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The 9th ACP-EU Joint Parliamentary Assembly puts the EPA negotiations firmly on the agenda

Jane Nalunga

The 9th ACP-EU Joint Parliamentary Assembly (JPA) sat in Bamako Mali from the 16th –21st April 2005 to consider a number of issues ranging from progress made in achieving Universal primary education and gender equality in the ACP countries in the context of the Millennium Development Goals (MGDs), the situation in the African Great Lakes Region, post – conflict rehabilitation in the ACP countries, Budgetisation of the EDF, desertification and saving the river Nile. The Assembly also considered the issue of the Economic Partnership Agreement (EPA) negotiations, which this report is concerned with.

The ACP-EU Joint Parliamentary Assembly brings together the elected representatives of the European Community - the Members of the European Parliament - and the elected representatives of the African, Caribbean and Pacific states (ACP countries) that have signed the Cotonou Agreement.

The 9th JPA gave more attention to the EPAs than it has ever done before, indicating the growing importance of these negotiations. It is in this vein that the ACP Parliamentary Group formed a Working Group on the EPA negotiations. This Group met on April 16th to brainstorm around the potential role and tasks to be performed by the Group. The overall objective was to enable the ACP parliamentary Assembly to influence and enhance the oversight exercised over the EPA negotiations. It was agreed by members that there was a need for ACP

Parliamentarians both in their own parliaments and in their participation in the ACP Assembly and the JPA, to improve their own understanding of these processes in order to exercise more effective oversight and influence over them. Members of the Working Group pointed out that experience of other FTA negotiations with the EU (i.e. South Africa) points to the potentiality for a divergence between supposed agreed principles and positions adopted in detailed trade negotiations. It was proposed that the Working Group should be a permanent Standing Working Group of the ACP Assembly and report to the Assembly at each session.

This is a very important avenue, especially as it was agreed that the Group would request organizations working on the EPAs i.e SEATINI, Traidcraft.... to furnish it with their analyses and appraisals of the negotiations ahead of each JPA. The importance of the JPA lies in the fact that the EU parliamentarians can raise these issues in the EU parliament; and the JPA can also summon the European Commissioner in charge of the negotiations and demand for answers and explanations. It is against this background that the Assembly was addressed the by EU trade commissioner, Peter Mandelson. In his speech, the Commissioner reiterated his stand that the EPAs will be both a trade and development deal, providing for greater market access into the EU markets for ACP exports, providing for South-South marketing before any South –North liberalization; and most important they will enable EU to support financially the integration processes in the ACP regions, a process which is essential if the ACP states are to embark on the road to sustainable development.

On the Singapore issues, Mandelson insisted that these issues were “ *essential parts of successful economic governance. They are inherently good for development because they provide the stable and predictable framework and climate for investment to grow*”

Mandelson insisted on this despite the fact that a number of MPs and CSOs pointed out the negative implication of these three issues and the fact they were beyond the Doha mandate. Other MPs referred to the UK Parliaments’ position on the EPAs in which it was stated that:

” Investment, competition and government procurement should be removed from the negotiations, unless specifically requested by an ACP regional negotiating group. It is for ACP regional groupings to judge the development benefits of any agreements on these issues and the EU should not push them to be discussed. If concluded, any negotiations on government procurement should be limited to transparency”.

The issue of the three Singapore issues in the EPA negotiations is complicated by the fact that they are already part of each region’s jointly agreed Roadmap for the negotiations. As far as Mandelson is concerned this is a clear indication that the ACP states are ready to negotiate these issues. It is therefore up to the respective negotiating Groups to reconsider and inform the European Commission accordingly (if this is possible).

The issue of an alternative to the EPAs was widely discussed. Article 37(6) of the ACP-EU Partnership Agreement states that:

“In 2004, the Community will assess the situation of the non-LDCs which, after consultations with the Community decide that they are not in a position to enter into economic partnership agreements and will examine all alternative possibilities, in order to provide these countries with a new framework for trade which is equivalent to their existing situation and in conformity with WTO rules”

In addition to this provision, members also pointed out that the UK Parliament’s position recommends that the Commission should be ready to provide an alternative to an EPA at the request of any ACP country.

Mandelson's reply was that the EPAs offer the best option; therefore there was no need for exploring any other option. In any case there has not been any negotiating Group /country which has come up to request for an alternative.

The question which ACP states in their respective negotiating Groups have to answer is whether, they are happy with the EPAs or not, if not, then they have to explore other alternatives. The negotiating Groups should explore other alternatives in order to make a choice after weighing the different options.

The issues of funding and technical assistance from the EU for the envisaged reforms have been central in the EPA negotiations. Debate as to whether there are additional funds other than the EDF 9 has been going on. EU has made it clear that there are no additional funds. Therefore the issue, which our negotiators should consider seriously, is how they will implement the reforms that will arise from the negotiations. In any case if the EC has failed to honor article 36 (3) of the ACP /EU Agreement then it might be difficult for them to fund these reforms. The Article states that:

“ The preparatory period shall also be used for capacity building in the public and private sectors of ACP countries, including measures to enhance competitiveness for strengthening of regional organizations and for support to regional trade integration initiatives, where appropriate with assistance to budgetary adjustment and fiscal reform, as well as for infrastructure upgrading and development, and for investment promotion ”

Related to the issue of funding, is the issue of changes in the management of the EDF, which was a substantive item on the JPA agenda. One of the purposes of the change is to integrate the EDF into the general EU budget to ensure that the EU exercises effective control over the Community's external aid.

