

# Trade Negotiations Insights

*From Doha to Cotonou*

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## In This Issue

As the 1 January 2008 deadline for the conclusion of Economic Partnership Agreements (EPAs) draws to a close, and as the Doha Round of negotiations progresses in the WTO, the interlinkages and overlaps between the two fora for trade negotiations are increasingly more evident. Simultaneously, the challenges and options for Africa, Caribbean and Pacific (ACP) countries are becoming clearer. This issue highlights two of those issues: the development dimensions, especially the aid for trade debate (first article) and agricultural negotiations (second article). Both articles show that there is the need for greater coherence, coordination and complementarity of ACP position in all negotiating fora.

The EPA Negotiations Update highlights the outcome of some key meetings between the ACP and the EU.

## The Development Dimension of EPAs and International Aid for Trade

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The African, Caribbean and Pacific countries (ACP) are involved in a number of trade-related international negotiations with potentially significant implications for their future development, most notably the WTO Doha Round and the Economic Partnership Agreements (EPAs) with the European Union (EU). Many fear that, with this new liberalization wave, potential long term gains for developing countries will come at high short term adjustment costs, including implementation and restructuring costs, and loss of fiscal revenues, policy space for national development strategies, and preference margins. In particular, there is growing concern that without removing supply-side constraints and improving the competitiveness of developing countries (including ACP), internal trade-related reforms and improved market access abroad will not automatically translate into economic development and poverty reduction.

### Trade Negotiations and Aid for Trade

These concerns have spurred a debate, increasingly at the core of broader international discussions on aid and North-South relationships, on what is required to make trade liberalization an effective instrument for development.<sup>1</sup> In addition, donors have increasingly made available trade-related capacity building (TRCB) funds to address problems in exploiting trading opportunities. An early example of this type of aid is the Integrated Framework for Trade-Related Assistance (IF).<sup>2</sup>

The debate has gained importance in the overall development discourse, with an increasing number of initiatives looking at extending special financial facilities to low-income countries to help them finance adjustment costs and strengthen supply/trade capacity while they undertake trade liberalization.<sup>3</sup> Over the last year, the need for a more comprehensive international framework

of TRCB support to accompany and facilitate the implementation of international trade negotiations and agreements has been discussed, principally under the 'Aid for Trade' heading.

### EPAs: Searching for the Development Dimension

The aid and trade interaction is not new for the ACP. The ACP-EU relations, governed by successive Lomé Conventions and currently the Cotonou Agreement (CA), have always been a comprehensive partnership, and one of the first between developed and developing countries to establish tight linkages between trade and development issues. And this nexus is being explored further: the EPAs currently being negotiated between the EU and the ACP regions should first and foremost be development-oriented free trade arrangements.

Three years after the start of the negotiations (in September 2002), one



would have expected an emerging consensus between the parties on the practical way forward to integrate the development dimension into EPAs. Yet, sharp differences still prevail on the approach to development in these negotiations, creating tensions and frustrations among the parties.

## The European Perspective

For the European Commission (EC), EPAs will foster development, mainly through trade liberalisation and the creation of the right policy framework to attract investment. By creating free trade areas with the EU, the ACP regions will benefit from the standard gains from trade: increased market access to the EU, reduced prices of EU imports for ACP consumers, and associated competitive effects should foster economic growth and hence development.

In addition, by building on the ACP regional integration processes, EPAs should contribute to the establishment of effective regional markets, thus attracting and stimulating investment, a necessary condition for sustainable development. According to the EC, these positive effects will be reinforced by several elements. EPAs will not only address tariff, but also non-tariff barriers, and technical barriers to trade, as well as a number of trade-related “behind the border” measures (such as trade facilitation, competition, investment, etc.), thus increasing the benefits from trade.

EPAs will not only cover trade in goods and agricultural products, but also in services. With its comprehensive coverage, the new partnership should therefore also contribute to lock in policy reforms in the ACP, increasing the relevance and credibility of their regional integration process, as well as facilitating their integration in the world economy. Last, but not least, EPA negotiations should be accompanied by discussions on the development assistance available for the ACP, as well as possible complementary support by other donors.

## ACP Focus on Development

While many of the ACP would agree with the EU on the potential development opportunities in an EPA, they tend to consider trade liberalisation and regional integration as necessary, yet far from sufficient conditions to foster development and alleviate poverty. In other words, creating large open integrated regional markets and increasing ACP export opportunities are

only factors of potential development, which require additional conditions to be beneficial.

In particular, ACP economies need to have the capacity both to benefit from increased market access and to face greater competition domestically. Trade liberalisation should thus be accompanied by development support to address supply-side constraints, as well as related institutional and structural weaknesses.

