

Trade Negotiations Insights

From Doha to Cotonou

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The first article looks at the issues at stake in ACP-EU Fisheries relations, and consider their implications for fisheries negotiations in the EPAs.

During the African Growth and Opportunity Act (AGOA) Forum from 6-7 June in Washington, Senior US officials indicated that they were considering entering into free trade agreement (FTA) negotiations with African countries. Our second article reflects on the benefits of AGOA so far, and looks at the future of US and Africa trade relations.

EPA update carries news on all 6 EPA regional negotiating blocs, highlighting key issues arising from the negotiations.

We continue to accept and consider contributions for publication in TNI from all interested stakeholders.

ACP-EU Fisheries relations: Who will pay? Who will benefit?

By Béatrice Gorez — CFFA-CAPE¹

The fact is that European fish is getting scarcer on European plates. Over the years, fueled by generous subsidy policies, ever more voracious fleets plundered European waters. In parallel, pollution and urbanization have degraded the coastal environment. As a result, Europe now has to find fish elsewhere.

Today, about 60% of fish consumed or processed in the EU comes from outside EU waters to meet the demands of both its market (processing and consumption) and fishing sectors (employment and investment).

This rush for fish has repercussions on the fisheries relations between the EU and third countries, notably the African, Caribbean and Pacific (ACP) countries signatory to the *Cotonou Agreement*. Fisheries aspects of the various EU policies (trade, development, etc) affecting ACP countries will be increasingly driven by the need for the EU to gain and secure access to ACP fish. These relations are also being conditioned by the WTO negotiations on Non Agricultural Market Access (NAMA) and on fisheries subsidies. The outcome of these will erode ACP preferences on the EU market, and may impact on the way fisheries access agreements are arranged.

ACP fish in the net of ACP-EU fisheries relations

The fisheries relations between the ACP and the EU are complex, and various sets of overlapping regulations govern the access of ACP fish to the EU market, the access of EU fleets to the ACP fisheries and the EU financing of projects in the ACP fisheries sector.

Through the non-reciprocal preferential market access conditions under the Lomé

Convention and currently the *Cotonou Agreement*, the EU has provided ACP States with their most lucrative markets for fish, accounting for around 75% of ACP fishery exports by value. Most of these exports are composed of unprocessed fish. In 2003, the ACP exported 1.74 billion Euros worth of fish to the EU, of which some 1.21 billion euros (70%) came from unprocessed fish.

These figures highlight the fact that, in general, the demand from developed countries are for imports of raw material rather than highly processed products, as they wish to capture the benefit from the value adding. This is facilitated through mechanisms such as tariff escalation which is a disincentive for developing countries to export processed fish.

In addition, fish is highly perishable by nature: as soon as it comes out of the water, it starts losing value. The best strategy to preserve its economic value and its desirability on international markets like the EU, particularly if the fish caught is of high quality, will not always be through processing, where even the smallest handling operation represents a risk of spoiling it. Rather, it is wise to deal with it rapidly whilst maintaining the cold chain as long as possible. The perishable nature of fish has therefore implications for how fishery benefits are generated from ACP-EU fish trade and how they are distributed to the ACP society.



An ACP fish traveling to the EU market, even free of tax, needs to overcome an increasing number of barriers to enter. Compliance with the rules of origin, with hygiene and food safety regulations, in particular sanitary, traceability and quality control aspects are important challenges to be met by ACP exporters. Such rules and standards provide a strong check on the potential for ACP States to increase the benefits from fisheries products.

These are but some of the trade issues being served up on the ACP-EU negotiating table. In 2008, the Cotonou non-reciprocal preferential trade relations are due to be replaced by comprehensive reciprocal, WTO compatible, Economic Partnership Agreements (EPAs) between the EU and ACP regional groupings. The EU is arguing that EPAs will support the ACP fisheries development through the provision of incentives and EU assistance towards:

- Competitiveness (to deal with erosion of preference) and improvements in overall trade performance;
- Improvement in supply side capacity (to deal with SPS and other non-tariff barriers);
- Development of regional markets and regional trade (trade facilitation, customs, integrated markets).