The enlargement of the Union to 25 Member states will lead to a new cost sharing formula for financial aid, based on voluntary contributions from member States. The States have not as yet reached agreement on this new cost -sharing formula making the 10th EDF very uncertain.

It is therefore very important for the ACP negotiators to bear in mind while negotiating that funds from the EU might be limited; and should therefore not make commitment which would prove burdensome to their economies.

The issue of market access for ACP products within the EU market has also been central in the EPA negotiations. It is clear that accessing the EU market is becoming more difficult given the erosion of preferences and the stringent food safety regulations. The 9th JPA discussed the potential impact of the introduction of another proposed legislation known as EU Registration, Evaluation and Authorisation of Chemicals (REACH) on ACP exports to the EU. Although the EU insists that the legislation is intended to promote consumer protection in the EU, it will definitely make ACP product's entry into the EU market more difficult.

In connection with market access, is the issue of the agricultural subsidies in the EU under the Common Agricultural Policy (CAP). Although EU has been promising to do something about their subsidies, some EU members of Parliament pointed out that the budget for the CAP has been agreed on until 2013. There will therefore be very little room for negotiations as far as the subsidies are concerned. Our negotiators have to bear this in mind.

As regards the scope and transition period, Mandelson assured the JPA that the EC will be flexible and if called upon, will support the proposal tabled by the ACP Group in the WTO to amend GATT Article 24 to take into account a free trade agreement between developing and developed countries. There is a need to follow up on this issue.

The issue of loss of government revenue was also debated given the fact that customs duties contributed more than 30% of government revenue in a number of ACP countries, and EU being the major trading partner, that viable alternative sources of revenue should be found before the negotiations are concluded.

The JPA recognized the unrealistic time frames in which the EPAs are to be negotiated and concluded. The possibility of extending the waiver was mooted. That is, if there is political will it can be extended.

SEATINI (Southern and Eastern African Trade, Information and Negotiations Institute), ACDIC (Citizen's Association for the Defence of Collective Interests); ROPPA (Network of Farmers and Agricultural Producers of West Africa), and CNPANE (National Committee of Non-State Actors in Mali); with the support of APRODEV, Christian Aid, Agir Ici, CCFD and CFSI; organized a workshop for the ACP /EU parliamentarians. The meeting highlighted the impact of liberalization on the small-scale farmers in particular and on the economy in general; and the likely impact of further opening up under the EPAs. The workshop also highlighted the challenges being faced by the negotiating groups in Africa. The workshop was well attended by members of Parliament from the EU and ACP countries. Back in the JPA plenary a number of MPs called for caution, the slowing down of the process and the need for the EC to be more sensitive to the concerns coming up.

Way forward:

There is a growing awareness about the implication of the EPAs among both EU and ACP MPs as evidenced by the discussions and the formation of the ACP Working Group on the EPAs. The working Group is an avenue for CSOs to influence the JPA.

We need to engage the MPs even more and especially on the technical issues of

the negotiations at the national and regional levels and to ensure that they play a more active role in the EPA negotiations.

There is a need to build on to the goodwill and support exhibited by the UK parliament; and together with our partners in the North target other EU national parliaments who in turn could put pressure on the EC.

We need to generate more case studies as to the likely impact of the EPAs on our economy and livelihood. This information could be shared out with our partners in the North for their advocacy and campaigns.

Although the JPA recognized the input of the NGOs especially as regards the raising of awareness about the EPA negotiations, it commented on the limited participation of the Southern NGOs. The JPA is an important platform for CSOs to engage the ACP and EU members of Parliament and we should therefore include it in our activities. There is also a need to advocate for streamlined participation of the CSOs in the JPA i.e. as observers together with some support from the ACP secretariat to facilitate CSO's participation.

Trade: African Ministers spell out their WTO positions

9 June
SUNS

African Ministers have declared their broad joint positions on some key aspects of the WTO negotiations, which will be a guide for their negotiators as the discussions move towards the General Council meeting at the end of July and the Hong Kong WTO Ministerial Conference in December.

The Ministers' views are in the "Cairo Road Map on the Doha Work Programme", which was adopted at the end of the African Union's Conference of Ministers held in Cairo on 8-9 June.

The Road Map describes the state of play in various areas of the WTO negotiations and puts forward positions on agriculture, banana, cotton, non-agricultural market access (NAMA), services, development issues, commodities, trade facilitation, WTO rules, LDCs, technical cooperation, small economies; trade, debt and finance; trade and technology transfer; and accession to the WTO.

On Agriculture, the Ministers emphasized that the modalities to be agreed upon should take into account the need for appropriate policy space that would allow African countries to pursue agricultural policies that are supportive of their development goals, poverty reduction strategies, food security and livelihood concerns, while ensuring improved market access for the agricultural products of African countries, both in primary and processed forms.

The Road Map said that to this end, the modalities should address the following as a matter of priority.

