subsidies. They will thus influence the rate at which the EU dismantles protection for its farmers.

With reference to official development aid, internationally such aid from major donors fell from 0,35 percent in 1990 to 0,22 percent in 2000 (*United Nations Chronicle*, 2002). Similarly, the percentage of EU aid allocated to low-income countries fell from 70 percent in 1990 to 39 percent in 2000 (Van Reisen, 2001: 3). Geopolitical and security considerations have prompted the EU to shift its aid emphasis from the world's poorest countries to its "ring of friends" in the "near abroad". This trend will be reinforced with the EU expansion to countries with similar interests. Coming to global power relations, the majority of the new entrants joined the US coalition in Iraq -- in stark contrast with the position taken by large EU members such as Germany and France. Germany and France also failed in their attempt to secure key positions in the new EU Commission in August 2004, possibly heralding a shift in the EU's internal politics. The entry of countries with a pro-US bias into the EU as a powerful supraregional body may have political implications on the world stage, for example, strengthening the US's hand in fora such as the United Nations.

On the positive side, new opportunities present themselves with the expansion of the EU as a single market and as a political entity on the global stage. While the new entrants are not traditional trading partners of Africa, remnants do exist of pre-1989 trade and aid links. These links could be reactivated on the basis of the Eastern European states' role in support of liberation movements in Africa and rekindle trade relations from the Soviet era.

This paper will explore these issues, and present considerations for policy-making purposes.

The vexed issue of fair trade

During the Cold War, Eastern Bloc countries had a foreign policy position to extend the Soviet sphere of influence to the developing world. Before 1989, they exported industrial goods to the developing world in return for raw materials and agricultural products. With the collapse of communism in the late 1980s, the Soviet satellites went through a period of immense upheaval as they reoriented themselves to become market economies. In the process they shed many of their erstwhile allies and refocused trade in accordance with the new geostrategic approach, which led to new links with the west, the EU, other post-Communist states and Asia. Trade with African countries (excluding the Mediterranean African states) became the exception, a hangover from the Cold War period (Dauderstadt, 2002). The 1990s saw the new market economies grow at almost 4 percent, twice as much as the old Eurozone, eliciting hopeful predictions that the accession will inject dynamism into the sluggishly growing old EU economies by increasing competitive pressures (Barysch, 2004: 28-9; Lamy, 2004). By the late 1990s the former Eastern bloc countries' trade with EU members was equal to the levels of trade within the EU. During the 1990s the Eastern European states had stabilised sufficiently to be considered for membership of the EU. Acceptance was based on various criteria, including having institutions that guaranteed democracy, the rule of law, human rights and respect for and protection of minorities; functioning market economies and the capacity to cope with competitive pressures and market forces within the EU; and the ability to take on membership obligations and adhere to the aims of political, economic and monetary union (Swisher, 1999).

The inclusion of ten more countries in the EU creates the single biggest market in the western world: 450 million people, almost double that of the US. All 25 countries now have a single stable currency and a single set of rules, policies and procedures for trade, competition and administration, which will reduce the transaction costs of exports. Not surprisingly, Mercusor welcomed the enlargement as Eastern European goods do not directly compete with Latin American ones. The EU expansion will also have a positive impact on the 49 Least Developed Countries which, in accordance with the 2001 "Everything But Arms" agreement, will be allowed duty and quota free access to the enlarged EU market from 2009, with tariff reductions starting from 2006 onwards (Fischler, 2004).

Countries with existing free-trade agreements with the EU will benefit. In Africa, Algeria, Tunisia, Egypt, Morocco and South Africa have concluded free-trade agreements with the EU between 2000 and 2002. This translates into enhanced access for South African goods to the new member states. The lower EU duties that South African companies have enjoyed since 2002 now also apply to their exports to the new EU members. However, the reciprocal nature of FTAs means that firms in the new member states also immediately benefit from the FTA.