One pending issue is also whether and how the EPAs will include provisions dealing with the access of EU fleets to ACP fish stocks that currently form the basis of *bilateral fisheries access agreements*.

Until now, ACP states have received considerable financial benefits from the compensation payments made by the EU through these agreements, but questions have also been raised about how these affect the sustainability of ACP fisheries.

Two kinds of fisheries access agreements are signed between the EU and ACP countries: tuna agreements (for tuna and tuna like species) and mixed agreements. The latter establish fishing opportunities on a variety of fish stocks, such as crustaceans, cephalopods,

small pelagic species, demersal species, in addition to tuna and tuna like species. Ensuring sustainability of fishery resources requires different approaches to be adopted for the two types of agreements.

Promoting sustainable fisheries development within tuna agreements requires taking account of their highly migratory nature, and their movement between waters under

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the national jurisdiction of several coastal ACP States and international waters. This migratory habit provides considerable challenges for ACP States, particularly for small island states with large Exclusive Economic Zones (EEZs) to police. Verifying whether the catches of tuna are being made within or outside their respective EEZs is a considerable headache for these states. For ACP-EU fisheries access agreements, the fact that compensation payments are set pro rata to the level of catches made does not help, since the less vessels declared, the less they pay.

Most criticisms regarding the sustainability of ACP fisheries however have concerned mixed agreements, like the one between Mauritania and the EU that has allowed EU access to over-exploited cephalopods and crustaceans resources since the beginning of the 90'. In such cases, the signing of access agreements has exacerbated problems of over-exploitation and has generated competition with local national fisheries, particularly the artisanal fisheries sector.

To address these issues, in June 2004, the EU Council adopted conclusions on an Integrated Framework for Fisheries Partnership

Agreements (FPAs) with Third Countries. The EU claims that FPAs represent a radical change in the approach adopted in its bilateral fisheries access agreements, particularly those signed with ACP countries, and that they will contribute to "*responsible fishing in the mutual interest of the Parties concerned*". FPAs aim both to protect the interests of the EU distant-water fleet and to strengthen the conditions necessary to achieve sustainable fisheries in the waters of the partner country.

From an ACP perspective, it's not yet clear what differences they will make. On July 18th 2006, the EU Commissioner for Fisheries and Maritime Affairs announced that a new agreement was on its way between Mauritania and EU. The payment in terms of financial compensation will amount to € 86 million per year, whilst the licence fees to be paid by the owners of vessels operating under this agreement could represent an additional amount of € 22 million per year.

The new agreement will be in place for 6 years and will provide fishing possibilities for about 200 EU vessels targeting ... crustaceans, cephalopods, hake and other demersal species, small pelagics and tuna. A case of *plus ça change, plus c'est la même chose?*

What is clear however is that how fisheries will be addressed through EPAs and FPAs will determine how, how much and at what price ACP fish will find its way to the EU market.

Linkages between EPAs and FPAs

Until recently, there was no direct or otherwise linkage between agreements negotiated by the EU for fisheries access and agreements governing trade relations. However, in its most recent reciprocal free trade agreements with countries that have important fisheries resources, particularly South Africa and Chile, the liberalisation of trade in fisheries products has been conditioned to the opening up of third country waters to EU fleet access through investment.

In the South Africa-EU Trade, Development

and Cooperation Agreement (TDCA), an explicit link is made between liberalisation of trade in fisheries products and the signing of a fisheries access agreement. Article 62 on Fisheries states that: “*Co-operation in this area shall aim at promoting sustainable management and use of fisheries resources... This will be achieved by exchange of information... These arrangements will be set out in a mutually beneficial fisheries agreement which the Parties undertake to... complete as soon as possible*”. Title II and Annex V make it clear that the elimination of EU tariffs on South African fisheries exports will only come into effect, once a fisheries agreement with the EU has been concluded.