This support should be determined by, and synchronized with, the EPA negotiation and implementation processes. Proper sequencing of liberalisation commitments and implementation with development support is also of prime importance. The trade-related assistance should indeed be timely and efficiently delivered, so as to coincide with the needs and challenges faced by the ACP (for certain regions and countries it might need to come before the implementation of trade liberalization).

**“ACP economies need to have the capacity both to benefit from increased market access and to face greater competition domestically”**

In addressing these issues, all ACP regions have noted an increasing dichotomy between the political rhetoric at the EU level, where the pro-development component of EPAs is repeatedly emphasized, and the pragmatic approach adopted by EC trade negotiators, who focus on a narrower definition of development based mainly on trade-related gains, thus avoiding, according to some ACP negotiators, substantive discussion on the broader development dimension of EPAs.

The ACP have continuously stressed that high adjustment costs: fiscal reform to face the loss of import revenues, adjustment measures for loss of competitiveness and restructuring of domestic industries, institutional development (to address issues such as compliance with food and safety

standards, harmonisation of custom procedures, etc.), may even negate the benefits from market liberalisation through an EPA. These concerns and the perceived lack of concrete steps on the EU side to address them are causing a mounting frustration on the ACP side, which was recently expressed strongly at the highest political level.<sup>4</sup>

## Linking EPA and Aid for Trade Debate

It is worth connecting the experience of trade and development linkages under the Cotonou framework with the current debate on multilateral mechanisms for ‘Aid for Trade’ (AfT). The ACP-EU relations may provide some lessons on both policy and practice. Synergies between EPA and WTO negotiations in terms of AfT could be identified.

The broad scope of EPAs beyond market access to cover trade-related issues and behind the border measures corresponds to the increasing ambition of WTO talks. Developing countries will likely face similar problems in both arenas for implementing such comprehensive agreements.

Related AfT needs in terms of adjustment costs and accompanying measures may coincide and EPAs could represent a benchmark to be used in multilateral discussions on AfT, given that the Cotonou framework as a trade and aid strategy has been in existence for several years and EPAs are likely to be implemented before the results of the Doha Round start to be enforced. This experience very relevant as the EU is both the largest trading bloc and donor in the world, and the EU and ACP countries represent over half of the WTO Membership.

## 3 Key Dimensions of Trade and Development

While considering the links between trade and development, it is important to keep in mind that development does not simply mean additional resources. Indeed, the development dimension of EPAs should be included in three main categories:

- (a) *Trade (-related) rules*: the trade and trade-related provisions of the agreement regulating trade flows must account for the peculiar needs and weaknesses of ACP;
- (b) *Accompanying measures and policies*: to facilitate the preparation, negotiation and implementation of trade (-related) measures, accompanying and adjustment measures and policies are

necessary for ACP to fully benefit from, and better cope with, the challenges of trade liberalisation with the EU;

(c) *Effective processes for support delivery*: besides adequate trade rules and accompanying measures, it is essential that the development support mechanisms to finance and implement them lead to the effective delivery of assistance.

For instance, large portions of unutilized resources available under the European Development Fund (EDF) and the slow disbursements and projects implementation suggest that specific provisions regulating development assistance should lead to more effective planning and timely delivery. Similarly, the mechanisms of the IF should be reviewed to allow effective support on a large scale.

The heated debates on the development dimension of EPAs and the Doha Development Agenda show the urgency of both greater coherence and complementarities of trade and development policies by donors and of specific proposals on AfT based on well defined national development objectives.

This requires first, a strengthening of the capacity of developing countries to design effective development measures accompanying trade liberalization and to participate in development policy management, as well as, thorough discussions among donors on how to improve their aid delivery performance.

### Aid vs. Aid for Trade

The case for development in EPAs has been sometimes undermined by unsubstantiated calls to address all development concerns of the ACP in the context of EPAs, even those not directly affected by trade (-related) matters.

While all dimensions of the domestic structure and economy will have an impact on trade performance, not all institutional, structural and policy aspects of a country can be covered under trade-related negotiations and support.

Hence, the need for all the ACP countries and regions to undertake a systematic assessment of their specific trade-related needs that is to be covered in the context of an EPA. Developing Countries should also put forward more proposals on the options for delivering multilateral aid for trade and whether existing mechanisms constitute the right AfT framework.

### Coherence and Binding Commitments

Donors, in turn, starting with the EC and EU Member States, should analyse more in depth the relationship between trade and development. There is a clear need to address the interactions among development policies and procedures on the one hand, and trade policies and negotiations on the other, as well as to understand the bottlenecks for effective delivery of development support.

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To this end, the complementarities and coherence of donors TRCB activities should be improved, possibly through an ‘Aid for Trade’ mechanism. In addition, the issue arise as to which extent trade policy commitments undertaken by developing countries (in the WTO or EPAs) should be related to binding commitments for trade-related development supports by donors, and its effective delivery. In this context, the research community and civil society have an important role to play.