The foreign policy objectives set by some of the Eastern European entrants also provide entry points into the region for African countries. Poland's foreign policy emphasises the resolution of global inequities and poverty, supports the Millennium Development Goals (MDGs) and the Monterrey Consensus, and singles out cooperation with developing countries as a priority. Its commitment to expanded assistance in the shape of trade, debt relief, private investment and technical assistance makes it an ideal partner for New Partnership for Africa's Development (NEPAD) initiatives. Similarly, the Czech Republic supports the MDGs and the Monterrey Consensus. As with the Poles, the Czechs aim to engage all regions in trade, identifying Sub-Saharan Africa as one of their geographical priorities. Czech trade links stretch into Sub-Saharan Africa, including South Africa and Zimbabwe, and in 1989 the Czech Republic granted trade preferences to Least Developed Countries (LDCs) under the General System of Preferences. However, no LDC has taken advantage of this opportunity to import its goods duty-free. Only imports from Benin and Chad showed any significant increase during the 1990s. In a large number of cases, growth in African imports to the Czech Republic was not sustained. Algeria is the only African country with which Czech trade had grown significantly, oil being the main product (Dauderstadt, 2002). Algeria, along with Libya, Tunisia, Egypt and Morocco, are 'partner countries' in the EU's Neighbourhood Policy. This policy, which comes into effect in 2007, entails cooperation and financing of projects for economic and social development, trade and energy support measures. These North African countries feature prominently in Polish and Czech trade with Africa. Together with the EU neighbourhood policy, it presents some (Eastern) European reach into Africa which could be capitalised on by those African states in and adjacent to the 'EU neighbourhood'.

The biggest obstacle presented to the developing world by the accession of Eastern European states to the EU is agricultural subsidies. The EU is the world's largest trader with exports at 14 percent of GDP (compared to the US level of 11,5 percent). The glaring exceptions are farming products and textiles (Vaknin, 2002). Europe's share of the world's agricultural market stands at 20 percent. The EU emphasises its status as the largest importer of agricultural products from developing countries, including 85 percent of all African farm exports (Fischler, 2004). However, many of these products are fed into the European farming sector which specialises in high quality processed goods, some of which will find their way back to developing countries (Boduszynski, 2003). From the start of the negotiations between the candidate states and the EU on enlargement, the issue of agricultural support and protection presented a sticking point, at times threatening to derail accession. This is particularly true for Poland where 27 percent of the population depends on agriculture for their livelihoods – 10 times more than the EU average -- and 10 percent of the work force labours in the farming sector. When the EU proposed a different application of the subsidy-based Common Agricultural Policy (CAP) to the Eastern European countries in 2002, Polish leaders were adamant that they would not be treated like second-class citizens and demanded the same benefits for their farmers as for farmers in the older member states (Radio Netherlands Wereldomroep, 2002).

A change of heart about the 50-year old CAP is being witnessed in the ranks of the older EU members. Two factors, external and internal, necessitated a rethink. Firstly, developing countries had been applying pressure on the North to scrap their market-distorting farming subsidies of US $300 billion per annum. The heat was turned up when the World Trade Organisation's Doha Round of negotiations ground to a halt at Cancun in 2003 after concerted resistance from developing countries against the North's unfair trade practices. The deadlock was seemingly broken in July 2004 when the North backed down, agreeing to measures such as reducing trade-distorting support by 20 percent in the first year of the implementation of the agreement.