The Chile-EU Association agreement, signed in November 2002, contains provisions for the liberalisation of trade in fishery products on a reciprocal basis. In addition to the elimination of tariff barriers, there is a separate Protocol on Fishing Enterprises, which sets out provisions under which the European owners investing in Chilean companies may register their vessels, buy licenses and quotas, and transfer vessels to Chile (these provisions are reciprocal). The protocol on fishing enterprises in the Chile-EU agreement bears important lessons for ACP countries, as it may well be a blue print of how the EU would like to include fisheries components into EPAs.

Some elements for future bilateral ACP-EU partnership agreements

On the ACP side, several regional groupings, like the Pacific Islands Forum and the COMESA, are developing joint frameworks for the negotiation of fisheries issues, mainly for EU fleet access to ACP resources and access conditions for ACP fish to the EU market, with the following objectives: joint initiatives for fisheries management, research, monitoring and control, and the harmonisation of minimum terms and conditions for access for third country vessels to their EEZ. Whilst it may be possible to define some minimum general conditions for EU fisheries access to ACP fishing grounds, ACP

States as a group may be better advised to negotiate the fisheries components of EPAs on a bilateral/regional basis and not a multilateral basis, given the diversity of situations.

The main goals of ACP for the negotiation of EPAs should be the establishment of responsible fisheries and fish trade, and the promotion of ACP coastal communities sustainable development.

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Common essential elements for future EPAs should therefore include:

- In view of the sustainable exploitation of eco-systems, the strengthening of institutional capacity for research, management, control and surveillance.
- Better education and training of people involved in the sector (catching and processing), on various aspects: catching techniques, hygienic handling of fish, management of micro-enterprises, but also on the importance of preserving marine environment (avoiding behaviour that causes marine pollution, like servicing engines at sea), basic health education (HIV prevention, etc).
- Transparency, good governance and improved participation mechanisms.
- Investment/establishment of fishery joint ventures

In ACP countries, investments are particularly needed in infrastructure – basic infrastructure (roads, water, electricity) as well as fish processing infrastructure - in order to increase

the value ACP countries can derive from their fishery resources. The improvement of value adding operations for fish requires an understanding of the dynamics of markets, at regional and international level, and improving ACP regional integration.

For what concerns joint ventures in the catching sector, the primary issue is conservation of fisheries resources and joint ventures should only be concluded when there is scientific data showing that these will not contribute to over-fishing or disrupt local harvesting, marketing and processing activities. However, on the EU side, the strong EU fishing industry lobby, mainly from the catching sector, wants to secure support for establishing fishery enterprises in ACP countries in order to secure access to ACP fish resources for its vessels.

Given the emphasis that is likely to be put by the EU on fishing investments in ACP countries, as has been the case in the Chile-EU agreement, ACP regional frameworks such as EPAs should

also develop a common set of standards and criteria to guide the setting up of joint ventures and investments in the ACP fisheries sector. The drawing up of a common code of conduct and common criteria for joint ventures and vessel transfers could greatly assist ACP states in avoiding the problems of stock depletion and fleet over-capacity.

The conclusion of FPAs must be done in coherence with these essential elements, in particular in their access to resources aspects. FPAs shouldn't give access to resources that are, or could be fully exploited by local fleets, particularly artisanal. Unless that condition is met, there is little prospect for sustainable and equitable fisheries development in the ACP.

Endnotes

- 1 Béatrice Gorez is the coordinator of the Coalition for Fair Fisheries Arrangements (CFFA), a platform of NGOs based in Brussels, which documents the development and environmental impacts of EU-ACP fisheries relations on small-scale fishing community.” www.cape-cffa.org

Beyond AGOA to a US-Africa Partnership?

By Eckart Naumann¹

The African Growth and Opportunity Act (AGOA), a piece of United States legislation aimed at facilitating exports from Africa by removing import duties on a substantial number of tariff lines, was signed into law at the end of 2000 by former US President Bill Clinton and further enhanced by President George Bush. Six years down the line it is credited in some quarters as the panacea to Africa's woes. A more balanced assessment highlights both positive aspects as well as numerous shortcomings. But while AGOA has, in some respects, changed the way in which African governments and the private sector think about trade, it has also awakened a deeper interest in US policymakers to engage with Africa on international trade and economic co-operation.