On Export Competition:

* Emphasise the need for a credible end date for the elimination of all forms of export subsidies on agricultural products. This elimination shall be without prejudice to Special and Differential Treatment (SDT) of net food importing developing countries (NFIDCs) and LDCs;

* The urgent implementation of the Marrakech Decision on NFIDCs and LDCs and a clear reflection of the SDT component of any disciplines to be developed on export credits in accordance with paragraph 4 of this Decision;

* Stress the need for members to fully take into account the interests of food aid recipients in developing disciplines on this issue;

* African countries' State Trading Enterprises (STEs) shall be excluded from the application of any new disciplines on STEs; in recognition of the critical role played by STEs in sustaining livelihoods,

food security and poverty reduction in such countries.

On Domestic Support, the Road Map stated that the following are critical:

* The formula to be agreed on must result in meaningful and effective reductions in the subsidies granted by the major trading partners to their farming communities. Most crucially, disciplines on domestic support (DS) should not lead to "box-shifting" the subsidies;

* African countries must be allowed to maintain policy space for the development of the farming communities; based on the fair and equitable targets of poverty reduction, food and livelihood security, and rural development;

* The policy space should enable African countries to have adequate and timely resources to fulfill their essential developmental objectives. This can be achieved through the SDT provisions under the domestic support pillar, Annex 2, Article 6.2, de minimis and improvement of their export earnings;

* The developed countries must engage in the review and clarification of the green box criteria in a manner that will ensure that the green-box measures have no or at most minimal trade-distorting effects or effects on production;

* De minimis for African countries shall be exempted from reduction commitments.

On Market Access, the Road Map stated that negotiations should ensure the following:

* Take into account the particular pattern of trade of African countries and their different tariff structures;

* Specific and concrete mechanisms and solutions to the problems of preference erosion must be devised within the WTO context to fully address the concerns of African countries in accordance with paragraph 44 of the Framework

Agreement;

* The issue of tariff escalation must be addressed fully in accordance with paragraph 36 of the Framework Agreement without prejudice to the products benefiting from preferential arrangements;

* Developed countries, and other developing countries in a position to do so, must provide bound duty- and quota-free market access to agricultural products originating in LDCs;

* The full operationalisation of the principle of proportionality in tariff reduction of and the development of meaningful modalities on Special Products (SPs) and the Special Safeguard Mechanism (SSM). The SSM constitutes a unique instrument that would respond to the concerns of developing countries and LDCs. Modalities on designation of special products and treatment must be devised in a way that provides maximum flexibility to countries in Africa to reflect their particular domestic circumstances and development needs. The treatment of SDT provisions in market access constitutes a sine qua non condition for the African countries adhering to any consensus decision in agriculture;

* The Hong Kong Ministerial Conference must deliver modalities which directly contribute to the sustainable development of agriculture in Africa.

On bananas, the Road Map noted an arbitration procedure going on in the WTO which may lead to loss of market shares and advantages hitherto enjoyed by African countries on traditional European markets. As a result of this situation, the Ministers strongly requested that the rights of African countries be preserved and their market shares be protected.

On cotton, the Ministers welcomed the recent Appellate Body and Panel Decisions on cotton, and called on developed countries by the 6th WTO Ministerial Conference, to eliminate all export subsidies and domestic support

measures on cotton; set up an emergency support fund for African countries and grant bound duty- and quota-free market access for cotton and its by-products from African LDCs that are cotton producers and exporters.

On NAMA, the Ministers stated that they are concerned that some of the proposals on the formula submitted by WTO Members would result in deep tariff reductions by some African countries in comparison to developed countries; contrary to the principle of less than full reciprocity and SDT enshrined in the Doha mandate.

In addition, African countries would be adversely affected as these proposals would result in erosion of their preferences. This would undoubtedly deepen the crisis of de-industrialization and accentuate the unemployment and poverty crisis confronting African countries.

The Road Map said that in this regard, it is imperative to ensure that the modalities:

* Identify an appropriate formula or tariff approach that would allow African countries to undertake industrial policy and diversification objectives and take as priority the principles of non-reciprocity, Special and Differential Treatment and less than full reciprocity;

* Provide policy space and flexibility that fully takes account of African countries' developmental, financial and industrial needs which removes the risk of de-industrialization with its attendant negative consequences on poverty reduction;

* Provide flexibilities for African countries to determine their binding coverage commensurate with their development objectives;

* Do not include the sectoral initiatives because of their potential detrimental effects on African countries;

* Do not link the flexibilities to the level

of ambition. The flexibilities should address Africa's development needs and concerns;

* Provide for a mechanism for addressing preference erosion within the WTO;

* Fully respect LDCs exemption from tariff reduction commitments.

The Ministers underscored that negotiations on non-tariff barriers should be conducted in tandem with those on tariff reductions in the NAMA negotiating group.

They also called for the conduct of studies and an assessment on the possible effects of modalities before members agree on them as mandated by paragraph 15 of Annex B.