### EPAs and WTO Momentum

The WTO and Cotonou frameworks, and in particular the upcoming 6<sup>th</sup> WTO Ministerial Conference in Hong Kong and the EPA negotiations, offer a perfect opportunity to seriously address some of the issues related to development support to trade. Certainly, additional adjustment costs of further trade liberalization point to the need for more

resources, as accompanying measures to trade should not come at the expense of other legitimate (often more vital) development concerns already addressed through aid (e.g. infrastructure development, education, health, etc.).

However, additional resources are unlikely to alone constitute the solution to the problems captured in the AfT discussions (in WTO and EPA alike). Alongside strengthened capacity and improved aid delivery mechanisms, successful AfT will require any additional assistance to be long-term oriented, demand driven, and targeted at the most appropriate level within recipient countries (regional-national-local), unlike most current TRCB projects. Here too, countries should draw on the lessons and synergies between the Cotonou/EPAs and WTO contexts.

### Endnotes

<sup>1</sup> See, for instance, Bilal S. and S. Szepesi (2004), *Capacity Building for Trade as a Global Public Good*, contribution to the International Task Force on Global Public Goods. Available at [www.gpgtaskforce.org/uploads/files/101.doc](http://www.gpgtaskforce.org/uploads/files/101.doc)

<sup>2</sup> This programme brings together the key multilateral agencies working on trade and development -the IMF, the International Trade Centre, UNCTAD, UNDP, WTO and the World Bank (WB)- to generate a broad-based policy agenda for trade and growth consistent with a country’s development strategy, and to prioritise capacity building needs to which bilateral and multilateral donors respond. See, [www.integratedframework.org](http://www.integratedframework.org).

<sup>3</sup> The IMF announced in 2004 the Trade Integration Mechanism (TIM) to help countries expecting short-term balance of payments difficulties in coping with the effects of multilateral liberalisation. In 2005, the UNDP proposed a temporary Aid for Trade Fund and the British government proposed the establishment of a Trade Adjustment Facility.

<sup>4</sup> See EPA Negotiations Update in TNI Vol.4 No.5, September-October 2005.

# The WTO and EPA Negotiations on Agriculture: for Enhanced Coordination of ACP Positions<sup>1</sup>

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**African, Caribbean and Pacific countries (ACP) are engaged in two parallel negotiation processes of equal importance for their trade and agricultural policies. On the one hand, there are the multilateral negotiations, under the auspice of the WTO; and on the other, there are the multilateral negotiations with the European Union (EU) under the Economic Partnership Agreements (EPAs).**

## Agriculture: Importance of the WTO and EPAs Negotiations

The issues surrounding the multilateral agricultural negotiation rest particularly on three pillars of the agreement on agriculture: (i) the improvement of market access through the reduction of tariff and non-tariff barriers, (ii) the disciplines concerning the utilisation of internal supports so that the aid allocated to farmers does not have any disruptive effect on markets, (iii) the disciplines relative to the export support. As for the challenges of the EPA negotiation, they mainly surround the products that can be excluded from the EPAs, the implementation timetable, and the development aspect, which is supposed to distinguish an EPA accord from the classical free trade agreement (FTA).

Besides the fact that these two negotiation processes require sufficient human resources and technical capacities in order to be negotiated simultaneously, the difficulty of the exercise for ACP countries lies in the interaction between the two negotiations, and notably, the difference in the timetables; with the WTO's having the tendency to constantly change because of the difficulties involved in the negotiation process.

On the other hand, the two negotiation processes coincide in a context marked by important changes in the EU agricultural and trade policies (the reform of the common agricultural policy- CAP) as well as by other bilateral or regional negotiation processes, which involve the ACP countries.

Finally, ACP countries constitute a very heterogeneous group. The problems regarding agricultural trade (net or non-net importers of agricultural products) as well as the levels of development are different. The interests of the ACP countries in either of the negotiations can also be divergent, thus making it difficult to adopt a negotiation strategy common to the ACP group.

In the face of these complexities, ACP countries are faced with a number of questions, such as "How to tackle both negotiations?" "What negotiating strategy to adopt for the two negotiations, knowing that the two can overlap?" "Which negotiation should be given priority?" "To which one should the most ambitious commitments be proposed, and in relation to which points of the negotiations?" The challenge for the ACP countries is to define a negotiating strategy that coordinates the two negotiations with a goal of obtaining results that respond at best to their interests in areas of trade and agricultural policy.

## ACP Agricultural Trade: Objectives and Challenges

The agricultural sector is vital for the ACP countries. It represents the main source of foreign exchange for most ACP countries and the majority of their population depend directly on it for their subsistence. On the other hand, the EU is the chief trading partner for the majority of the ACP countries, particularly in Africa. This is the why the EU agricultural reform policies, the regional integration process, and the current EPA agreements, as well as the WTO agricultural agreements are of crucial importance for the ACP countries.