AGOA at its core is an extension of its Generalised System of Preferences (GSP) package, which already had numerous African beneficiaries. The list of 4,600 products that the GSP contains was extended through the AGOA legislation to include another 2,000 or so previously excluded tariff line items, including footwear, certain agricultural products, some automotive components, and most important clothing. The impact is reflected in the trade data: in 2000, the year of AGOA's inception, exports from eligible Sub-Saharan African countries were worth at US\$ 17 billion. Of this, less than 4% qualified under the GSP and none (yet) under AGOA. In 2005, US-bound exports from AGOA beneficiaries have increased to US\$ 47 billion (it should be noted that Angola, a major oil exporter, gained eligibility in the interim). Of this, the proportion of goods shipped under GSP has grown to 11%, while the newly added AGOA categories – a measure of the real benefit of AGOA – account for 70%. No program is claimed for the remaining exports, although it is submitted that most of these already have duty-free status under most favoured nation (MFN) commitments, or simply do not require trade preferences to help achieve market access (for example, certain petroleum products). Based on this data, AGOA has been a resounding success.

But trade under AGOA remains highly concentrated. Remove energy-related exports and one is left with substantially reduced trade volumes. Take out South Africa, and immediately AGOA's scorecard shows that far from being the model of unilateral engagement on trade, the Act's reach has been somewhat more limited. Notwithstanding, AGOA has assisted numerous African economies to participate in international trade, and in the case of clothing manufacture, to build

and sustain a sector that has far-reaching implications for economic upgrading and employment creation.

When AGOA was enacted, US policy makers appeared mindful of the fact that aid alone would not help develop Africa. By promoting trade through preferential market access and favourable rules of origin, AGOA helped set Africa on a different path of economic development and integration with its own and the world economy. But US policy was implicitly (as well as explicitly in the AGOA legislation, and contained in notifications by the US Trade Representative to Congress) interested in engaging Africa in a much more structured and balanced manner, particularly through the conclusion of preferential trade agreements. AGOA, it must be remembered, offered unilateral and time-bound preferences that were subject to ongoing Congressional scrutiny; they could be amended or withdrawn at virtually a moment's notice – as happened to Côte d'Ivoire, Mauritania and Eritrea – with little recourse to any dispute settlement mechanism.

AGOA offered US policy makers the platform for a deeper relationship – with emphasis on deeper economic engagement rather than simply based on enhanced trade in goods – and its efforts initially focused on the Southern African Customs Union (SACU). SACU as a whole has been to date one of the key beneficiaries of AGOA benefits – if trade in petroleum products is taken out of the picture – and would benefit from a more secure bilateral trade framework within which to build two-way trade with the US. Likewise for the US, SACU presented a potentially huge market for its goods and services, if not investment, and intellectual property rights. While SACU negotiates trade agreements as a single entity, as mandated by the 2002 SACU

Agreement, this should hardly provide a disincentive or stumbling block for US business (as expressed through the US government's approach to trade policy), as accessing say the South African market provides a cost-effective and strategic entry point into the Southern African region as a whole.

Ultimately, US-SACU trade negotiators failed to agree on a framework within which to conclude a preferential trade agreement, and were all but abandoned by mid-2006. While SACU was pushing for a more traditional approach, covering mainly trade in goods, the US insisted on a much broader WTO-plus type agreement encompassing a broad range of issues. These include competition and regulation, intellectual property rights, trade in services, government procurement, trade facilitation and even labour and environmental standards. In the absence of harmonised policies within SACU to govern these issues, let alone appropriate institutions to implement them, negotiations on this type of comprehensive agreement were bound to fail.

