

The Low Down on EPAs

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Welcome to the latest update from Traidcraft on all things new in the world of Economic Partnership Agreements. In this issue:

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ACP governments express profound concerns (again)

"We express our profound disappointment at the stance taken by negotiators of the European Commission in so far as it does not adequately address the development concerns that must be the basis of relations with Africa. We urge our negotiating partners to clearly demonstrate the development content of the proposed agreements..."

(African Union Trade Ministers Declaration on EPAs, 14 April 2006, Nairobi)

"It's not fair, it's asking a lightweight and a heavy weight to wear the same gloves and fight the same rules. ... (W)hat Europe is telling us under the EPAs negotiations is that Europe and Africa want to have an egg and bacon breakfast: we'll give the egg [i.e. Europe] , you give the bacon [i.e. Africa]. They [Europe] can lay the egg but we [Africa] have to die before we can give bacon." (Hon. Dr. Mukhisa Kituyi, Minister for Trade and Industry, 17 May 2006, Kenya.)

While media attention focuses on the floundering WTO talks, EPA negotiations are proceeding apace, despite Africa, Caribbean and Pacific (ACP) governments continuing to voice opposition to the European Commission's approach.

Official statement from African Trade Ministers

At the African Union Conference of Ministers of Trade, 4th Ordinary Session, 12-14 April in Nairobi, Ministers issued a clear statement which:

- expressed their disappointment that this far in to the negotiations the development content of EPAs is lacking
- challenged the EC to demonstrate how EPAs will help development
- affirmed that WTO rules need to be amended to allow for ACP countries to undertake less extreme liberalisation commitments and called for no liberalisation to take place until WTO rules are amended
- reaffirmed that the highly controversial Singapore Issues of investment, competition and government procurement should not be part of the EPA negotiations
- called for alternatives to EPAs to be fully explored
- stressed that the EPA Review should be comprehensive and fully address the substance of the negotiations in the trade and development dimensions.

Concerns for future development deepen

During the meeting serious concerns were raised from the floor about the degree of liberalisation that African countries would be expected to undertake and the consequences for their people.

- "We're entering into reciprocity within a short time-frame, while we still have serious supply-side constraints," delegate from East Africa;
- "The view of many of us is that you can't have reciprocity between countries at different levels of development," delegate from Southern Africa

- “Emerging industries will disappear. Reciprocity will sweep us away from the economic map. We will see deindustrialisation, adjustment costs and supply-side issues, all of which have been highlighted in impact studies,” delegate from West Africa.

Caribbeans question EU’s approach

Meanwhile, over in the Caribbean, Trade Ministers also called in to question the difference between the EU’s rhetoric and the reality of the negotiations. They complained that while the EU had stressed “its initial interests would be market building and not immediate market opening, the EU’s current proposals do not reflect their stated intentions”. (16th Special Session of Council for Trade & Economic Development, Barbados, 29 April www.crm.org)

Doubts from the Pacific

And at the ACP-EU Council of Ministers’ Meeting held in Papua New Guinea on 1-2 June, PNG’s Prime Minister Michael Sumare complained that the EU’s insistence that EPAs be WTO-compatible could be costly to some ACP states and undermine their fragile economies. He also pointed to the lack of a clear development component in the EPA negotiations and expressed his “surprise” at the position of the EU on this matter.

Civil society remains united against EPAs

In March, over thirty organisations representing civil society organisations from across Africa and Europe gathered in Harare. The groups reaffirmed their commitment to continue campaigning to Stop EPAs and issued a statement which:

- challenges EU member states to assert their authority over the EC and change the EC’s negotiating mandate
- exposes the EC’s hypocrisy on EPAs, stating that the new rhetoric used to sell EPAs is merely a smoke screen behind which the negotiations are characterised by bullying and strong arm tactics to persuade ACP countries to drop their concerns
- exposes the lack of openness and transparency in the negotiations thus far
- calls for a different approach to EU-ACP trade cooperation, which would protect ACP producers’ domestic and regional markets; reverse the pressure for trade and investment liberalisation; and allow the necessary policy space and support ACP countries to pursue their own development strategies.
- demands that the EPA review mandated for this year be comprehensive, all-inclusive, transparent, and substantive and place sustainable development at the centre.

Negotiations: the state of play

East & Southern Africa (ESA)

The ESA regional block has produced a draft EPA, to form the basis of negotiations with the EC. This draft EPA pushes for flexibilities in the degree and the time-frames over which ESA countries would have to liberalise. However, their proposal is for certain categories of products - raw materials and capital goods - to be liberalised much faster than others. There is also a clause in the proposed agreement that would make it very difficult for tariffs to be raised in the future, for example on new sectors that a country is trying to develop.