On Services, the Ministers noted that a few African countries have submitted initial offers and that many other African countries are facing difficulties in submitting requests and offers, and they:

* Request for substantial improvement in market access in modes and sectors of export interest to African countries. Under Mode 4, Members should make commitments aimed at ensuring a commercially meaningful outcome for African countries particularly on sectors such as tourism, professional services and construction services;

* Underscore the urgency for the Council for Trade in Services Special Session to conclude the assessment exercise as soon as possible, with specific outcomes that would ensure appropriate adjustments in the negotiations;

* Seek to intensify work in the rule-making area so as to restore the balance between the market-access and rule-making tracks. Work on domestic regulation should be concluded by the Hong Kong Ministerial Conference to ensure that disciplines enhance commitments, particularly in areas of interest to African countries. Furthermore, Members should move from

definitional/preliminary issues to substantive issues;

* Call upon Members to expeditiously establish an emergency safeguard mechanism;

* Call for the provision of increased and targeted technical assistance to enable African countries to participate effectively in the request/offer phase;

* Call for effective implementation of Article IV of the GATS in order to ensure the increased participation of African countries in services trade;

* Should ensure that the Guidelines and Procedures for the negotiations in services adopted by the Council for Trade in Services on 28 March 2001 continue to remain the basis for the negotiations;

* Call for the full implementation of the LDC special modalities.

On Development Issues, the Ministers reiterated that development remains a priority for Africa in the negotiations and should thus be reflected appropriately in the July approximation and the outcome of the Hong Kong Ministerial Conference. As a cross-cutting issue, development has to be explicitly incorporated in all areas of the negotiations. In this regard:

* Urgent attention must be given to completing the review of all outstanding SDT Agreement specific proposals before adoption, implementation-related issues and concerns and the amendment of the TRIPS Agreement to incorporate the 30th August 2003 Decision on the implementation of Paragraph 6 of the Declaration on TRIPS and Public Health;

* Other key elements that address Africa's development needs and concerns relating to enhanced technical assistance, food security, rural development, livelihood concerns, preferences, commodities and net food imports must be fully taken into account in the negotiations;

* Africa's liberalization efforts should be fully recognized and factored into the negotiations and adequate flexibility provided to address the continent's development and trade needs.

In a section on Commodities, the Ministers urged WTO Members to address the crisis of instability and secular decline in commodity prices with the aim of attaining stable, equitable and remunerative prices on these products.

They welcomed the launching of the International Task Force on commodities at UNCTAD and called for international support for effective operation of this Task Force.

On Trade Facilitation, the Ministers recognized the potential benefits to African countries from undertaking trade facilitation measures, to enhance competitiveness and promoting intra-African trade.

They stressed however that there are costs associated with the pursuit of trade facilitation and welcomed Annex "D" which stresses the need for synergy between the level of commitments, the cost of and the availability of resources to implement any possible outcome and the provision of financial and technical resources for the capacity-building of developing and least-developed countries. These commitments must be met in letter and spirit.

They emphasized the need for coordination among relevant international, regional and sub-regional organizations to deliver technical assistance and capacity-building support to African countries.

The Ministers stated that in the context of the trade facilitation negotiations, the following should be fully taken into account: The need to adhere to the mandate and scope of Annex D of the July Package; SDT provisions that are precise, effective and operational; policy space and flexibility for African countries; and regional efforts

on trade facilitation among African countries.

The Road Map stated that in the negotiations on WTO Rules, the following issues are key for achieving progress:

* The need to avoid the introduction of more complex rules and disciplines under the Anti-Dumping and Subsidies Agreements;

* Technical assistance to African countries so they can enforce their rights under these two Agreements;

* Address the development dimension by ensuring that when elaborating proposals, the needs and concerns of African countries are reflected therein;

* The development aspects are taken fully into account in the negotiations aimed at clarifying and improving disciplines and procedures relating to regional trade agreements;

* Clarification and improvement of disciplines and procedures relating to regional trade agreements (RTAs) as mandated under Paragraph 29 of the Doha Ministerial Declaration should not reopen the Enabling Clause under transparency or systemic issues in RTA negotiations as this would not meet Africa's developmental needs;

* Negotiations on systemic issues must address the principle of less than full reciprocity, asymmetry in market access and the development concerns of African countries entering into regional trade agreements with developed countries under GATT 1994 Article XXIV and GATS Article V.

In a section on LDCs, the Ministers recognized the special difficulties faced by LDCs in integrating into the multilateral trading system and urged the following actions for LDCs:

* Exemption from undertaking any reduction commitments;

* A moratorium by developed countries on contingency measures that include anti-dumping actions against African LDC exports;

* Enhanced support towards improving the export competitiveness of LDCs including capacity to meet SPS and other standards;

* Demand driven trade-related technical assistance in all areas of the Doha Work Programme negotiations with appropriate provisions for implementation and adjustment support.

The Road Map also called on WTO Members to fully address the specific needs and trade-related problems of small economies in the context of the Doha work programme mandated by the Ministerial Declaration.

The Ministers asked that the Working Group on Trade, Debt and Finance should mainstream coordination with the Breton Woods Institutions to avoid overlaps in the policies recommended and welcomed the prospects of Aid for Trade agenda aimed at addressing the supply side constraints and adjustment costs that African countries face, as well as meeting of standards. However, this agenda should not operate on typical conditionality of the Bretton Woods Institutions.

Regarding the debt situation of several African countries, the Ministers called on the working group to resolve the trade-related aspects of debt, through delivering on the coherence mandate.

They also called for a more focused programme in the Working Group on Trade and Transfer of Technology with a view to find durable solutions to the problems associated with transfer of technology to African countries and to increase the in-flow of appropriate technology to these countries.