Had the SACU-US negotiations been concluded and based largely on the US model agreement, given some of the limitations mentioned above, SACU countries may have found themselves in a highly constrained policy space with regard to the US. For example, the latter has strong offensive interest in a range of issues, including water, electricity and health (and in these instances by extension government procurement and intellectual property rights), issues that are deemed strategic commodities and as such not simply tradable at any cost. Investor-State arbitration is likewise an example where appropriate guarantees under a comprehensive US model agreement may undermine socio-economic development objectives and expose govern-

ments of partner States to draw out legal challenges from private investors.

But while African countries build on their historic trade ties with Europe, and take advantage of preferences under AGOA, intense interest is being shown by China. While early relations between China and Africa during the 1960s and 1970s took place mainly within a much more confined policy environment, and evolved not so much around trade ties but rather an extension of the East's ideological sphere of influence in Africa, the China of today sees in Africa a much more strategic economic partner. China's economy has for the past decade recorded rapid economic expansion (lately exceeding ten percent annually) and Africa is viewed as an important partner not only as a source of raw materials, but as a largely untapped continent of opportunity for Chinese investments. Across Africa Chinese entrepreneurs and state-owned enterprises are staking their claim, unbound by the rigid moral, institutional and legal framework within which the West is engaging with Africa. In practice, China does not link investment flows, loan finance or development aid to say human rights or environmental principles, making the country an attractive trade and investment partner to many of the countries long shunned by the West.

There is little doubt that competing Chinese interest in Africa is influencing US trade policy (although it is submitted that politically, Africa likewise forms an increasingly important partner). As a market for goods and services Africa is still largely underdeveloped and presents massive opportunities. First-mover advantage, far from being merely a textbook business principle, is a reality in the African context, especially now that an increasing number of countries are emerging from protracted civil strife, have relatively stable political systems in place or are even nearing their first decade of constitution-based multi-party democracy.

At the recent AGOA Forum, an annual event that brings together a wide range of economic, political and civil society stakeholders from across Africa as well as the US, there were early indications that the US is engaging in a subtle yet important policy shift towards Africa. In essence, US trade policy on Africa appears to be shifting away

from the provision of unilateral preferences (notwithstanding the fact that AGOA, in its current guise, is set to expire only in 2015) to a more bilateral and appropriately weighted relationship. The US argues that the value of one-way preferences is steadily declining, for example due to preference erosion in the multilateral trade environment, including under the Doha Development Round and other WTO commitments, and even in the

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context of the recent expiry of the Multifibre Arrangement/Agreement on Textiles and Clothing.

Within this shifting policy environment the US also appears to be moving away from the rigid policy framework it pursued over the past few years to a more scaled-back and subtle form of engagement. All but abandoning its policy of WTO-plus type agreements with Africa for now, the US is acknowledging that this type of arrangement would at least in the medium term find few suitors in Africa, and that any formal trade and investment-related arrangements would need to implicitly recognise this fact. While holding on to its core objective of US "model" agreements in the long term, the US would in the meantime pursue much more broadly-principled trade and investment framework agreements. In other words, rather than abandoning its policy of seeking stronger ties with Africa, US policy appears to seek a more mutually acceptable approach to pursuing its objectives.

Of course, questions may be raised regarding the timing and direction of US trade and

investment policy, not only in the context of the perceived (and actual) threat emanating from China, but of critical importance also with respect to parallel developments between Europe and the ACP countries (of which Africa forms the largest component in terms of absolute numbers and regional groupings). Sub-Saharan African countries – beneficiaries of AGOA – are currently pursuing Economic Partnership Agreements (EPA) negotiations with the EU, and for this purpose have organised themselves into various geographic configurations. Despite a slow process fraught with logistical and organisational challenges, let alone regional policy divergence and at times unclear common negotiating agendas, these EPA negotiations may in fact cover some of the groundwork for deeper engagement with the US.