Two large problems can be identified: (i) access to the markets of countries in the North, and the EU in particular, and (ii) the competition of imports originating from countries of the North on national markets as well as on the dynamics of regional exchange.

### Markets access

Substantial progress has already been made in gaining market access to the countries of the North (notably for the EU market with the Everything but Arm Initiative (EBA) for the lesser developed countries (LDCs), and the Cotonou regime for non-LDC ACP countries). The tariff barriers which persist and which

slow down ACP exports are now even more confined<sup>2</sup> (on the European market this mainly concerns sensitive products such as rice, sugar, beef, bananas, and grapes) even if the tariff escalation remains evident on certain markets of the North.<sup>3</sup> The main challenges to date remain at the following levels: (i) the erosion of preferential treatment resulting from the multilateral and bilateral tariff reduction process, as well as the CAP reform; (ii) non-tariff barriers which tend to strengthen (sanitary and phytosanitary measures, rules of origin) and (iii) in a more general manner, structural offer constraints which also greatly limit the capacity of ACP states to position themselves on the export market.

### Competition of imports

The problem of competition of imports from countries of the North, and in particular the EU on ACP markets, refers to the conditions of market access of the ACP countries and therefore, to the measures that these countries can put in place to protect their markets from the competition (bound tariff level,<sup>4</sup> list of special products, safeguard mechanisms). Other major elements, such as the CAP reform and the EU preference regime, equally influence the outline of these negotiations.

## WTO and EPA Negotiations: Options and Links

### Access to developed countries markets

An offensive position on the reduction of customs duties in WTO negotiations goes against a position that aims, on the contrary, to maintain preferential treatment, or even to improve it for the non-LDC ACP countries within the framework of the EPA negotiations. For the ACP countries, this implies that they should not encourage a general reduction in the rights within the WTO, or at least to indicate products for which preferential treatment is important (for example products under protocol), but also to be more offensive

in the negotiations on the EPAs. The question of compensation for losses resides in the reform of the Common organisations of the market (COMs), which directly generate an erosion of preferential treatment, could for example, be part of the negotiations.

With regards to the non-tariff barriers, and in particular the sanitary and phytosanitary (SPS) measures, and the technical barriers to trade (TBT) the negotiating strategies<sup>5</sup> of the ACP countries at the international and European levels appear very complementary.

At the intentional level, the challenge for the ACP countries lies specifically within the international organisations, which define the content of the norms by trying hard to be increasingly present in order to assert their interests and concerns. In the EPA negotiations, the negotiating strategy should concern the strengthening of capacities to conform with the measures as well as with the administrative procedures guaranteeing respect for the SPS norms, which refers to the development aspect of the EPAs, and the provision of sufficient technical support.

#### Import competition on the ACP markets

In the WTO and EPA negotiations, ACP should make a commitment to reduce their customs tariffs with an objective of trade liberalisation. But in parallel they have the possibility of excluding a certain number of products from this liberalisation in keeping with the Special and Differential Treatment (S&DT) accorded to developing countries at the WTO on the one hand (special products versus sensitive products), and on the other, by way of the asymmetry of reciprocity in the EPAs within the WTO under article XXIV.

A reform of Article XXIV within the framework of WTO negotiations might allow the ACP countries to limit their trade liberalization so as to reduce the risk associated with an increase in import competition from the EU following EPA accords. Moreover, the designation of sensitive and special products by each ACP member country of the WTO might have, on the contrary, an influence on the EPA negotiations in the identification of products deemed “sensitive” by ACP countries and which may be excluded from the EPAs.

The WTO negotiations on special products appear, in effect, relatively advanced in relation to the EPA negotiations on the subject (see the proposition of G33 in October 2005).

Finally, it is also possible to envisage a specific safeguard mechanism for EU imports within the EPA framework, to limit the consequences linked to an increase in EU imports after the introduction of reciprocity of preference. The definition of a Special Safeguard Mechanism (SSM) within the WTO can still foreshadow the construction of a mechanism at the level of EPA negotiations.

The problem of unfair competition of imports on local productions from the ACP countries refers to the diverse support from which producers and exporters, essentially from developed countries benefit. In as far as the EPA negotiations do not deal with agricultural supports, it is the WTO, which is the appropriate negotiation space for responding to this issue. The WTO negotiations that fall under the “internal support” and “export competition” rubric, can, however, indirectly overlap with the EPA negotiations concerning the identification of products by ACP countries, that they wish to see excluded from the EPAs; the feature of certain products that are heavily subsidised, can function as a criterion in the selection of the products.

#### Pace and Sequence of the Negotiations

Countries negotiate in the WTO within the framework of the continuing Doha Round negotiations. If the deadline for the entry into force of the EPAs on the 1<sup>st</sup> of January 2008 seems very difficult to change considering the waivers already obtained from the WTO by the EU, the length of the implementation period (10-12 years or more) and especially the process of liberalisation could be reviewed or specified in the negotiations.