On Accession to the WTO, the Ministers noted that no African country has acceded to the WTO since its establishment, and

called on all WTO Members to facilitate and accelerate the accession of African countries to the WTO, and on developed countries to intensify the provision of technical assistance and capacity building support to acceding African countries at all stages of the accession process.

They underscored the urgent need to effectively implement the accession guidelines for LDCs adopted by the General Council in December 2002 and stressed that acceding countries must neither be compelled to negotiate concessions going beyond generally accepted rules within the institution nor subscribe to some exigencies about the clauses still under discussion within the framework of the Doha Round.

Economic partnership agreements negotiations process: whose interest?

Richard Kamidza

Africa's trade relationship with Europe is defined by vertical links, a feature that promotes pro-Europe bilateral trade negotiations outcomes at both bilateral and multilateral levels. Unfortunately, vertical integration with Europe is unlikely to facilitate industrial development of Africa. Europe is using the Economic Partnership Agreements (EPAs) to maximise its interest, particularly given its failure to take into account differentials development between Europe and Africa, and within the African continent.

Of the forty-eight African countries currently negotiating an EPA with the European Union (EU), thirty four are least developing countries (LDCs). LDC have been benefiting from the "Everything - But Arms - (EBA)" initiative under the Lome Convention, while at the same time the negotiations are silent about South-South trade integration strategy, a policy option that promotes horizontal regional and inter-regional integration. The above suits very well with Europe's twin long-term objectives of:

- Uncontrolled exploitation and/or extraction of raw materials and labour power to its industrial base; and
- Unhindered markets for its finished goods and services and capital investments.

The current thrust of the EPAs negotiations suggests solving Europe's overproduction and profitability crisis by opening up more markets for its products and services in Africa thus, creating "free trade areas" between partners who are unequal on economic and political terms while being supported by "one size fit all" neo-liberal policies. The EU is working in cohorts with global financial institutions of the International Monetary Fund (IMF) and the World Bank (WB) to shift the Africa - Europe trade relations from non-reciprocity to reciprocity thereby removing the developmental component that characterized previous Lome Conventions. Since EPAs seeks to replace past special preferences, they are viewed as a vehicle for exerting EU's political influences to her former colonies. Withdrawing these preferences suits Europe's political interests well, especially that the 25-member body is increasingly becoming sensitive to the demands of the new member-states, which are reluctant to be guided by past colonial relationships.

EPAs will tie up Africa to Europe in an unbalanced framework and undermine the continent's economies, particularly the producers of goods and services as well as autonomous efforts at regional integration. Africa is experiencing serious developmental challenges, including supply-side constraints, growing unemployment and declining economic activities. Africa is home to the following supply-side constraints:

- Unreliable provision of public utilities (e.g. electricity and water);
- Poor public infrastructure (e.g. run down roads and railways);

- Weak institutional and policy frameworks (leading to fluctuating exchange rates and high interest and inflation rates);
- Low labour productivity (arising from poor education, health and housing provision).

In addition to the above, all the African countries negotiating an EPA are locked in unhealthy post-colonial dependence on Europe for developmental aid, fiscal support and markets, a development that has hindered Africa's competitiveness at the national, regional and international markets. The deficiencies above therefore ensure the EU that is unlikely to face strong opposition against its desire to fast track EPAs negotiations. Europe is aware that African configurations lack independent preparation, are small, weak, poor and too fragmented to mount a strong position with the pace that being is determined by Europe. Europe is also aware that African countries have no resources to mount any serious resistance to its long-term agenda and that her negotiators lack experience comparable to their EC counterparts. The configuration of Africa has limited its negotiating capacity at every layer – national, regional and ambassadorial levels in comparison to their counterparts in the European Commission (EC).

The EU is well positioned to ensure that its negotiating policy space and options, financial, institutional and technical resources serve its interests at bilateral and multilateral trade negotiations. Indeed, the EC has technical experts whose sole duty is to prepare for negotiations, is likely to exploit its superior bilateral bargaining power to drive for EPAs outcomes that maximise the Union's politico-economic interests at the WTO level. The EU's push for EPAs is inextricably linked to the WTO's political processes where decisions are based on one-country, one-vote consensus. In this respect, EPAs provides the right political framework for EU to neutralise the potential for opposition to its agenda in the WTO from a large constituency of the multilateral

body to which the ACP countries constitute the larger proportion of the G90 grouping. In addition, the EPAs process is set to politically assist EU in fostering a community of interest with the ACP in future WTO negotiations. EU is also fast-tracking the negotiations to meet the end of current waiver date of the WTO, which expires in December 2008. If it is not met, the EU and ACP will need to request a new waiver, which they most likely will get. The above clearly show Europe's interests at the expense of Africa's long-term sustainable development. It also shows failure by the dominant partner to muster the right political will to defend future pro-Africa positions at the WTO.

While Africa is concerned about developmental issues and resources, Europe is busy prioritising issues within the six clusters¹ that countries are to negotiate with the EC. Europe is also strategising on how to bring back the rejected Singapore issues of competition policy, investment policy, and transparency in government procurement and trade facilitation, a position that makes it much easier to manage at the WTO level. This is also the reason why EU is fast-tracking the process with the view to ensure that EPAs negotiations are concluded before the finalisation of the Doha Development Agenda. As a result, EU is ready to use all its leverage to put pressure to bear on the four African configurations with the view to come up with pro-Europe EPAs outcomes, even though this may not necessarily promote the continent's long-term sustainable development through trade.