The laborious and often painful process currently underway of developing common positions at the regional level and between countries as vastly different as those in Africa, are unlikely to have gone unnoticed by US policy makers and could in fact be playing a not insignificant part in the changing US policy environment in relation to Africa. But while the US remodels its engagement with Africa and moves to a more scaled back approach, rather than the somewhat heavy-handed advances of the past, an opportunity is emerging for Africa to build capacity in key areas. By placing a much more dedicated emphasis on strengthening domestic disciplines and institutions in key areas such as investment, competition and intellectual property rights, to name but a few, African countries will be better equipped to make their own markets work. This will allow for an improved trading relationship not only with the US but with other trade partners too. The extent to which African countries ultimately gain from a deeper future engagement with the US in the post-AGOA era depends largely on how well they leverage not only their position as an attractive economic destination for US trade and investment, but as well-equipped, skilled, confident and astute partners in any future negotiation process.

Endnotes

- 1 Eckart Naumann is an economist and Associate of the Trade Law Centre for Southern Africa (Tralac), an independent organisation based in Stellenbosch, South Africa. www.tralac.org

EPA Negotiations Update

By Melissa Julian, ECDPM

A more detailed version of this update can be found at www.acp-eu-trade.org

ACP take their concerns about EPAs' development dimensions to the political level

Discussions at the ACP-EU Joint Council and Ministerial Trade Committee (MTC) in June focused on the continuing fundamental divergence of views between the ACP and the EC on how to ensure that EPAs deliver on their development objectives. The ACP Council adopted a decision expressing its disappointment and apprehension with regard to how EC negotiators' are dealing with this core issue and calling on the EU to urgently review its negotiating directives and structures accordingly.

In a terse exchange with Commissioner Mandelson at the ACP-EU Joint Assembly the week prior to the MTC, Dame Billie Miller pinpointed the following areas of divergences: the timing and pace of the regional integration process; the approaches to tariff liberalisation and market access; the creation of an effective funding mechanism for EPA support and implementation; and, giving a tangible and meaningful expression to the concept of development in an EPA.

EC Trade Commissioner Peter Mandelson strongly refuted the allegations that the EC is not translating its political commitment to ensuring that EPAs deliver development objectives in the regional EPA negotiations. In his speech to the MTC, he reiterated that careful programming of the trade liberalisation process, removal of non-tariff barriers, better services rules, economic governance and deeper regional integration will make EPAs an effective development vehicle. He disagreed with ACP assertions that EU goods would flood their markets or that heavy fiscal losses would be incurred with EPA trade liberalisation. He also said it is not possible to contractualise finance into an EPA.

The other major item of debate at the Joint Council, with major implications for EPAs, was on the amount of the 10th EDF which provides development finance to the ACP for 2008-2013. The Joint Council agreed on 23.9 billion euro.

The EU adopted declarations after the meet-

ing. On EPAs, the gradually arising needs from the implementation of EPAs will be taken into account in the programming dialogue with the ACP. On de-committed funds and on the basis of a performance review in 2010, the Council of the EU will consider the transfer of any funds de-committed from ACP projects funded out of the 9th and previous EDFs into the reserves of the 10th EDF.

The Joint MTC was meant to launch the EPA review set out in the Cotonou Agreement's Article 37.4. But divergence of views on the review process and how to interpret "comprehensive review" led Ministers to mandate the ACP-EU Committee of Ambassadors to clarify the modalities and agree terms of reference for the implementation of the review. Much confidence is being put in the review process as a way to provide a basis for proposals to address problems arising in EPAs.

Central Africa

The Joint Central Africa-EC Committee of Negotiators (senior and technical officials) met in May and June. The parties broadly agreed on most of the EPA draft structure, which includes sections relating to the principles and objectives of the EPA; regional integration objectives and actors; an investment framework; competition policy; public procurement rules; reinforcing and levelling-up capacities; trade in goods; trade in services; trade-related areas; and institutional issues.

The EC is seeking detailed clarification of Central African proposals to include financing mechanisms in the EPA for reinforcing and levelling-up production capacities and infrastructure in key areas. On financing of the institutions responsible for implementing EPAs, the EC prefers to integrate this discussion once the overall institutional framework has been agreed.

Sources indicate that Central Africa is slowing down negotiations until there is agreement on the issue of how to include reinforcement of capacities in the EPA text.