African civil society is seriously concerned about the implications these liberalisation commitments would have on the growth of regional markets and in particular the development of manufacturing sectors of the ESA countries, and are urging the current framework to be reconsidered.

On the plus side, the framework includes a review clause which would make liberalisation by ESA countries conditional on the achievement of development thresholds, rather than obliging them (as the EC wants) to liberalise according to arbitrary timeframes when their economies may not be ready to do so.

The text also indicates a willingness to discuss investment and competition rules, but with a focus on supporting regional initiatives and without committing to negotiating rules with the EU. Indeed ESA member countries were active in their support for the Ministerial Declaration

on EPAs issued in Nairobi in April, which reaffirms that these issues should be kept outside the EPA negotiations.

Southern African Development Community (SADC)

The SADC region has also produced a draft framework agreement, which unequivocally rejects negotiations on the Singapore Issues of investment, competition and government procurement, as well as services and intellectual property both because of “limited institutional and negotiating capacity” and because “negotiating these subjects under such conditions runs the risk of delivering unbalanced outcomes that may be prejudicial to national development objectives and to prospects for deeper integration in SADC”.

Regarding liberalisation of trade in goods, SADC is pushing for no further liberalisation commitments for its member countries, in the context of the EPA deal.

The Caribbean

The EU and Caribbean are in disagreement over how to measure how much trade should be liberalised. Serious tensions are emerging with regard to the EC’s continued aggressive approach. Contrary to its declared stance that it does not have mercantilist interests in the negotiations, the EC is pushing for all the Caribbean member countries to liberalise at the same speed and from a common starting point - regardless of their varying levels of development - and to use the lowest possible marker as the starting point.

Caribbean countries oppose this approach and would like instead for liberalisation to start from higher ‘bound’ tariff levels, so allowing the pace of liberalisation to be commensurate with the region’s level of development, while also mitigating the impact on revenue loss and damage to domestic production. They are also proposing that a special chapter on agriculture should provide additional safeguards and exemptions for Caribbean countries to protect rural development.

The Pacific

This region is approaching their EPA by proposing a master agreement with subsidiary agreements, to allow greatest flexibility – an approach being resisted by the EC. Only four of the Pacific countries want to sign up to the agreement committing them to liberalise trade in goods. Meanwhile, in a clear indication that the region remains unpersuaded by EPAs, they have commissioned a study on Alternatives to be finished later this year.

EU Member States: starting to stir?

EU Member States are still woefully silent on EPAs. We really need to step up the pressure if we’re going to shift the position of the EC. But some EU governments are slowing starting to stir from their slumber:

France

In France there is a parliamentary inquiry underway, to assess the development impacts of EPAs. A delegation – led by Jean-Claude Lefort MP – has been meeting with governments, academics and civil society to research the issue and will produce a report to be debated in the National Assembly. Meanwhile, French NGOs are gearing up to put added pressure on their government.

Germany

The German government is also making welcome noises about the need for the development objectives of EPAs to be much more fully realised. In April, Minister for Development, Heidemarie Wiecezorek-Zeul stated that trade liberalisation does not automatically lead to increased exports or reduced poverty and that it is crucial to strengthen the economic environment and institutions *before* liberalisation is fully implemented. (For further details of the Berlin Conference at which she spoke, see www.inwent.org/ef/events/epa/07382/index.en.shtml)

Review: light or max?

The review of EPA negotiations is scheduled to take place in the latter half of 2006.

The European Commission's DG-Trade wants to keep the review 'light' (limited to evaluating whether negotiations are on course to be completed for the end of 2007 deadline). However, ACP governments and civil society have other ideas - both are pushing for a much broader review to take place.

- In Nairobi the African Ministers called for the review to be "all inclusive and consultative with all stakeholders". And in a clear indication that they do not regard EPAs as inevitable, they also called for "alternatives to EPAs to be fully explored".
- At the all-ACP level there is also an official push for the Review to be much more comprehensive than the Commission was hoping to get away with.
- As a result of lobbying by ACP and EU Member State governments and civil society, the EU Council ACP Working Group has also recommended that the review should be "formal and comprehensive with participation from the ACP side" (10-11 April).

ACP and European NGOs will be watching closely to ensure that the Review is meaningful and leads to changes in the negotiations.

The Books don't balance: Finance Ministers call for more funds

The un-answered question of how much money will be available to finance EPAs remains a source of serious tension.