Following the pattern of the previous FTAs concluded by the EU with the developing countries, many levels of flexibility are envisaged:

- Different timetables on the start of the implementation date of an EPA according to the group of sensitive agricultural products;
- Equally different timetables on the duration of implementation, according to the product groups;
- Revision clauses could also be fixed in order to bring additional flexibility for the products exempted (for a while) from liberalisation of exchange.

From these broad outlines, a more refined research, aimed at determining the most

appropriate negotiating space for each of the key issues of agricultural trade of the ACP countries (WTO or EPA), has been carried out. (see the ECDPM Discussion Paper 70 and CTA, [www.ecdpm.org/dp70](http://www.ecdpm.org/dp70)).

#### Conclusion

The WTO and EPA negotiations are of crucial importance for the agricultural sector of the ACP countries for they bring about major changes in their environment. The preparation of the ACP countries is also, therefore, crucial, and it is important that the ACP countries take the initiative in the proposition of the position of the negotiations, and that their interests are thus, best defended and taken into account. If the two negotiations appear at first glance to be very different- one takes place in a multilateral context, and the other in a bilateral relations ACP-EU framework- they are in fact very much linked; whatever is decided in one of the negotiation areas can, in effect, have consequences on the other. Thus, the ACP countries should pay special attention to this link between the two negotiations if they want to best defend their agricultural interests and to not reduce their room for manoeuvre in one of the negotiations, owing to positions taken in the other negotiating area.

#### Endnotes

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<sup>1</sup> For a more detailed analysis, see the ECDPM Discussion Paper 70 with CTA, [www.ecdpm.org/dp70](http://www.ecdpm.org/dp70).

<sup>2</sup> On the European market, for example only about 7% of agricultural exports are still taxed under the Cotonou regime, which came into effect in 2000.

<sup>3</sup> I.e. The tariff levels are more and more elevated in accordance with the degree of product transformation.

<sup>4</sup> See for example, the current discussions at the heart of ECOWAS states on the desired level of the Common External Tariff (CET).

<sup>5</sup> See Doherty, M (2005), « ACP-EU Economic Partnership Agreements: Sanitary and Phytosanitary Measures », ECDPM Discussion Paper 68 with CTA, [www.ecdpm.org/dp68](http://www.ecdpm.org/dp68).

# EPA Negotiations Update

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## ACP and EU Establishing Mechanisms to Ensure EPAs are Tools for Development

According to the EU, EPAs will be levers to development by building efficient and investment-attractive regional markets. For the ACP, EPAs policy reforms must match their own development objectives and include measures to strengthen competitiveness and mitigate the adjustment costs of trade liberalisation and preference erosion in order to benefit from EPAs market potential. The EU agrees and says the Cotonou Partnership Agreement (CPA) provides the development umbrella and support framework for EPAs.

Negotiations towards legally binding commitments are being accelerated towards the 2008 conclusion of EPAs, but there is still no mutual understanding between the ACP and the EU on how, in practical, operational terms, to ensure that the EC effectively implements its development policy and CPA commitments in a timely manner. The latter is also crucial to EPAs' success as a development tool. Reaching agreement on this is the fundamental debate presently.

ACP countries are increasingly vocal about their dissatisfaction with the EC's capacity to respond to their concerns on EPA development issues. Following the meeting of the ACP EPA regions Chief Negotiators in October to assess negotiations, the chair wrote to the EC President seeking rationalisation of the situation.<sup>1</sup> The ACP wants operational mechanisms implemented to ensure all EC departments are working coherently to deliver EPAs' development potential.

A process has started to improve the functioning of mechanisms to link EPA trade and development aspects. Most recently, EU Development Ministers adopted conclusions requesting the EC support countries facing adjustment needs arising from EPA implementation through adequately tailored EU instruments, including an improved EPA development objectives monitoring mechanism.<sup>2</sup>

Regarding the amount of financial assistance required to help meet the development aspects of EPAs, a forthcoming Commonwealth Secretariat study on an EPA adjustment facility estimates the cost of preparing for adjustment for the ACP at 9.2 billion euro

over 10 years. EU Member States have committed themselves to gradually increase their annual development aid to 0.7% of Gross National Income (GNI) in 2015 (i.e. up to 84 billion/year in 2015). Perhaps a fraction of this could be used for additional EPA support. A recent EC paper on the trade and development aspects of EPAs signals to EU Member States that EPA resources must be programmed within the 2007-2013 Financial Perspectives for transitional costs and suggests that they also support EPA adjustment bilaterally.<sup>3</sup> It is also crucial that practical implementation of development assistance support within the EC's EuropeAid is improved. The ACP can also make sure required funding is made available from the EDF for relevant adjustment needs and that this is implemented well.