The draft text from Central Africa on the terms of reference for the group 5 on re-

inforcing and levelling-up capacities was discussed. Central Africa also elaborated its view on what reinforcing capacity entails and on how to identify and implement support to production sectors. Central Africa wants these issues included in the EPA text. The EC said that support for this is to be dealt within the Regional Preparatory Task Force (RPTF). The EC argued that a more effective way to proceed is to analyse and further define criteria to identify sensitive sectors, to exchange on how these sectors should be treated down the line in future market access issues, and to look at the types of corresponding support necessary.

Central Africa continues to object to EC proposals to include references to essential elements of the Cotonou Agreement (human rights, democracy and the rule of law) and to good governance, a fundamental element of Cotonou.

West Africa

At the technical level negotiators meetings in May and June, West Africa presented the report of its April EPA Ministerial Monitoring Committee, which noted that work in all areas must be completed before the next phase of negotiations on EPA texts can begin. The EC noted its concern with regard to the delay in the negotiating timetable and its potential impact on the timely conclusion of EPA negotiations. Both sides agreed to continue working with a view to finalising reports.

Discussions on intellectual property rights and services led to the virtual agreement of the joint reports in these areas.

West Africa also put forward a revised version of the draft report of group 5 which looks at the situation and potential of production sectors in relation to EPA implementation, and sets out programmes of priority actions to increase production capacity, to be included in EPAs. The EC's comments focused on how to use its conclusions to define negotiating positions on market access questions and implementation programmes. Further work is necessary on the definition of sensitive products. There is agreement to do so using tariff line criteria and to also include products that have the potential to be traded. The EC also stressed that the conclusions in the report

are not binding on the two parties, whereas West Africa insists that the report must be eventually jointly adopted and included in the EPA reference framework.

West Africa's draft report on an EPA reference framework includes chapters on increasing competitiveness and reinforcement of capacity and on modalities for implementation and mobilisation of resources for EPAs. The EC's first comments were generally positive, but divergence of view remains on the inclusion of the development finance dimension provisions in the reference framework report. The EC said it could consider including a chapter summarising the RPTF's work.

Parties also diverge on whether to insert the conclusions of impact studies into the eventual production capacity report and the final report into the overall EPA framework report.

The two parties agreed to start preparing in September for a joint report to be the basis for Article 37.4 EPA review.

Southern Africa Development Community (SADC)

The EC and EU Member States are still considering the SADC framework for the EPA negotiations, presented by SADC in March. EU Member States sources indicate that the proposal raises very complex political and economic issues which could also set precedents for other EPA negotiations. Technical EPA negotiations are effectively on hold since the EU response will provide the point of departure for future negotiations.

East and Southern Africa (ESA)

ESA Ministers met in May and noted the progress on a draft EPA text. The chapters of the draft text, which will serve as the basis for ESA's EPA negotiations with the EC include: General provisions; Trade cooperation in goods trade; Trade related issues; Trade in services; Fisheries; Trade and economic development cooperation (agriculture, infrastructure, industry, social and human development); Development finance cooperation; Institutional and final provisions; Annexes.

Ministers are pressing for a more effective use of existing resources and additional resources to be provided to cover EPA adjustment related costs. ESA is developing a regional development matrix and linking this to the 10th EDF programming process.

Progress of negotiations on fisheries has been slow due to divergences on the content and status of the Fisheries Framework agreement. Working joint texts on SPS and TBT were developed.

COMESA is working on a regional framework which could be used as the basis for services negotiations with the EU, which reportedly has offensive positions in this area and has already presented a non-paper on services.

The main focus for ESA to the end of this year is to prepare for and engage in text-based negotiations with the EU.

Caribbean

Negotiations between Caribbean and EC technical negotiators in May focused on market access, services and investment, trade-related issues, and legal and institutional issues. The EC maintains that negotiations are proceeding well. Caribbean sources, however, indicate that there was continued and increased divergence in positions on key issues due to differences in an understanding of development and proposed development solutions.