Secondly, the EU expansion holds an unintended positive outcome for the developing world: older member states realised that with the enlargement, agricultural land in the EU would increase substantially, adding another 4 million farmers to the existing 7 million. This growth in numbers would render the CAP unaffordable if the same subsidies were to be extended to the new members. Before the accession, CAP was already consuming 50 percent of the EU's total annual budget. To ameliorate the effects of the enlargement while avoiding the alienation of the entrants, the EU opted for phasing in payments to the new members between 2004 and 2013. The resulting agreement is that direct 'single farm payments' in the new member states will start at 25 percent of the EU rate in 2004, 30 percent in 2005, 35 percent in 2006 and reach 100 percent of the "then applicable EU level" (EU, 2004). Furthermore, CAP subsidisation would be frozen at 2006 levels until 2013 (Guardian, 2003) which, together with other reforms, should inhibit production. The most significant of the other reforms is the 'decoupling' of support payments and production levels. Payment linked to production is a perverse incentive which has led to surplus production – as developing countries are well aware since the 1970s. Eligibility of farmers for the new 'single farm payment' will be measured by the criterion of 'cross-compliance' with environmental, safety and health standards. The aim of the policy is to encourage market-related production, a consumer focus and competitiveness, but it has been criticised as producing the 'Lederhosen' effect: encouraging a shift away from "sustaining agricultural production towards simply maintaining the farmer's way of life" – at its most basic level, therefore, paying farmers to wear Lederhosen (Boduszynski, 2003). From the perspective of the developing world, these new criteria present another hurdle in the competition with EU farmers who can comply with these measures because they are funded while farmers in the South do not have this luxury.

The CAP reforms have in the words of former EU Agriculture Commissioner Franz Fischler 'served' the EU, in a sense pre-empting agreements at the WTO. The EU's net export share of all commodities has fallen and funds spent on subsidising exports over the past decade. The cumulative drop in trade-distorting support over the past decade stands at 70 percent (Fischler, 2004). The effects of the CAP reform is such that the EU will not have to make any reductions in subsidies in the foreseeable future -- even in terms of the WTO General Council's July 2004 package (The Hindu Business Line, August 2004).

With regard to the actual impact of the reforms on production levels: without enlargement, production of most commodities would have shrunk significantly because of CAP. With enlargement and the addition of large beef, dairy and cereal producers, the positive impact of the CAP reforms is weakened. It will only slow down production of beef and cereal to moderate levels and even this development is off-set by the internal demand for beef and the price of rye weakening while cereal production will sustain a marketable surplus. Pork production will increase steadily and poultry production significantly. The only product destined to show a marked decrease in production is butter but structural surpluses are projected to continue in the new member states (EU, 2003). These figures indicate that the CAP reform will stabilise production but that surpluses will persist. The effects are, as Frandsen (2004) has calculated, that the CAP reform will reduce EU exports to Africa by US $483 million but this will not lead to an increase in imports from Africa. Imports from Africa will shrink by US $812 million. Africa's net trade balance with the EU will deteriorate by US $329 million.

Moreover, the implementation of the CAP reforms will be hindered as many Eastern European farmers do not have the capacity to abide by the new EU environmental, health and safety standards, given their archaic farming methods. Furthermore, European resistance continues against reciprocal implementation of trade liberalisation that the Europeans themselves demand of the developing world. Commissioner Fischler, under whose stewardship the CAP reforms were developed, regarded complete liberalisation as undesirable. This flows from the fundamental position of the Europeans that it is untenable to be reliant on foreign producers for necessary products (Boduszynski, 2003). Also, indications are that the budgetary problems with CAP will increasingly be sidestepped by re-nationalising farm policies. This trend has started with the new rural development policies which form part of the CAP reform: they will be co-financed by national budgets, taking them out of the EU realm, which have implications for the WTO negotiations. Among the new entrants, Poland, with its vocal rural supporters in government and civil society, is sure to block plans that may cause a loss of EU support for its farmers. But seeing that the CAP reforms will precipitate a 35 percent rise in farmers' income over the medium term (EU, 2003) this may soften the new entrants' reaction to the demands of developing nations at the WTO.

Lack of interest in aid exacerbated

The enlargement of the EU may have two possible effects on the flow of development aid to African states: the diversion of funds away from developing countries to the new entrants and the new entrants being compelled to contribute to the ACP countries via the European Development Fund (EDF).

Europe accounts for the largest ODA in the world, providing US $25,4 billion or 50 percent of overall global ODA by 2000 and agreeing to an increase of 8 billion euros at Monterrey in 2002. At Monterrey the EU also committed itself to reaching a target of 0,39 percent of Gross National Income (GNI) by 2006 in development assistance, later increasing it to 0,42 percent of GNI by 2006 (EU, 2002; 2004). But critics point out that this is significantly below the agreed-upon UN target of 0,7 percent necessary to achieve poverty reduction (Van Reisen, 2001: 5).