The ACP and EU are expected to continue to build on this process by devising practical ways to operationalise the EPA trade and development linkages at the ACP Ministers of Trade and the ACP-EU Ministerial Trade Committee meetings in November-December.

## Central and West African Regions

A joint meeting of the EPA West Africa Chief Negotiators was held in October.<sup>4</sup> The meeting examined the status of negotiations and the needs of integration policies and their implementation. It also agreed a framework of objectives for the second phase of negotiations to start in January 2006. A joint EC-Communaute Economique et Monetaire de l'Afrique Centrale (CEMAC) Chief Negotiators meeting will be held in Brussels on similar issues. The EC-CEMAC Committee of Negotiators met in September and agreed to sections of a draft report on Customs Union/FTA and technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures.

The EC and Central Africa agreed that a CEMAC customs union should sign the EPA.<sup>5</sup> The EC and West Africa agreed that a customs union (already effective in West African Economic and Monetary Union (UEMOA) and to be extended to the Economic Community of West African States (ECOWAS) by 2007) should sign an EPA as a group.

The EU and West Africa agreed an approach to identify TBT/SPS obstacles

to exports from in the region. Obstacles for Central African are not yet identified, but the EC will help CEMAC to ensure that priority products meet trade norms.

In relation to intellectual property, it was agreed that work should focus on harmonisation of rules and implementation. The EC and Central and West Africa also jointly examined policies and the state of liberalisation of trade in services. A common list of priorities will be elaborated taking special and differential treatment into account.

With regard to the West and Central African proposals to discuss improved competitiveness of production sectors as themes of negotiations, the parties agreed that a Technical Negotiating Group will, as of January, examine the challenges, opportunities and potential impact of EPAs on investments in priority sectors.

West Africa indicated that as it is in the process of establishing its regional framework, it was not useful to discuss competition policy and investment as yet. This will be done in the next negotiating phase. West Africa also rejected the EC's proposal to discuss public procurement and environment and labour standards, as it said these issues are not part of the road map for the negotiations. However, CEMAC and EU discussed environment standards and labour standards and consumer protection will be discussed next year.

In their discussions on the RPTF, West African negotiators noted that the decision to create a Secretariat has allowed a speedier implementation of recommendations from negotiators, which will arise in the areas outlined above.

Chief Negotiators for West Africa agreed on the political orientations, the organisation, and schedule for the next phase of negotiations to start in 2006. They established negotiating groups for: i) drafting the draft EPA (with 3 sub groups - trade in goods, services and trade related issues, institutional and legal questions); ii) managing production sectors; iii) negotiating market access for goods and services.

The Democratic Republic of Congo joined the CEMAC region in the framework of EPA negotiations and, therefore, leaves the East and Southern Africa (ESA) EPA configuration.

## Southern African Development Community (SADC)

Southern African Development Community (SADC) -EC Senior Officials met on 6-7 October.<sup>6</sup> SADC reiterated its difficulty in negotiating on issues where common policies are not yet in place for the SADC EPA group and for which there is no agreed modalities at the WTO level, for example, investment and government procurement. Southern African Development Community (SADC) as “unresponsive” and lacking in commitment. The EU would like SA to be more involved in the negotiations although the country only has observer status.<sup>7</sup> It also wants the SADC EPA trade regime to have a common external tariff (CET) by 2008, whereas the SADC trade agenda envisions one by 2010.

## East and Southern Africa Region (ESA)

The first substantial ESA-EC negotiations took place in October. An ESA Regional Negotiating Forum (RNF) meeting preceded the Ambassadorial/Senior Officials’ Negotiating Session. The RNF examined reports on national preparations for negotiations. They noted that the key challenges for ESA s were lack of financial resources, ownership of the negotiating process, involvement of stakeholders and human resource constraints.

Development issues were discussed and they agreed to meet on development intervention areas and implementation mechanisms, in February 2006.

ESA requested resources to implement, a regional fisheries developmental framework saying it should be the basis for bilateral agreements, which should enhance supply capacity and increase value-added. They also requested that preference margins be kept. The EU will respond.

ESA proposed that agriculture negotiations should focus on food security, net-food importing countries, SPS, subsidies and commodities and possible approaches to address the effects of CAP reform and export subsidies on ESA products. They exchanged papers on market access issues. Discussions will continue on, inter alia, facilitation of market access, strengthened capacity to meet standards requirements, SPS measures; and preservation of preferences in the WTO negotiations. Both sides agreed on the need to address supply-side constraints and customs revenue losses to ensure effective use of market access opportunities. The EC emphasized that it was important for ESA to define a CET for EPAs.