It is thus imperative for Africa to understand that it is dealing with a very strong, powerful, united and integrated region, which is already aware of its defensive and offensive interests. Moreover it is a negotiation partner that can put forces behind its requests and has all the negotiations strengths of a superpower.

¹ development, agriculture, services, trade-related issues, fisheries and market access

Europe provides developmental assistance to individual countries and debt relief to the highly indebted poor countries (HIPC) of the continent. Having realised the vulnerability of African economies, Europe then dangled the "developmental aid purse", which resulted in the split of Africa into four configurations that totally disregard existing regional economic communities². The split of Africa into small, weak and fragmented negotiating structures is politically right to EU, especially as no country to date has received the promised developmental assistance despite the prevailing developmental challenges.

The EU is also supporting many projects across Africa in addition to assisting in fiscal financing. This budget support in some African countries is estimated at over 60% of the total fiscal budget. At the regional communities' levels, EU's support resulted in the implementation of developmental projects. As a donor also, EU has for long time been bankrolling regional integration efforts³ of the continent. These regional groupings were able to establish trade protocols that seek to facilitate intra- and/or extra-regional trade and development. However, due largely to the EPAs process, EU is sacrificing the very regional integration it has all along been bankrolling, and in the process, deligitimise the existing regional integration agenda simply because for the desire to experiment with this new wave of regional negotiating structures that are set to negotiate new medium to long term trade regime with Europe.

Of interest in the history of donor-recipient relationship is the desire to bankroll the Eastern and Southern African (ESA) - the "high breed configuration" which does not have the legal standing and structures to exist in the eyes of any donor. But due to the fact that the donor is an interested part, who is expecting positive gain in the conclusion of the negotiating

² These include COMESA, ECOWAS, SADC, CEMAC, EAC, IGAD, IOC and ECAAS

³ See footnote 2 above

rounds, simply overlooks the legal and structural deficiencies. Under normal circumstance, no donor can bankroll activities of a recipient through other “entities structure” the way EU is supporting ESA-EPA activities through COMESA legal and political structures. This raises the following questions:

- Why bend rules of donor funding?
- Whose interests are at stake if proper legal structures are allowed to be established albeit at slow pace?
- What will happen if ESA member-states refuse to honour funds coming from EU through COMESA?

The above strongly point to the interests of EU over EPAs negotiations. Equally important is the implications with other regional secretariats who may feel they are being taken for a rough ride for the glory of the former? It thus appears that forming these new regional configurations is likely to produce desirable results comparable to the 1884 Berlin Conference which curve Africa into small but controllable states solely for the benefit of Europe.

EPAs negotiations have bundled countries in Africa into new regional political structures⁴ a development that separates them from ongoing regional integration frameworks and hampers Regionalisation efforts. Since countries belong to multiple economic integration blocs, EPAs structures have further split and bundled them into weak and loose trade negotiating machinery. For instance, this process has split EAC, ECCAS and SADC regional groupings, a development that raises the question: what will happen to Tanzania, the four original members of SADC⁵ and the three ECCAS member-states⁶ in the event of a good or bad ESA-EPAs deal, respectively? This is part of divide-and-rule tactics associated with the EU and other bigger powers at the multilateral level. The resultant is total control over Africa and compliance with EU’s

⁴ See footnote 4 above

⁵ Malawi, Mauritius, Zambia and Zimbabwe

⁶ Burundi, Rwanda and Democratic Republic of the Congo

interests. Africa is aware of well documented threats that EU has applied before including withdrawing developing aid, existing trade, aid and investments, contracts and budgetary support; interfering with national and regional security policies; re-imposing trade barriers; and removing ambassadorial representations from WTO and ACP-EU headquarters where events are happening.

This analysis illustrates that trade negotiations are being used as an instrument that ensures perpetual dominance of EU over the ACP body. EPAs are set to facilitate trade opportunities for the EU, while not necessarily encouraging Africa’s development. Largely due to EU interests in the process, African configurations are not necessarily free to make decisions on timing, pace, sequencing and product coverage of an EPA, a political right of the dominant partner. The process is unjust, especially to Africa where there is growing concern over painfully slow processes within the EC when it comes to approving support. There is also growing fear that EPAs process has the likelihood of crowding the clusters with many issues of interests to the EU. Meanwhile, EU, owing to her politico-economic interest believes that if it does not take a relatively aggressive posture towards the African configurations over EPAs, Europe will not generate the supply-side responses that it hopes a new trade arrangement will trigger. Africa is expected to reciprocate and virtually allow unrestricted access to Europe’s goods and services as well as free movement of capital. But EU is pushing for the inclusion of Singapore issues that were all rejected during the Cancun Ministerial meeting of 2003 and the July package of 2004.

