Rodrik et al. argue that "appropriate development policies typically exhibit high degrees of complementarity" (2009, 4) as was demonstrated by observing the complex set of interactions of various EU policies and institutions with the Senegalese and Malian governments in this thesis albeit not always in an appropriate way. Therefore, having learnt from past mistakes, the priorities within the set of trade and development policies of the European Union need to be reconsidered and delivered in many marginal ways that comprehend these countries' home-grown development paths. Also, the EU in the past twenty years has mainly neglected the internal political arrangements of African countries. Both the Arab Spring and the current Malian events served as an alarm for the EU to reconsider the priorities in its policy mix and devote more attention to rebuilding state institutions instead of making business and half-hearted development efforts with infamous political leaders.

Appendix 1. Share of Trade with SSA, % of total



Source: Minto, 2012, IMF

Appendix 2. Official Development Assistance to LDCs between 2000 and 2011



Source: EU Accountability Report 2012 on Financing for Development, p. 60

Appendix 3. Real GDP growth rates in Senegal 2002-2013

2002-2008	*2009*	*2010*	*2011*	*2012*	*2013*
4,8	*2,1*	*4,1*	*2,6*	*3,8*	*4,5*

Source: UNCTAD LDCs Report, 2013 and also IMF Regional Economic Outlook, 2012

Appendix 4. Real GDP Growth in Mali 2003-2012

2003	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*
7,..	*2,3*	*6,1*	*5,3*	*4,3*	*5,0*	*4,5*	*5,8*	*5,3/2,7*	*5,5/6,0*

Sources: Mali Implementation Report 2009; African Development Fund Appraisal Report 2011; IMF Regional Economic Outlook for the SSA Region 2012[21]

Appendix 5. External Trade of Senegal

Main destinations	***2003***	***2004***	***2005***	***2006***	***2007***	***2008***	***2009***	***2010***	***2011***
Mali	56923,5	83070,8	117274	137132	159966	213119	213119	247716	180990
India	85 640,6	96 559,3	99945,2	41351,2	49699,3	121151,7	73157,7	103789	168169
France	72 813,8	66 080,6	69401,8	60936,5	70878,3	56 739,4	51666,0	47 786,5	53 041,0
Italy	58 412,5	48 816,7	41515,1	37024,5	37562,4	17 103,4	24485,0	23 185,8	32 604,0
Spain	50 419,7	44 520,7	46249,9	38980,5	37081,5	21 627,5	20728,0	28 877,2	34 960,0
Overall	730 549	797 447	832 440	833 471	802 211	987 862	990062	1046840	1200500

[21] As for 2013, last year's forecasts predict an approximately 5,5% growth (IMF Regional Outlook 2012), however the recent political situation is likely to have a detrimental effect on the country's growth prospects.

exports									
Overall imports	1354827	1488007	1723837	1890992	2264100	2842500	2211900	2250806	…
Imports from France	343283,1	373157,8	387225,8	448864,3	498941,7	455457,5	425484,0	441402,8	460349,0

In Francs (Millions) Source: data compiled from the African Statistical Yearbook (2012 p. 287).

Appendix 6. Mining production regarding gold ores and concentrates in kilograms in Mali, 2003-2011

2003	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*
53 597	*44 311,7*	*52 120,4*	*61 346*	*55 600*	*51 900*	*49 500*	*46 000*	*46 200*

Source: African Statistical Yearbook 2012 p. 235

Appendix 7. Total exports of Mali (in CFA Franc millions)

2003	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*
539262	*515835*	*580673*	*810671*	*745860*	*939129*	*918200*	*989169*	*1115541*

Source: African Statistical Yearbook 2012

Appendix 8: Differences in diversification of the economy of Senegal and Mali, 2010

Country	*Agriculture (% of the GDP)*		*Industry (% of GDP)*		*Services (% of GDP)*		*Manufacturing (% of GDP)*	
	Value	*Change*	*Value*	*Change*	*Value*	*Change*	*Value*	*Change*
Senegal	*16,7*	*-7,4*	*22,1*	*70,5*	*61,1*	*-23,5*	*12,8*	*87,6*
Mali	*36,5*	*-57,7*	*24,2*	*56,1*	*39,1*	*19,8*	*3,1*	*670,9*

(Source: Economic Report on Africa 2012)

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