In April, ACP Finance Ministers issued a declaration calling for more money to be made available to support the EPA process and assurances that the money would be delivered on time. They called for "sizable additionality of resources to support the EPA process" and said they are "gravely concerned over the possible increase in the gap between scaling-up of official development aid and actual aid disbursements". (3rd Meeting of ACP Ministers of Finance and Economic Affairs, 24-28 April 2006, Brussels)

The ACP continue to point out that significant funds would be needed to supply capacity, institutional development and trade facilitation, without which they cannot trade or even produce, let alone compete with the EU. They want this money to be available in sufficient quantities up-front, well before they expose their markets to competition with the EU – and they understandably want the commitment in writing.

The EC continues to insist that trade liberalisation will in itself provide the key to development. In the meantime they say that 'temporary' adjustment costs can be covered with the money available through the European Development Fund, which is EU aid for ACP development programmes. They are refusing to commit to additional funding for EPAs.

Yet ACPs fear that using EDF money would mean diverting essential resources away from health, education and infrastructure, with serious impacts upon the poorest of its citizens. Hardly a great achievement for development. ACP regions are therefore insisting that there must be additional financing for EPAs available through a separate mechanism.

ACP regions are now saying that they can go no further in negotiations until this issue is resolved.

Campaign Activities

UK

The UK Trade Justice Movement (a coalition of over 60 organisations) will be campaigning on EPAs in the second half of 2006. This is a major boost for the campaign in the UK. Plans include:

- postcard action to the UK and German governments (in partnership with German Stop EPA campaign)
- media activities around international Stop EPA Day 27 September
- Christian Aid and Traidcraft, together with Finn Church Aid and Kepa, have distributed a postcard action to supporters targeting UK Prime Minister Tony Blair and the Finnish government – ahead of their Presidency of the EU.

Germany

On the 8 March representatives of the Stop EPA campaign handed over 2700 action postcards to the State Secretary of Parliament in the Ministry for Economic Cooperation and Development, Ms Kortmann. The action was to demand that the EPA agreements should not lead to more liberalisation and opening ACP markets; and that the German government should push for just and development-compatible WTO rules. Ms. Kortmann assured campaigners that the government will put EPAs on the agenda during the EU-Presidency (first half of 2007). For further details see www.stopepa.de/epostkarte2.html

Italy

The Italian campaign is focusing on how EPAs will impact upon agriculture. A press conference on 23 May launched the campaign report “EPAs: an opportunity for development or the ruin of small farmers?”. The campaign plans to intensify dialogue with the new Italian government as it sets up shop over the coming weeks. It will be appealing to the government to join other like-minded countries in obliging the EC to put development at the centre of EPAs; and facilitate civil society participation in a transparent and in-depth mid-term review.

The Italian campaign on EPAs and Agriculture is promoted by the EuropAfrica campaign (whose Italian members include Terra Nuova, Crocevia, and Coldiretti) in the context of a broader effort coordinated by TradeWatch (a coalition which also includes the Campaign to Reform the World Bank, FAIR and Mani Tesi) and in partnership with the Network of Peasant and Agricultural Producer Organizations of West Africa (ROPPA).

Sweden

In May the EPA network in Sweden organised a seminar on EPA and Development. The seminar brought together key people from the Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency, the National Board of Trade and civil society from African and Sweden

Forthcoming Events

19-22 June, Joint Parliamentary Assembly, Vienna:

As part of the official programme a debate will take place on the state of play in EPA negotiations, with the participation of Peter Mandelson, EC Trade Commissioner, and Dame Billie Miller, Minister of Foreign Affairs and Foreign Trade (Barbados). NGO-hosted seminars will take place on Monday 19th and Tuesday 20th (times and dates to be confirmed) on:

- EPAs and Regional Integration: sponsored by the EuropAfrica Campaign (Italian members, CSA of Belgium and ROPPA of West Africa), this will feature interventions by representatives of farmers’ networks from ACP regions.
- The EPA Review: with speakers from ENDA (Senegal) and SEATINI (Uganda), hosted by ChristianAid and Traidcraft.

12-16 June, Friedrich-Ebert-Stiftung conference on the West African EPA, Dakar:

The conference will bring together researchers and policy makers to further contribute to informed debates, policy formulation and negotiation positions with regard to the West African EPA. See http://www.dgroups.org/groups/CoOL/docs/EPAs-ECOWAS-FES_Mtg_12-160605.doc?ois=no

12-14 July, Joint regional (ESA region) CSO EPA workshop Nairobi, Kenya

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