Therefore EPAs as they currently designed are not taking into account the social and developmental needs of the continent. This is reflected by the fact that the Director-General Trade is rightly driving the process while the Director-General Development is still at the sideline. It also clear that the process is lacking the political will to facilitate the

transformation of Africa's production structures that largely resemble the colonial era of being the provider of raw materials and cheap labour power while consuming manufactured and capital goods from the EU. This really suits the politico-economic interest of Europe. In addition, the EU is eyeing Asian markets – particularly Chinese and Indian, so a quick conclusion of an EPA provides the latitude to position itself there knowing very well that the ACP regions are under control. It is also interesting to note that while the EC is fast-tracking the process, some EU members of parliament is advocating maximum flexibility, a position that suggests no deadline to finalize an EPA. This position calls for factoring of the developmental benchmarks before concluding an EPA.

**“EPAs an economic disaster for Africa”
ESA members warned...**

**...as some members talk of withdrawing
from the negotiations**

Rangarirai Machedzede

The Eastern and Southern Africa Economic Partnership Agreements (ESA EPAs) Dedicated Session on Development meeting ended in Lusaka, Zambia amid concerns by member states of the EU's commitment to ensure that development issues are put forward before everything else.

The two-day meeting, which ran from 1-2 July and was chaired by the Ethiopian Ambassador to Belgium (Lead Ambassador on development Issues), Berhane Gebre-Christos, is one of the six dedicated clusters that will shape the direction of the negotiations between the ESA countries and the EU. The other clusters are on Agriculture, Fisheries, Market Access, Trade-Related areas and Services.

The objective of the Dedicated Session on Development (DSD) meeting was to take stock of the region's status on development issues and devise a strategy on how to effectively address the development issues in the negotiations. In

their overview of the meeting, COMESA Secretariat considered the views that were coming mainly from the UK and the EU particularly the DFID Paper on EPA negotiations, the EC reaction to that paper, the statement by the EU commissioner for Trade to the AU Trade Ministers meeting in Cairo and the G8 Finance Ministers Declaration on Debt Cancellation.

It was a major concern of the meeting that the Secretariat should have also considered the views that were coming from AU Ministers of Trade meeting in Cairo and the recently concluded Least Developed Countries (LDCs) meeting in Livingston, Zambia.

The meeting however discussed the development dimensions in agriculture, TRIPs and Public Health issues, services sector (with particular reference to mode 4 and the brain drain of health professionals to developed countries), the infrastructure fund and adjustment facility, fisheries and the strategy to address supply side constraints and trade facilitation issues.

It was on the issue of addressing supply-side constraints that the ESA members poured their hearts out on what they expect from the EPAs negotiations. The COMESA Director of Trade, Customs and Monetary Affairs, Dr. Charles Chanthunya passionately refereed the meeting to the document produced by the United Nations Economic Commission for Africa which stated that EPAs will be an economic disaster for Africa if implemented in their current form. He also hinted that there was a need for ESA countries to effectively address issues of production and competitiveness that will enable them to be able to supply the EU market with processed goods. But because of the lack of resources and production capacity it was going to be difficult to realize the full benefits of EPAs hence the need to put development in the forefront as the countries negotiate with the EU. The meeting was told that the resources to boost production capacity of the ESA countries were available from the EU but needed to put modalities in place first on

how to negotiate for those financial resources.

The Sudanese Ambassador to Belgium and European Communities, Ali Yousif Ahmed, who also doubles as the Lead Ambassador on Trade Related Areas bemoaned the cumbersome process of getting EU funds adding that the financial resources were made available to the ACP countries and there was no need to negotiate with the EU for these funds. If there was a need to negotiate for these funds then they have to be new resources.

“Even with the preferences we presently have, we are not able to export because of production constraints. We currently have EBA (Everything But Arms) but still we cannot export. So if EPAs are not addressing these issues then why should we negotiate?” said Ambassador Ahmed.

He added that if the member states are not sure that they are going to benefit from EPAs then it is time that they start to think of alternatives. There have to be value-added instruments in EPAs.

“EPAs are supposed to build on regional integration initiatives of COMESA. Now it is time that we do a reality-check on EPAs. There is need for a thorough discussion, maybe at the next Regional Negotiating Forum (RNF) and see exactly where we are,” Ambassador Ahmed added.

Even the COMESA secretariat concurred with the sentiments that were being raised. “If we believe that EPAs are going to be an Economic Disaster, then why should we negotiate? But there is no logic for us to conclude that they are going to be a disaster before we even negotiate and sign on them”, said Mark Pearson who is the COMESA Regional Integration Advisor.

Some believe that the proof of the pudding is in the eating. We have to enter into the EPA FTA first for us to believe that they are going to be an Economic disaster.

Ambassador Brian Bowler of Malawi to Belgium clearly told the meeting that there

were real risks and dangers on EPAs. “Why would we want to open up more market access when we see we are being threatened? There are real risks with EPAs. We really need to work hard. History will judge us if we are not careful” he said.

Ambassador Bowler also put forward a suggestion, which was considered by the meeting, that they take development as an integral part of the EPAs negotiations. It should be the number one item on every agenda. He said he will work hard to bring together LDCs and start serious dialogue on this.

“Malawi will be part of the negotiations. However, we will be happy to see the EU Director General for Development lead the negotiations on EPAs instead of the Director General for Trade. These are some of the decisions that we have to re-visit. We have to start consulting each other as LDCs and non-LDCs because we have to have a fall-back position.”

