

BOOK REVIEW

Peg Murray-Evans: **Power in North-South Trade Negotiation. Making the European Union's Economic Partnership Agreements.** Routledge, Abingdon - New York, 2019

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The book of Peg Murray-Evans, a researcher at York University, examines the limits of the European Union's negotiation power based on the surprising outcome of Economic Partnership Agreements (EPAs) with the group of African, Caribbean and Pacific (ACP) states.

Trade policy is the strongest tool for the European Union's global advocacy capacity. The European integration still divided militarily and politically, plays a decisive role in the world economy through the power of the single market, and it can effectively influence international trade processes, and even enforce its political goals. The EU is also one of the most influential players in the WTO, but it is even more able to assert its economic weight in its bilateral agreements, especially vis-à-vis much smaller partners. It may therefore be surprising how limited the EU has been able to pursue its ideas in negotiations with ACP countries, which include most of the least developed countries of the world.

The first part of the book looks to the theoretical background of relationship between power, institution, and legitimacy, primarily in the context of international trade negotiations. The book questions the simplistic but widespread view that while negotiations in multilateral organizations are rule-based, that is, bound by standards established by the institution and accepted by all, bilateral or regional trade negotiations are power-based. So, while within the WTO weaker states can still count on the protection of generally accepted rules and negotiating frameworks, in bilateral negotiations they are exposed to the superiority and influence of economically much stronger states. The author builds on a constructivist approach to international relations and international political economy when examining the issue of legitimacy and power in international negotiations. Bilateral trade negotiations are also worth examining in a much more complex international environment, where, in addition to material resources, the legitimacy of the actions of the actors also plays a fundamental role. Murray-Evans believes that in a complex

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international environment of trade negotiations, negotiators who are considered weaker in terms of material resources can be placed in a much more favourable position with strategic behaviour than we would assume based on their economic opportunities.

By examining trade negotiations and agreements between the EU and the ACP countries from different perspectives, the rest of the book shows in practice, why the EU has not been able to achieve its goals and how the ACP countries have been able to end up in a better position. The third chapter points to changes in the GATT and WTO that affected the developments of bilateral agreements. One of the most important principles of GATT from the outset has been non-discriminatory trade, meaning that countries must not discriminate between their trading partners. However, thanks to UNCTAD's efforts to reform the international economic system since the 1960s, GATT has gradually incorporated the Generalized System of Preferences (GSP) in support of developing countries. This has allowed developed countries to provide more favourable conditions for developing countries without extending them to more developed countries. From the very beginnings, the EU (or the EEC at that time) had signed special agreements with its former colonies, governed by the Yaoundé (1963), Lomé (1975) and Cotonou (2000) Conventions. The conditionality system developed by Europe was not always in line with the multilateral regulation, but the rather loose GATT regime had little effect on the first two Conventions. In the case of the Lomé Convention, the ACP countries have received unilateral concessions from the EU that other developing countries did not enjoy. Later, the establishment of the WTO (1995) has resulted in a much stronger regulatory environment in world trade, which was reflected in the Cotonou Agreement. The EU has just carried out a vigorous revision of previous agreements, citing stricter WTO rules, and the Cotonou Agreement has, in effect, brought the EU's interests into line with WTO rules. During this period, the EU has succeeded in legitimizing changes in its own interests by invoking the multilateral system of rules.

Building on the previous chapter, the fourth chapter reviews why the EU has not been able to assert its favourable position in the Cotonou Agreement by the EPA agreements it intends to conclude with each of the ACP regions. One important factor was the changes taking place in the multilateral framework. Developing countries have successfully resisted efforts in the WTO to support the EU and other developed countries, which would have affected the regulation of issues far beyond trade in goods (e.g. investments, or public procurement). The failure of the WTO has also affected bilateral negotiations: while in previous years the EU's reference to the WTO gave legitimacy to promote its own interests in bilateral negotiations, during this period the WTO has already served as a basis for legitimacy for ACP countries. The three EPA agreements signed in 2014 also show that the EU has been forced to give up its previous ideas. In other words, bilateral negotiations can by no means be seen in themselves, only as a game based on the balance of power, but here too the

context that determines the framework and the legitimacy of the negotiations prevails.

The next two chapters take a closer look at the sources of conflicts over the EPA contracts that the EU wanted/wants to conclude, as well as at the backgrounds of the negotiations. In its trade agreements with Latin America, South-East Asia or the Mediterranean, the EU has sought to strengthen intra-regional trade liberalization between the states of the region. This was also the case in Africa, the EPA contracts aimed to create workable local integrations of the ACP countries. However, the chapter points to the historical and political obstacles to this externally forced attempt at regionalization. In Africa, several inefficient, overlapping regional integration organizations exist. The EU initiative has sought to transform these so that each country decides for itself which EPA region to join, while these new regions create effective trade integrations. At the same time, the author points to the specific political and institutional explanations behind previous integrations, which have left participating states interested in maintaining them. Thus, the new EPA regions were created not in place of, but alongside the previous regions, not simplifying but further complicating Africa's regional organizational structure. In other words, it can be clearly shown that despite the much stronger position of the EU, it could not carry out its intentions, i.e. it could not fundamentally override the local institutional structures and their influence (path dependency).

The final chapter provides an example through the experience of the South African EPA (SADC EPA), detailing the specific problems that arose specifically in negotiating a regional EPA. In addition to South Africa, the region includes Angola, Botswana, Lesotho, Mozambique, Namibia and Swaziland. The states of the region were very different in their approach to the EPA agreement, which can be traced back to their different historical, institutional, economic, and development policies and objectives. Botswana, which was interested in maintaining its EU preferences for beef exports, was an ardent supporter of the EPA from the outset, while Mozambique was ready to sign the EU-recommended far-reaching EPA agreement because of its neoliberal development strategy advocated by its donors. South Africa, on the other hand, was just sceptical of the EPA in defending its own activist industrial policy, as was Angola, which did not consider it compatible with its protectionist trade policy. SADC finally signed a regional EPA agreement in 2014, in which the EU made significant concessions to countries in the region, while missing most of the elements it initiated.

The book thus seeks to refute, or at least nuance, the popular belief that only "brute force" counts in trade negotiations outside the multilateral framework, meaning that the party with greater economic and trade potential can force its will and interests on the weaker party. From the point of view of theory and also through practical examples, the author argues that in a complex international system the stronger party also needs the right legitimacy background for its decisions, which the weaker party can exploit and thus achieve a much better compromise. While the

weakening of the WTO and the decentralization of the global trading system are inevitable for weaker players, the complexity of the international system and the need for legitimacy behind decisions continue to provide a viable opportunity for weaker players in international trade negotiations.