The gap between the two targets is a reflection of how the EU's comparatively high historical commitment to aid and development seems increasingly overshadowed by other agendas, such as security, trade and foreign policies.

Geostrategic considerations have swayed the EU's focus to its 'near abroad', an example of which is the EU Neighbourhood Policy that aims to bring immediate neighbours 'closer' by financing projects and so forth. As a result of the changed focus, a quarter of EU ODA went to ineligible countries in Eastern Europe in 2001 and a further 17 percent to poorer countries in North Africa and Europe (Maxwell and Engel, 2003: 7). This is in contradiction to the EU's own policies that aid should be targeted at chronic poverty in LDCs and low income countries (BOND, 2004). In the words of Van Reisen (2001: 6): "Germany has lobbied for increased aid to Eastern Europe, whilst Spain and Italy push for Mediterranean countries to receive more resources. Against the explicit poverty reduction objectives of the EU development policy statement, national interests have prevailed over good development sense. This detracts from the purpose of aid as a poverty reduction tool, leading to an inefficient allocation of resources." Compounding the situation is a worrying new trend with member states emphasising quality in order to divert attention away from the extent to which aid has decreased. Another reflection of the weakening commitment to aid is the late ratification of the 2000 Cotonou Agreement with African, Caribbean and Pacific (ACP) countries: only five out of the fifteen older members had ratified it by 2003. Consequently none of the pledged funds for 2000-2005 had been allocated or disbursed. If this should be read as an example to the new entrants, who also have to ratify the agreement, it does not bode well.

Finally, comparing the EU budget for the enlargement with the current budget for development aid is a useful exercise. Three EU funds have been set up to finance the structural adjustment of the Eastern European entrants with budgets totalling 21,84 billion euros for 2000-2006. Adding enlargement allocations for regions lagging behind or experiencing structural difficulties as well as for the employment strategy and human resource development, the total budget for structural funds comes to 195 billion euros in the period 2000-2006. Compare this to the 2000-2005 budget of the EDF through which aid for the ACP is channelled: 13,5 billion euros. Moving to the transition of the new entrants from aid recipients to donors, it transpires that this process has received scant attention when compared to the other enlargement preparations. The issue entered the negotiations late in the day (Press, 2003), reflecting the mutual expectation of the old and new member states that the entrants would not contribute at EU levels given their poorer status (Michaux, 2002).

While the Eastern European states have a history of aid provision prior to 1989 as part of Soviet foreign policy, ODA was never as high as that expected by the EU: in 1980 Eastern European aid was at 0,06 percent of gross domestic product (GDP) (Press, 2003), compared to the EU's 0,33 percent of GNI. Given their tumultuous transitions during the 1990s, development aid policies have not been a priority for these countries. Before accession, Estonia led the pack with a paltry 0,1 percent of Gross National Product (GNP) going towards aid. By 2002 only five of the new entrants had started to put in place development policies. In 2003 a handful of African states were eligible for ODA from only the Czech Republic, Hungary and Slovakia. The Czechs, in particular, have embarked on a UNDP process to become a donor country, developing its own capacities to transfer expertise in fields such as metallurgy, engineering, energy efficiency, SMEs, regional development and laboratory equipment and technologies (www.undp.sk). Exceptionally, the Czechs also still have programmes running in Namibia, Burkina Faso, Mali, Ethiopia and Angola (in agriculture, education, health care (HIV/AIDS) and environmental protection). However, despite its better record, Czech trade with Asia has grown exponentially and this region would be its prime destination for development aid – not Africa (Dauderstadt, 2002). All of the Eastern European entrants would also be loath to untie aid from profit-making by the donor countries' companies (Press, 2003).