Caribbean officials say that there is an absolute need for the EC to prioritise the commitment of resources for EPA-related projects and are making the development dimension of EPAs a deal breaker in the overall negotiations.

Pacific

Pacific ACP (PACP) Trade Ministers met in June to discuss a range of EPA-related issues as well as recommendations on a way forward. Ministers considered a series of papers on issues including draft modalities for negotiating on trade in goods and services, preparation of PACPs demands and offers, rules of origin, PACP proposals on trade in services, a proposed tourism partnership agreement, a possible Fisheries Partnership Agreement with the EC, and papers on investment and financial instruments and on development related issues.

Ministers maintained their call for additional financial resources to be provided for the adjustments that will be required from undertaking an EPA with the EU. Ministers also called for trade rules to be development oriented and for all these to be included as binding commitments within the EPA.

Ministers also considered the draft EPA legal text, with chapters on trade facilitation,

agricultural development, investment promotion and protection, and trade related issues. For them, the EPA architecture needs to be flexible as not all PACPs would be able to participate in every aspect of an EPA, at least in the beginning.

The EC would be open to consider the fact that a number of countries, due to their size and remoteness, do not trade with the EU and hence have no interest in a goods agreement. All other issues, including services, fisheries, investment, etc. would be in a joint EPA text where sufficient flexibilities would be provided to accommodate for the particularities of individual countries. The EC also maintains that it cannot include development finance in the EPA itself, since ACP and EU agreed this aspect within the Cotonou Agreement. It is of their opinion that the development dimension of EPA goes beyond the sole issue of funding and covers in particular gradual opening of markets, enhanced competitiveness, better integration into regional and world markets and good governance.

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Published by:

- International Centre
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Tel: + 41 22 917 84 92

E-mail: cbellmann@ictsd.ch

Web: www.ictsd.org

- European Centre for
Development Policy
Management



Tel: + 31 43 350 29 00

E-mail: tni@ecdpm.org

Web: www.ecdpm.org

Editorial Team:

- Christophe Bellman, Ricardo Meléndez-Ortiz, El Hadji Diouf and Yvonne Apea: ICTSD
- Sanoussi Bilal & Davina Makhan: ECDPM

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Calendar		Resources
WTO Events		All references are available at www.acp-eu-trade.org/library
July		WTO World Trade Report focuses on subsidies, July 2006 www.wto.org
27-28	General Council	Oxfam's response to the UK Government Department for International Development 2006 White Paper: Eliminating Poverty, July 2006 www.oxfam.org
September		The institutional challenge of the ACP-EU Economic Partnership Agreements, A. Borrmann, M. Busse, 2006, http://www.hwwi.org
21	Committee on Agriculture	Explaining Africa's Export Performance - Taking a New Look, Oliver Morrissey, Andy Mold, June 2006, https://www.gtap.agecon.purdue.edu
25-26	WTO Public Forum	Impacts of FTA on Trade and Poverty within East African Countries and with the EU, Taisuke Ito, Kelali Tekle, Hiroshi Kameyama, June 2006, https://www.gtap.agecon.purdue.edu
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<i>All WTO meeting take place in Geneva. Please contact the Secretariat for confirmation of dates (also available at http://www.ictsd.org/cal/).</i>		ACP-EU Economic Partnership Agreements: Implications for Ghana and other ECOWAS countries, Friends of the Earth, 1 June 2006, http://www.foeghana.org/trade_environment/impacts_ecowas.pdf
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12	ACP-EU Joint Parliamentary Assembly Bureaus and committees	
14	Central Africa-EC EPA Negotiations	
19	CARIFORUM-EU Technical Negotiating Sessions	
21	SADC-EU EPA Negotiations	
25	CARIFORUM-EU Principal Negotiators' Session	
25	West Africa-EC EPA negotiations	
<i>Unless specified, meetings take place in Brussels. Contact ACP Secretariat, tel:(32 2) 743 06 00, fax: 735 55 73, e-mail: info@acpsec.org, Internet: http://www.acpsec.org/</i>		