## The Caribbean Region

A CARIFORUM-EU EPA Ministerial meeting was held in September to review negotiations, RPTF activities, and to assess the scope and treatment of the next phase of negotiations.<sup>8</sup>

The first phase of negotiations yielded understanding of the economic space to assume EPA commitments. It identified CARIFORUM regional integration priorities for EPAs as market access, services, investment, and trade-related issues. Negotiations covered tariffs and non-tariff measures, customs and trade facilitation, SPS, TBT, services, investment, intellectual property, competition policy and government procurement. Ministers also adopted the Joint Report of the Phase I negotiations. The report forms the basis for the next phase of negotiations.

They also discussed how to approach development issues. Dame Miller, Barbados Foreign Minister, outlined concerns over the scope and pace of the adjustment process and reiterated that it was important that pledged EC support for advancing regional integration and addressing supply-side constraints begin so that CARIFORUM countries can utilize market access opportunities.

CARIFORUM expressed the desire to build the EPA with variable geometry in the application of trade provisions that account for differences in development among countries. However, the EU opposed differentiation saying the benefits of strengthened regional market would be stymied.

The EC suggested CARIFORUM-EC single trade regimes for goods, services, TBT/SPS measures, investment, and intellectual property, competition and government procurement as the basis for EPAs. This diverges from their earlier request for a Customs Union, and is due to Caribbean instance that regional integration was not negotiable.

Ministers also agreed to launch the next phase of negotiations in January.<sup>9</sup> These negotiations will be conducted in four Groups (i) Agricultural and Non-Agricultural Market Access; (ii) Services and Investment, (iii) Trade Related Issues, and (iv) Legal and Institutional Issues.

## Pacific Region

The Pacific Regional Negotiating Team met in October to discuss papers on possible investment promotion and tourism agreements. They are seeking clarification from the EC on the legal

status of development annexes to EPA and development support mechanisms, whether EBA market access will be granted to non-LDC EPA countries, alternatives to EPAs and flexibility to address their special needs. In November, the Pacific held meetings on goods and services and on trade facilitation. They considered issues and possible support relating to rules of origin, SPS/TBT infrastructure needs, agriculture, fisheries, forests and mining products and sequencing of Pacific trade negotiations.

See [www.acp-eu-trade.org](http://www.acp-eu-trade.org) for more EPA News and Events (updated weekly)

### Endnotes

<sup>1</sup>[http://www.crn.org/documents/press\\_releases\\_2005/pr0520.htm](http://www.crn.org/documents/press_releases_2005/pr0520.htm)

<sup>2</sup> [http://ue.eu.int/ueDocs/cms\\_Data/docs/pressData/en/gena/87093.pdf](http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/gena/87093.pdf)

<sup>3</sup> <http://register.consilium.eu.int/pdf/en/05/st14/st14354.en05.pdf>

<sup>4</sup> Europa Press release 1P/05/1362

<sup>5</sup> Sao Tome, Principe and CEMAC will form an FTA

<sup>6</sup> <http://www.tralac.org/scripts/content.php?id=4189>

<sup>7</sup> <http://www.tralac.org/scripts/content.php?id=4178>

<sup>8</sup> [http://www.crn.org/documents/press\\_releases\\_2005/pr0519.htm](http://www.crn.org/documents/press_releases_2005/pr0519.htm)