The example of the Czech Republic shows how the existing conflict between geopolitical interests and development aid to developing countries may be exacerbated by the accession. In line with their strategic considerations they have markedly shifted their aid focus away from Africa and the rest of the developing world to their immediate neighbours or 'near abroad'. For example, Slovenia sends 95 percent of its aid to former Yugoslav states while Poland focuses on Belarus and the Ukraine. Some of the new members may oppose the ACP/Cotonou initiative or may campaign that this group be extended to their partners in South Eastern Europe, the Caucasus and Asia (Dauderstadt, 2002: 10).

Political implications

The Eastern European entrants have succumbed to the neoliberal model, some vehemently rejecting their communist past (Press, 2003; Business Week, 1999). Africa and Eastern Europe could arguably benefit by exchanging experiences and lessons learnt on the road to market economies. However, caution should be taken not to approach engagement uncritically as this could reinforce perceptions that 'there is no alternative' to the neoliberal position.

Observing Europe from a geopolitical point of view, Sava (2004:3) argues that it is doubtful that the EU can be regarded as an autonomous European geopolitical entity. Europe currently plays the role of a 'Euro-Atlantic platform', that is, a geopolitical support for the Anglo-American sea-power. The new EU entrants are members of the North Atlantic Treaty Organisation (NATO) which, with NATO arguably operating as a US foreign policy instrument, has further entrenched the Atlanticist dimension of European politics. Poland and Romania especially (the latter due for EU membership in 2007) have been targeted by the US to provide access to the Caucasus, Central Asia, Afghanistan, Iraq, Iran and Syria. This area is strategically significant as it comprises 68 percent of the world's oil reserves and 41 percent of natural gas reserves (Sava, 2004: 11-12). While EU members such as France and Germany exhibited some resistance to US unilateralism when it disagreed with the US about attacking Iraq, the vast majority of the new entrants left no doubt about their partisanship when they sent troops to aid the US invasion of Iraq. They are: Poland, Latvia, Lithuania, Slovakia, Hungary, Estonia and the Czech Republic. If the primary powers in the EU should pursue establishing the EU as an independent geopolitical entity that would have to include de-Americanising Poland and Romania. Their absorption into the EU could aid this process but while the EU flounders in the face of US expansionism it could be that their US connection could bolster the US vis-à-vis the EU.

Policy considerations:

1. The Eastern European entrants in the EU do not only boost EU agricultural production, cancelling the positive effects of the CAP reforms, but also present political resistance to the ACP/Cotonou agreement and developing nations' efforts to transform the inequitable global trade regime. Continuing the post-1989 neglect of this region will therefore only be to Africa's detriment. African countries' future contact with these countries should not only be through the EU. They should step up their engagement with the new entrants bilaterally and multilaterally, using such newly designed mechanisms such as NEPAD. Given the commitment by countries such as Poland and the Czech Republic to the Monterrey Consensus these countries could turn out to be valuable allies. Renewed relations can be aided by the historical links between African and Eastern European countries and shared

experiences of liberalisation, deregulation and increasing poverty and unemployment. Policy makers should use the opportunity of increased contact to learn from mistakes in the transition economies, the most common being the neoliberal 'one size fits all' approach.

2. Policy makers should prepare themselves for a shift in internal EU politics as well as in multilateral fora such as the UN and WTO, as the new entrants' pro-US bias may bolster the US position on unilateralism, pre-emptive 'regime changes' and disregard of international law.

3. The enlargement serves to further bolster the EU's position on the world stage – an example which should provide new impetus to the finalisation of the establishment of the AU and all its organs as well as the improvement of regional bodies such as the Southern African Development Community (SADC), the Economic Community of West African States (ECOWAS) and the Intergovernmental Authority on Development (IGAD) in the Horn of Africa.

4. Some African states' free-trade agreements with the EU, excluding most African states, are incongruent with actions purported to create a united Africa. While FTA benefits accrue unequally, the FTAs do not ameliorate the cumulative negative effects of the enlargement on Africa. The reality of reduced trade and aid should spur African nations towards devising mechanisms to reduce their dependency on the North. A first step would be to either initiate or finalise intracontinental trade liberalisation before embarking on any further FTAs.

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