The Kenyan delegation could not mince their words. “When we hear such a statement that EPAs are going to be an economic disaster, we get very scared, especially if the statement is coming from the Trade Director of COMESA. Then we have to think of withdrawing from the negotiations,” said one member of the Kenyan delegation.

Some members however feel that the negotiations were launched in good faith and therefore should proceed on that basis.

“We launched negotiations in good faith. Let us proceed and see how much we go, then if it fails we need to have an option like EBA”, said Dorothy Tembo, Zambia’s Director of Foreign Trade in the Ministry of Industry and Commerce.

The member countries have now joined the growing voice of civil society that EPAs in their current form must be stopped as they do not address the development issues of developing countries.

If the ESA countries rally behind each other and change the context and content of the EPA negotiations to address first and foremost the supply-side constraints at the same time protecting infant industries, then they will be poised for better prospects with the EU. However, given the previous and current proposals by the EU particularly at the multilateral level on such issues as NAMA, Agriculture, Services and TRIPs then it is highly likely that no good deal will be there for Africa.

Even under the so-called Adjustment Facility, a financing proposal that has been designed in the form of budgetary support for countries to further liberalise their economies at regional and multilateral levels, no prospects of development are foreseen judging from the previous records. The Facility itself is awash with conditions, a situation that makes the whole EPA process suspicious.

Developing countries have been forced previously to implement some dubious Structural Adjustment policies with conditions attached. The policies have been disastrous to their economies and people. It is therefore not surprising to see the Adjustment Facility coming with conditions again, a recipe for disaster. Most of these conditions are not implementable and are still designed in the neo - liberal paradigm.

Countries applying for budgetary support under the so-called Adjustment facility should meet the following conditions:

- Follow a macro-economic reform or adjustment programme and/or have an o-going macro-economic support programme with the EC involving indirect or direct budget support
- Implement a programme of trade tax adjustments in order to join or align itself with a Customs Union or Free Trade Area promoted by COMESA o East African Community
- Have prepared, negotiated and signed a country Strategy paper (CSP) with the EC and have an o-

going indicative programme for the CSP

- Be a COMESA or EAC member state and an ACP country signatory to the Cotonou Agreement

These conditions are the same conditions that have been imposed on developing countries and precipitated their demise from the path of development to the path perpetual dependants on aid. It is time that we re-visit our own governments' policies and regional organizations policies and see whether they are really pro-development or they have been made agents of imperialism. ESA countries are undergoing a process of re-colonisation through the use of funds (aid). We have to stop this process or else we perish.

The concerns that the delegates raised on EPAs should also inform the decisions and positions the countries should take in Geneva at the WTO level and also in Hong Kong. There should now be growing consensus building between and amongst the Geneva-based trade negotiators, the Brussels-based negotiators and the capitals on trade issues.

Editorial

Jane Nalunga

As the EPA negotiations reach their crucial stage, divergences between the EU and the ESA countries are widening.

Although according to the ESA EPA Road Map for the negotiations, a framework agreement should be in place by December 2005, substantive negotiations on the six clusters have not as yet taken place and there are fundamental divergences on substantive and process issues between the ESA and the EU. At the ESA-EC EPA Brainstorming meeting of senior officials from the ESA capitals and Brussels and from the EC organized in Nairobi in May 2005, to put the negotiations back on track, these differences were clearly manifested. The

areas of divergence are especially related to the following issues:

- Additional funding/Adjustment costs, the Singapore issues, the treatment of LDCs in the EPA, the timing and sequencing of the negotiations, the impact of the EPAs on regional integration, the negotiating structure: The EC seems to prefer negotiating with a small core technical team. Yet the ESA-EPA Road map clearly indicates the negotiating structure.

These are very fundamental issues, which cannot be solved immediately for the negotiations to be on track as agreed upon in the Roadmap. The EC has practically ignored all these concerns but there are voices coming out both from the EU and the ACP-EU Joint Parliamentary Assembly questioning the direction of the negotiations; for example the UK parliament issued a statement suggesting (among other things) that:

- EPAs must be accompanied by additional resources to enable the ACP countries to benefit from trade reforms.
- Investment, competition and government procurement should be removed from the negotiations

The Joint Parliamentary Assembly has also taken a keen interest in the negotiations and at its 9th Assembly it not only debated this issue exhaustively and requested Commissioner Mandelson to take the concerns of the ACP countries seriously, but also instituted an ACP

working Group on the EPA negotiations, to enable the ACP Parliamentary Assembly to influence and enhance the oversight exercised over the EPA negotiations.

The EC has exhibited an arrogant stance insisting that the EPAs are good for the ACP countries without any attempt to objectively discuss the concerns and suggestions raised by the ESA negotiators, the many civil society organizations, the UK parliament and the JPA among others. For example, according to the Guardian newspaper of Thursday, May 19th 2005, the EC condemned the UK parliament's position as "a major and unwelcome shift". The EC insisted that the UK position would have no impact on their (Commission's) negotiating position.

The Cotonou Agreement article one clearly spells out that the central objective of the negotiations is "to reduce and eventually eradicate poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy."

If this objective is to be realized, the EC should listen to the many voices both within and outside the EU calling for a radical change in the substance, spirit and direction of the negotiations.

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