<sup>9</sup> <http://www.tralac.org/scripts/content.php?id=4189>

## Trade Negotiations Insights

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Calendar		Resources
<b>WTO Events</b>		All references area available at <a href="http://www.acp-eu-trade.org/library">www.acp-eu-trade.org/library</a>
1 November	Negotiating Group on Rules - Regional Trade Agreements	<a href="#">WTO-EPA Negotiations: For Enhanced Coordination of ACP Positions on Agriculture</a> , by Alpha A., et al, ECDPM discussion paper 70 with CTA, December 2005, <a href="http://www.ecdpm.org/dp70">www.ecdpm.org/dp70</a>
7 -11 November	NAMA week	<a href="#">International Trade Negotiations and Poverty Reduction: The White Paper on Cotton</a> , by ENDA Tiers Monde in collaboration with the ICTSD, APROCA, and ACA, December 2005, <a href="http://www.enda.sn/diapol">www.enda.sn/diapol</a>
14-18 November	Geneva Week	<a href="#">The Trade and Development of EPA Negotiations</a> , Commission Staff Working Document SEC (2005) 1459, 9 November 2005, <a href="http://register.consilium.eu.int/pdf/en/05/st14/st14354.en05.pdf">http://register.consilium.eu.int/pdf/en/05/st14/st14354.en05.pdf</a>
14 November	DSB - Special Session	<a href="#">EU Strategy for Africa: Towards a Euro-Africa Pact to Accelerate Africa's Development</a> , Communication by the European Commission, COM(2005) 489 final, 12 October 2005, <a href="http://europa.eu.int/comm/development/body/communications/docs/eu_strategy_for_africa_12_10_2005_en.pdf#zoom=100">http://europa.eu.int/comm/development/body/communications/docs/eu_strategy_for_africa_12_10_2005_en.pdf#zoom=100</a>
28 November	Dispute Settlement Body	<a href="#">Aid for Trade? An Evaluation of trade-related technical Assistance</a> , IOB Evaluations no. 300, Netherlands Ministry of Foreign Affairs, October 2005, <a href="http://www.euforic.org/job">www.euforic.org/job</a>
28-29 November	Committee on Trade & Development	<a href="#">Economic Partnership Agreements: Making them tools for Development</a> , by S. Bilal, ECDPM, October 2005, <a href="http://www.acp-eu-trade.org/library">www.acp-eu-trade.org/library</a>
29 November	TRIPS Council	<a href="#">In Defence of the ACP Submission on Special and Differential Treatment in GATT Article XXIV</a> , by B. Onulo and T. Ito, ECDPM Discussion Paper 67, October 2005, <a href="http://www.ecdpm.org/dp67">www.ecdpm.org/dp67</a>
30 November	Trade Negotiations Committee	<a href="#">ACP-EU Economic Partnership Agreements: Sanitary and Phytosanitary Measures</a> , by M. Doherty, October 2005, <a href="http://www.ecdpm.org/dp68">www.ecdpm.org/dp68</a>
1 - 3 December	General Council	<a href="#">EPAs: Through the Lens of Kenya</a> , by EcoNes Africa and Traidcraft, September 2005, <a href="http://www.traidcraft.co.uk/template2asp?pageID=1867&amp;fromID=1754">www.traidcraft.co.uk/template2asp?pageID=1867&amp;fromID=1754</a>
5 December	Committee on Participants on Expansion of Trade Information Technology Products	<a href="#">Rules of Origin under EPAs: Key Issues and New Directives</a> , by E. Neumann, October 2005, <a href="http://www.tralac.org/scripts/content.php?id=4189">http://www.tralac.org/scripts/content.php?id=4189</a>
6 December	Dispute Settlement Body	<a href="#">An 'Alternative' to the EPA Proposals: a Provision Dropped from the EU's EPA Negotiations Manual?</a> , by W. Roux, October 2005, <a href="http://www.tralac.org/pdf/20051018tralac_speech_final.pdf">www.tralac.org/pdf/20051018tralac_speech_final.pdf</a>
13-18 December	6th Ministerial Conference Hong Kong	<a href="#">The Private Sector's Perspective, Priorities and Role in Regional Integration and Implications for Regional Trade Agreements</a> , by N. Charalambides, ECDPM Discussion Paper No. 66, September 2005, <a href="http://www.ecdpm.org/dp66">www.ecdpm.org/dp66</a>
<i>All WTO meeting take place in Geneva. Please contact the Secretariat for confirmation of dates (also available at <a href="http://www.ictsd.org/cal/">http://www.ictsd.org/cal/</a>).</i>		<a href="#">Preference Utilization and Tariff Reduction in EU Imports from ACP Countries</a> , by M. Manchin, World Bank Policy Research Working Paper, August 2005, <a href="http://www.worldbank.org">www.worldbank.org</a>
<b>ACP-EU Events</b>		<a href="#">EBA - Equivalence for non-LDC Sugar Exporters?</a> , by C. Milner, Commonwealth Trade Hot Topics Issue 44, <a href="http://www.thecommonwealth.org/Templates/Internal.asp?NodeID=36519">www.thecommonwealth.org/Templates/Internal.asp?NodeID=36519</a>
28 November	ACP Technical Follow-up Group on the EPA Negotiations and the Senior Officials in Charge of Trade Issues	<a href="#">The Progress of Economic Regionalisation In Southern Africa: Challenges for SADC and COMESA</a> , by M. Meyn, NEPRU, 2005, <a href="http://www.edc2010.et/pubs/pdf/meyn.pdf">www.edc2010.et/pubs/pdf/meyn.pdf</a>
29 November	9th ACP Ministers of Trade Meeting	
29- 30 Novem.	Meeting of Seniors Officials of G90	
30 November	Meeting of G 90 Trade Ministers	
1 December	2nd Meeting of the ACP- EC Technical Follow-up Group on the EPA Negotiations	
1-2 December	11th Meeting of the ACP Ministerial Trade Committee	
2 December	6th Meeting of the Joint ACP-EC Ministerial Trade Committee	
2 December	2nd EPA Meeting of the ACP - EC Technical Monitoring Committee	
5-9 December	The 82nd Session of the ACP Council of Ministers	
<i>Unless specified, meetings take place in Brussels. Contact ACP Secretariat, tel: (32 2) 743 06 00, fax: 735 55 73, e-mail: <a href="mailto:info@acpsec.org">info@acpsec.org</a>, Internet: <a href="http://www.acpsec.org/">http://www.acpsec.org/</a></i>		

